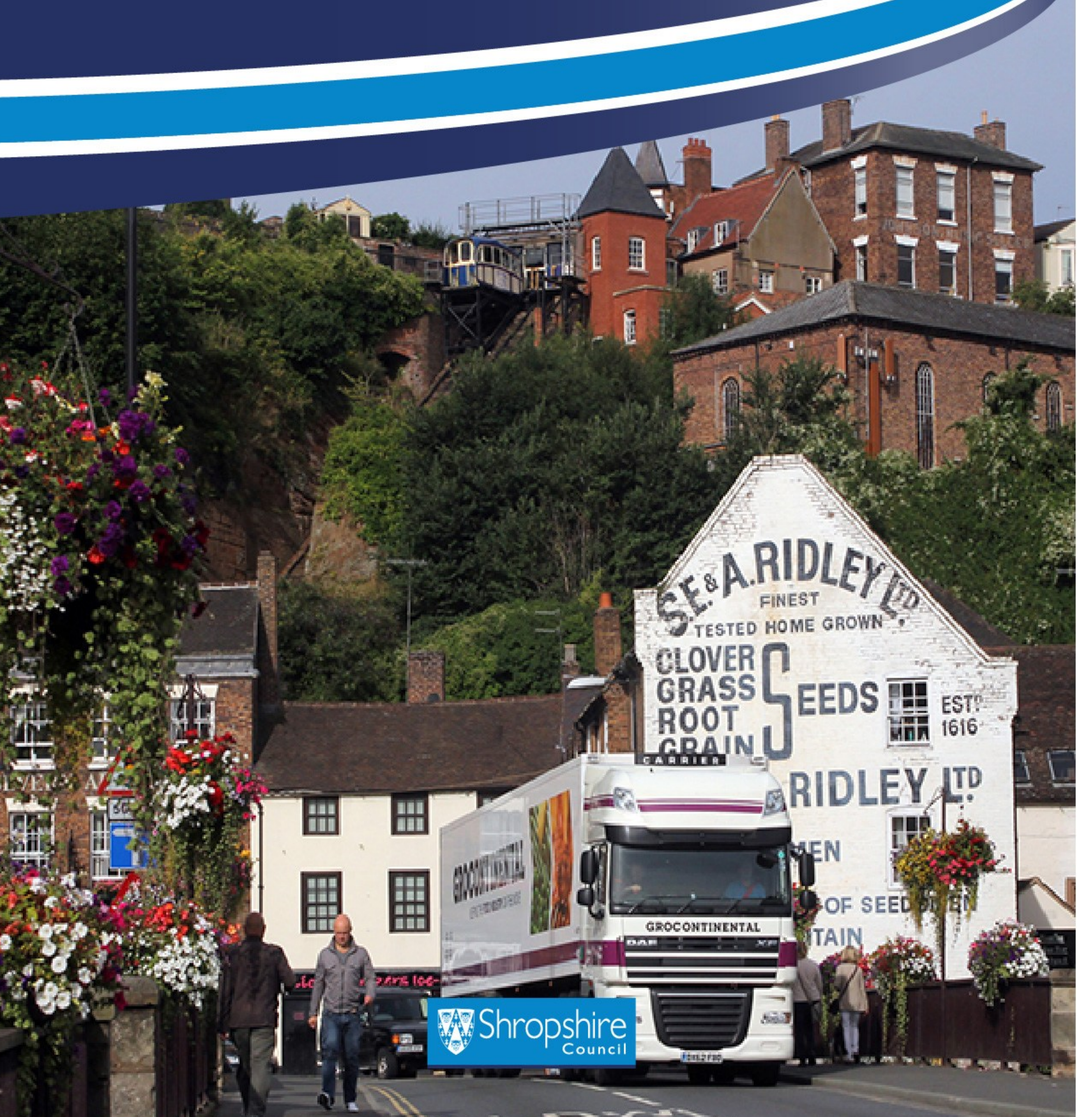
Draft Statement of Accounts

2025-2026



Shropshire Council

Annual Statement of Accounts 2025/26

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

The statement includes:

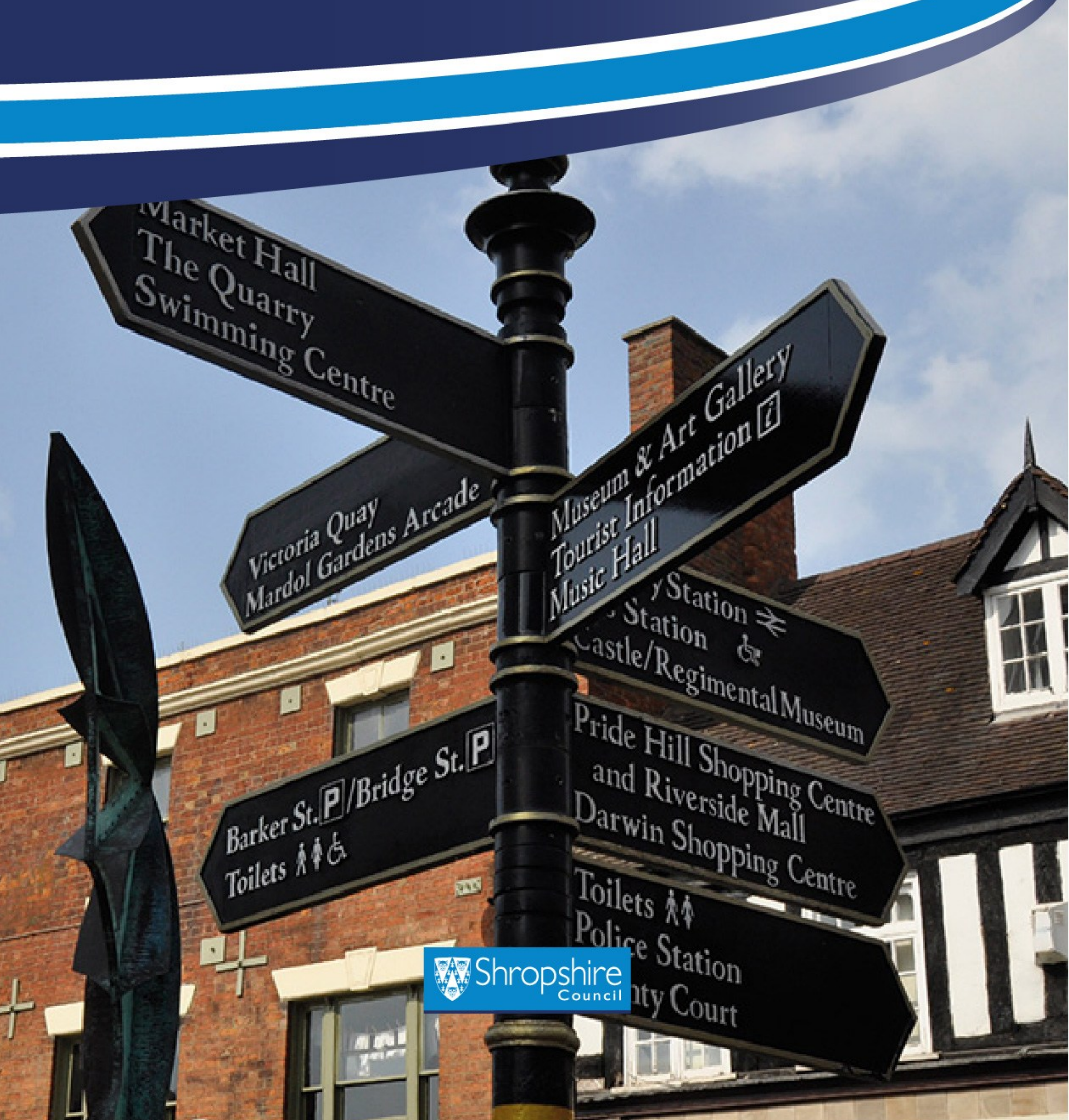
Further information about the Council's Accounts can be obtained from the Finance Department.

For details please contact Duncan Whitfield at duncan.whitfield@shropshire.gov.uk

Duncan Whitfield
S151 Officer

Section 1

Narrative Report



Shropshire Council

Narrative Report

Introduction

About Shropshire Council

Shropshire Council is a unitary authority which was formed on 1 April 2009. The area covered by the Council is rural with an area of 3,197 square kilometres and a population of just 332,455. The Council represents 91.7% of the county of Shropshire with the remainder of the county being covered by Telford and Wrekin Council.

The Shropshire Plan 2022-2025 (TSP) was created to clarify Shropshire Council's vision, priorities and strategic objectives. These objectives are the outcomes we aim to achieve within our available financial envelope. It is structured around four key priorities: Healthy People, Healthy Economy, Healthy Environment and Healthy Workforce.

Our Services

In 2025/26 the Council was organised into 8 specific service areas:

- **Care & Wellbeing** includes adult safeguarding and in-house provision, focussing on tackling inequalities, early intervention, partnerships and self responsibility.
- **Children & Young People** focus on safeguarding of children and young people, including in-house provision and effective schools within Shropshire. The service provides key specialisms such as Special Educational Needs and Disabilities, education psychology, education quality, education welfare system and other support functions to the schools in Shropshire including business support, schools finance and school music service. It also includes Shire Services which is a not for profit provider of school catering, cleaning and facilities management services
- **Commissioning** provides commissioning support across adults and children's social care, and then specific contract and performance monitoring of Waste management, Bereavement services, Leisure, Transport, Insurance and the commissioned services of Housing.
- **Communities & Customer** includes responsibility for Housing infrastructure and Social Infrastructure including Community Hubs, Libraries, Culture and Sports Development. Also includes health and environmental protection, trading standards, housing enforcement, private water supplies, licencing and healthy lives, and customer services.
- **Enabling** provide support across the organisation in a number of professional specialisms, including Asset Management including a Corporate Landlord function, ICT Services, Human Resources and Payroll, Finance, Revenues and Benefits.
- **Infrastructure** service are focussed on the management of physical infrastructure and spaces. This specifically focusses on maintaining the county highways, protecting the national landscapes within Shropshire, managing outdoor partnerships and providing appropriate maintenance of the environment and managing transport delivery within Shropshire.
- **Legal, Governance & Planning** includes legal services, information governance, complaints, internal audit, support to Council members and

democratic services, elections, registrars and coroner and the Council's planning function.

- **Strategy** providing strategic oversight and partnership working including key strategic partnerships such as Public Health and Shropshire Safeguarding Community Partnership.

Vision for Shropshire

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

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

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

Figure 1: Priorities within the Shropshire Plan

A new Corporate Plan 2026-30 has been developed to replace the Shropshire Plan and was approved by full Council on 14 May 2026.

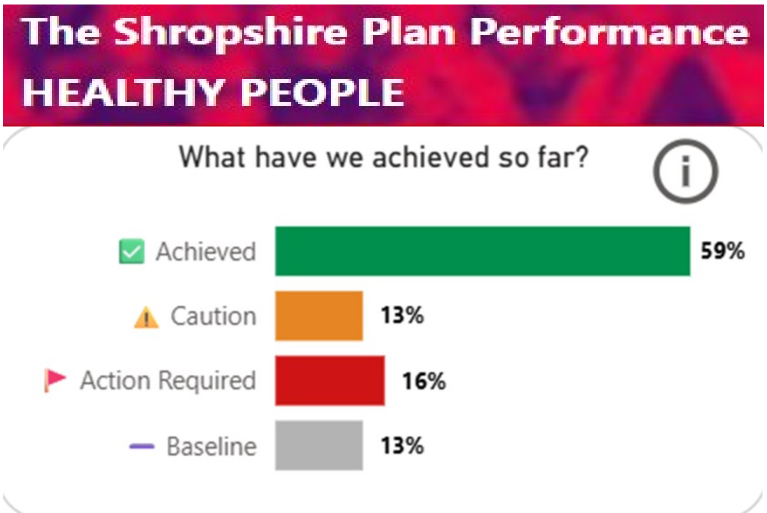
Performance

The delivery of the outcomes for Shropshire is monitored on a quarterly basis. It is presented using a performance portal, which enables greater insight, transparency and scrutiny of the Council's performance and delivery of its outcomes. The information is reported to Cabinet with the report identifying specific measures by exception. Given the financial constraints that the Council is operating within, there is a reasonable performance position for the year. A summary of the performance for each priority in 2025/26 is detailed below:

Healthy People

59% of the performance targets relating to Healthy People have been achieved during the financial year.

Narrative Report



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

- % of Educational Health Care Plans (EHCP) issued within 20 weeks
- School Readiness: percentage of children with free school meal status achieving a good level of development at the end of Reception
- Rates of deaths by suicide
- Prevalence of overweight (Reception)
- Prevalence of overweight (Year 6)

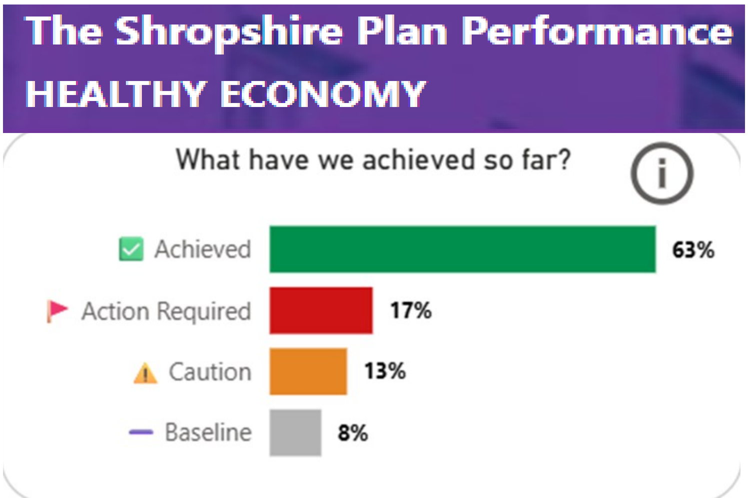
Demand for Education, Health and Care Plan (EHCP) statutory assessments for children and young people with special educational needs and disabilities remains high. A six-month recovery plan is in place from 1 May 2026, including additional capacity to support timely completion of the statutory Education Health Care Needs Assessment (EHCNA) process, which is being closely monitored and is currently on track.

School readiness figures show an inequality driven by deprivation, with 43% of children eligible for free school meals achieving a good level of development at the end of Reception, compared with 68% of children overall in Shropshire. Addressing this is a key feature of the Best Start in Life (BSiL) transformation programme.

Children's social care teams continue to complete the majority of assessments within 45 days, performing better than the national rate and in line with statistical neighbours. Placement stability for children in care remains strong, supporting improved outcomes, and the Council continues to maintain contact with the majority of care leavers to provide ongoing support and guidance. The Early Help Team continue to deliver timely targeted interventions preventing escalation of need and future crisis.

In adult health and wellbeing, deaths from drug misuse remain stable and uptake of breast cancer screening is improving. We continue to support people to live in their communities, with the latest admission rates to residential and nursing care remaining low (below the national rate in 2024/25) and with majority (81%) of people with learning disabilities living in their own homes or with family in Shropshire, maintaining their independence whilst reducing reliance on others.

Healthy Economy



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

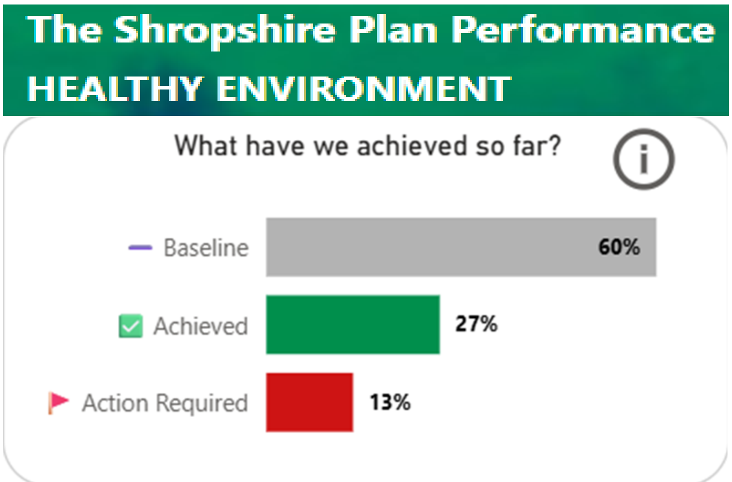
- Maintaining 5-year housing land supply
- Reduce the workplace pay gap with the national average by 50% by 2027
- Percentage of households in fuel poverty
- Improving productivity by reducing the gap in Gross Value Added per hour worked with the national average by 50% by 2027

The Housing Service continues to reduce reliance on bed and breakfast (B&B) accommodation, with the number of households in emergency accommodation more than halving since September 2025. This reflects strengthened homelessness prevention activity and improved access to more suitable temporary accommodation. The Council also exceeded its target of delivering 350 new affordable homes in 2025/26, with 415 completions however, the five-year housing land supply position reduced slightly in early 2025.

Wider economic indicators remain positive this quarter. The proportions of households in receipt of Universal Credit and of out-of-work claimants are favourable, at around half the regional and national rates. The number of young people not in education, employment or training (NEET) continues to reduce, supporting improved economic, social and health outcomes.

Performance against planning application timeliness remains within target, and food hygiene compliance remains high, supporting a vibrant food, tourism and leisure sector.

Healthy Environment

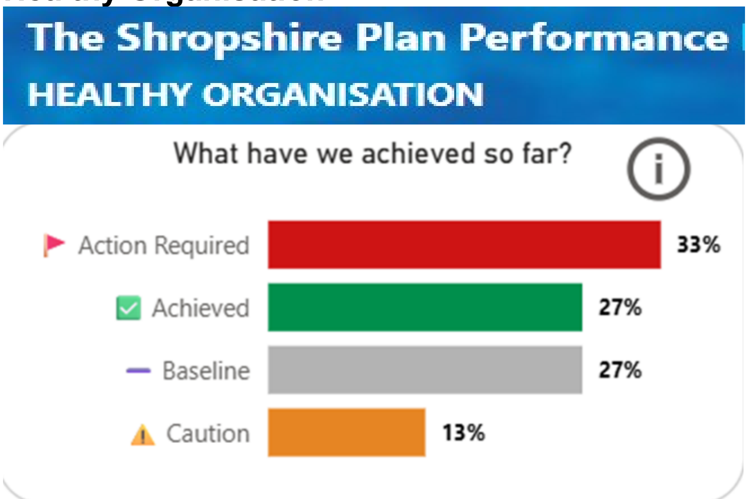


There are 2 targets where action is required, and these relate to the following indicators:

- % of household waste sent for re-use, recycling and composting
- % of streetlights converted to LED

The household recycling, reuse and composting rate declined this quarter. The position is broadly consistent with the same quarter last year and reflects the impact of a particularly wet winter, which reduced volumes of green garden waste. This has compounded the reduction observed following the introduction of the subscription service and the discontinuation of food waste collections.

Healthy Organisation



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

- Average number of days lost to sickness absence per year
- Responding to Freedom of Information Requests within statutory timescales
- Number of data breaches reported to the Information Commissioner
- Number of compliments
- Resident satisfaction with Highways and Transport services

FOI compliance rates are improving, up from 55% to 70% in the last 6 months however is still missing the target of 100%. Despite a reduction in the use of interim and agency staff and staff turnover rates, the council is experiencing rising rates of sickness absence.

Revenue Spending Plans for 2025/26

The Council's budget for the provision of services in 2025/26 and the Medium Term Financial Plan to 2029/30 was agreed by Council in February 2025. The budget was set against a backdrop of increasing demand pressures for statutory services, such as Children's Social Care and Adult's Services.

In total, the Council planned to spend £767.0m (gross) on council services in 2025/26 and planned to deliver new savings of £7.7m in addition to savings carried forward from previous years of £38.1m and demand mitigations of £10.9m.

The gross budget was financed through Government Grants (£324.3m), Service Income (£154.1m), Council Tax (£219.3m), Business Rates (£46.7m), Top Up Grant (£11.0m), Revenue Support Grant (£8.7m) and a Collection Fund Surplus (£2.9m).

Revenue Outturn Position for 2025/26

As set out in the table below the 2025/26 outturn was a £49.428m spend variation from budget, representing a 6.4% variance on the gross budget. Further details of the outturn position for each service area are shown in the Financial Outturn report which is presented to Cabinet and Council in June and July.

	Final Budget £000	Actual Outturn £000	Controllable Over/ (Under) £000
Service Expenditure			
Care and Wellbeing	138,454	164,851	26,397
Children & Young People	90,963	103,193	12,230
Commissioning	43,369	39,743	(3,626)
Communities & Customer	16,822	13,243	(3,579)
Enabling	7,021	7,589	568
Executive Management Team	2,592	2,745	153
Infrastructure	43,847	43,558	(289)
Legal, Governance & Planning	6,045	3,554	(2,491)
Pensions	246	333	87
Strategy	489	658	169
Service Delivery Budgets	**349,848**	**379,467**	**29,619**
Corporate	(61,262)	(41,453)	19,809
Net Budget	**288,586**	**338,014**	**49,428**

As a result of the challenging financial position identified in the first half of the financial year, a financial emergency was declared by Cabinet on 10 September 2025. In response to this, the Council has implemented a series of Operations Board focussed on controlling spend within the organisation. Pressures in social care purchasing continued to increase during the financial year, and these were offset during the final quarter with reductions in spend in Infrastructure, Corporate Budgets and Communities and Customer.

Year End Projected Over/(Under)spend	Quarter 1* £000	Quarter 2 £000	Quarter 3 £000	Outturn £000
Care and Wellbeing	14,975	16,654	16,791	26,397
Children & Young People	4,618	8,729	12,109	12,230
Commissioning	(1,784)	(2,637)	(2,748)	(3,626)
Communities & Customer	(1,789)	(2,390)	(2,150)	(3,579)
Enabling	(1,159)	2,942	2,730	568
Executive Management Team	(211)	63	15	153
Infrastructure	4,093	486	2,690	(289)
Legal, Governance & Planning	(614)	(717)	(1,908)	(2,491)
Pensions	(9)	0	0	87
Strategy	109	298	53	169
Service Delivery Budgets	**18,229**	**23,428**	**27,582**	**29,619**
Corporate	17,830	23,641	23,163	19,809
TOTAL	**36,059**	**47,069**	**50,745**	**49,428**

In addition to Social Care purchasing pressures within Adult Social Care and Children's Social Care, the level of savings delivered during the year were significantly lower than the original budgeted target. As a result of this, the Council reviewed all savings targets that were unachievable to consider if the budget should be realigned for 2026/27.

The general fund balance held was not sufficient to cover the level of revenue overspend that was anticipated. The Council's financial position was complicated significantly by two further issues; funding for transformation activity through to March 2026 from Capital Receipts generation, and funding for the North West Relief Road should it be cancelled and/or unfunded from Department for Transport.

The Council has submitted an application for in-principle Exceptional Financial Support (EFS) of up to £71.4m made up of the following elements:

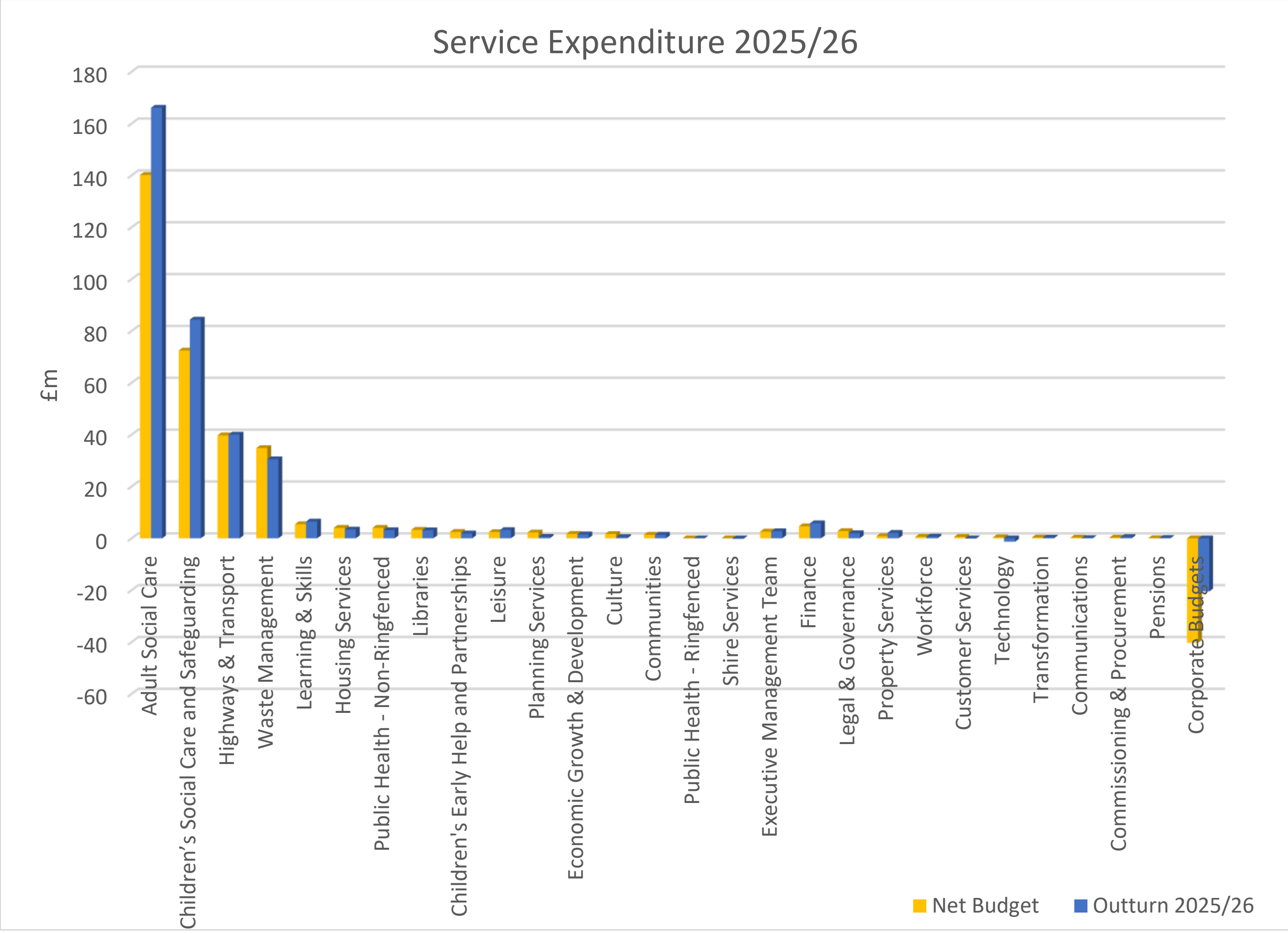
- £22.4m to support revenue expenditure
- £10.0m for transformation activity that cannot be accommodated through capital receipts generation.
- £39.0m to fund any revenue costs arising from the need to write off of spending relating to the North West Relief Road Project should the scheme be cancelled.

This was approved in principle by the Government.

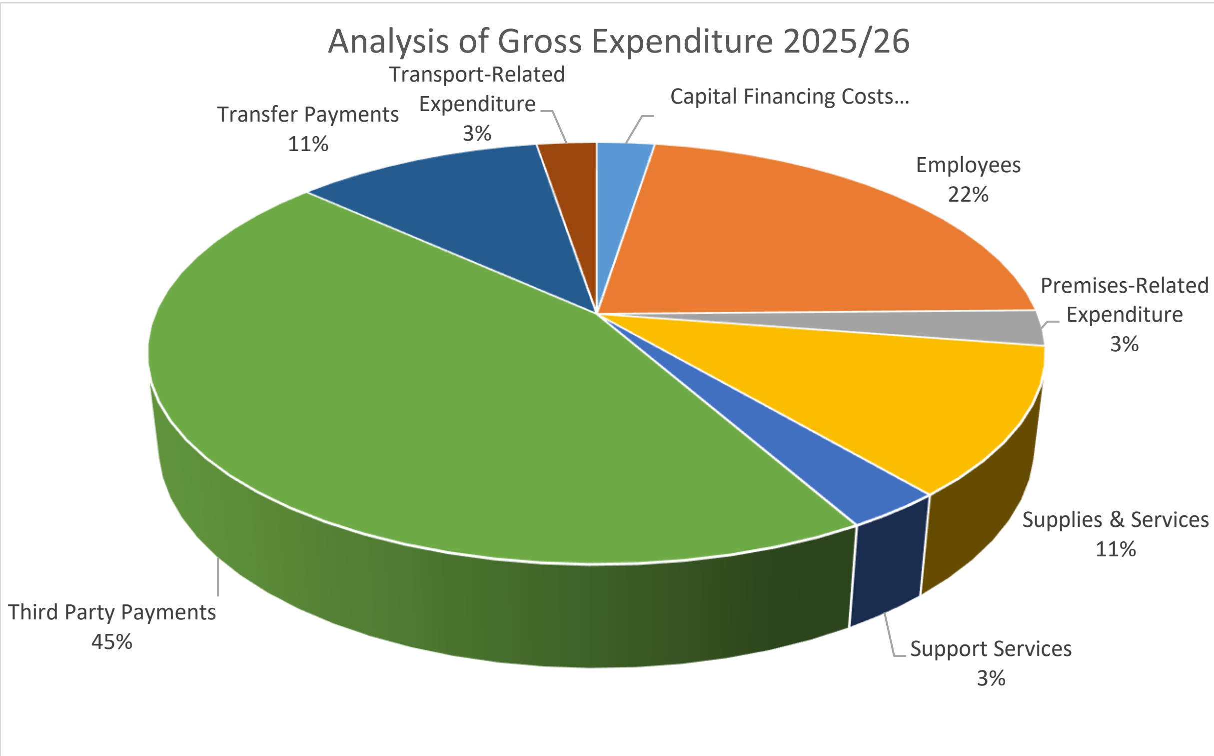
The final use of EFS was £61.791m, a £9.609m reduction to the level of EFS that had been approved in principle by the Government. This reduction was as a result of a reduction in costs relating to the North West Relief Road, as the Oxon Link Road element of the project ahs remained as a capital project. Also the amount required to support revenue expenditure reduced slightly in the last quarter of the financial year.

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

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



The gross expenditure for the Council, including expenditure for schools was £992.807m and this was spent on the following types of expenditure:



Reserves

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

In 2025/26 the Council had planned to increase the general fund balance by £29.455m to a balance of £34.280m. However, as outlined above, the overspend realised in the revenue budget has resulted in a significant proportion of the General Fund Balance needing to fund the overspend. The General Fund Balance as at 31 March 2026 was therefore £5.000m. This balance lies significantly below the risk assessed level of balances calculated for 2025/26. As a result of this anticipated position, The Council has again budgeted to increase reserves in 2026/27, however this is dependent on the Council managing within the set budget for 2026/27.

Earmarked reserves have increased by £4.360m during 2025/26, which includes a reduction in schools delegated balances of £1.992m. The Council has not drawn down balances held in the Development Reserve and Financial Risk reserves fully during the year, which has resulted in balances being held which will help to fund costs likely to be incurred in 2026/27. Total earmarked reserves are held at £29.814m including delegated school balances of £4.701m.

Capital Outturn Position for 2025/26

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

The table below provides a summary of the revised capital budget and expenditure for 2025/26 as at outturn and slippage into the next financial year. Further details of the outturn position are provided in the Financial Outturn report presented to Cabinet and Full Council.

Service Area	Revised Budget 2025/26 £000	Actual Spend 2025/26 £000	Variance 2025/26 £000
General Fund			
Care & Wellbeing	425	256	(169)
Children & Young People	7,792	5,123	(2,669)
Commissioning	3,013	2,880	(134)
Communities & Customer	7,701	12,997	5,296
Enabling	7,682	10,524	2,842
Infrastructure	16,748	7,985	(8,763)
Legal, Governance & Planning	1,251	994	(257)
Strategy	6,141	6,462	321
Total General Fund	**50,753**	**47,220**	**(3,533)**
Housing Revenue Account	26,622	21,479	(5,143)
Total Capital Programme	**77,375**	**68,699**	**8,676**

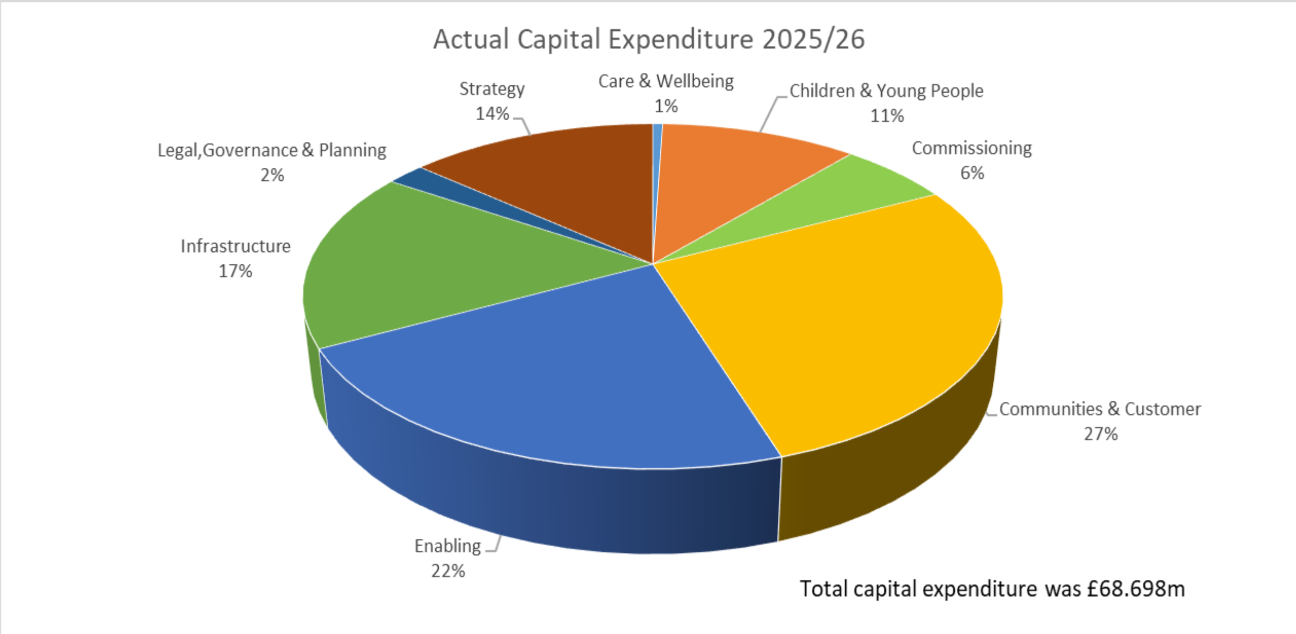
The table below provides a summary of the capital financing for the actual capital expenditure for 2025/26.

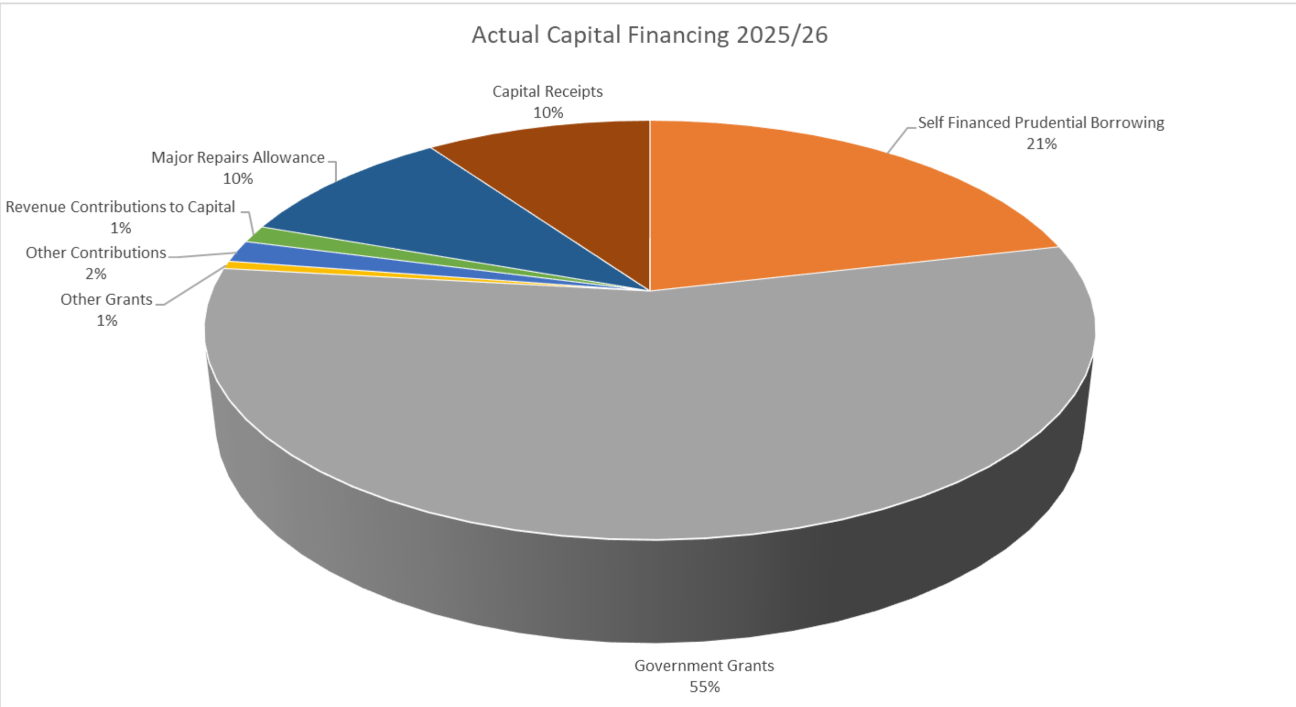
Financing	2025/26 £000
Capital Grants & Contributions	39,694
Revenue Contributions	927
Major Repairs Allowance	6,696
Self Financing Prudential Borrowing	14,661
Corporate Resources	6,721
	68,699

The areas of most significant expenditure for schemes undertaken in 2025/26 are as follows:

	Expenditure 2025/26 £000
Care & Wellbeing	
Supported Living	256
Children & Young People	
Schools Condition Schemes	1,460
Devolved Formula Capital	783
Special Education Needs	2,242
Commissioning	
Leisure	2,860
Communities & Customer	
Housing Services	5,145
Disabled Facilities Grants	4,562
Warm Homes Projects	2,873
Enabling	
Corporate Landlord	6,733
Commercial Investments	3,791
Infrastructure	
Highways and Transport	33,331
North West Relief Road	(31,631)
Integrated Transport	1,447
Flood Defences and Water Management	2,176
Broadband	1,483
National Landscapes including ROW	1,099
Legal, Governance & Planning	
Planning Policy	879

	Expenditure 2025/26 £000
Strategy	
Economic Development	3,952
Climate Change	2,434
Housing Revenue Account	
Housing Major Repairs Programme	11,403
House Purchases	2,259
Single Homelessness Accommodation Programme	791
New Build Programme	5,337





Cash Flow Management

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

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

For cashflow purposes, the Council secured £100million of new loans for the General Fund. This borrowing included £61.8m in relation to the Exceptional Financial Support required for 2026/27. The remaining £38.2m related to new borrowing required for the capital programme in 2025/26 and to replace some short term loans that have matured during the year. Further details are provided in the Statement of Accounts.

The Council is satisfied that cashflow levels are sustainable in the short to medium term, but will continue to review required borrowing levels in 2026/27.

The Statement of Accounts

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

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

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

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

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

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

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

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

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

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

  - **The Balance Sheet** – like the Income and Expenditure Statement this is also fundamental to the understanding of the Council's financial position as at 31 March 2026. It shows the balances and reserves at the Council's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the non current assets held.

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

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

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

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

- **The Collection Fund –** This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

- **The Pension Fund Accounts and Disclosure Notes** – the Shropshire County Pension Fund is administered by this Council, however, the pension fund must be shown separately from the Council's own finances. The accounts summarise the financial position of the Shropshire County Pension Fund, including all income and expenditure for 2025/26 and assets and liabilities as at 31 March 2026.

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

Outlook for the Council

The Council produced a Medium Term Financial Plan (MTFP) for the period 2026/27 – 2030/31 and reflected a reset budget for the forthcoming year and the need for Exceptional Financial Support in order to set a balanced budget. Over the longer term, the Council would look to move to securing long term financial sustainability and recovery for the Council, whilst aligning the Council's resources to the new Corporate Plan.

The budget for 2026/27 reflects the first year of the Local Government Multi Year Finance Settlement announced by the Government. As part of the settlement, the Government permitted the Council to precept an additional 4% in Council Tax over the statutory level prescribed. Despite this, the Council continues to experience significant demand for services such as social care, and increasing cost pressures arising from inflation. The specific factors affecting the budget for 2026/27 are:

- Lower proportion of funding provided by the government compared to the national average for government funding.
- Increased population, particularly amongst older adults
- Increasing demand for services such as:
  - children needing support or protection, and
  - adults with learning difficulties or autism;
  - demand for Temporary Accommodation and housing support
  - cost of living support
  - the challenge of delivering services across a large rural area with a sparse population
- Reversal of unachievable budgetary savings from previous financial years.

The impact of these factors is that the costs and associated demand for services outstrips the resources available to the Council within the current operating model. As a result, the Council applied for Exceptional Financial Support (EFS) of £121m in 2026/27, which was agreed in principle subject to a further review by an independent source.

The use of EFS is not intended as a long-term solution, nor is it sustainable, therefore the Council plans to develop a Financial Sustainability and Recovery Strategy that sets out the various means through which the need for EFS will reduce. The development of this strategy including a refreshed transformation and change programme is underway, and a progress update will be presented to Cabinet and Council during the first quarter of 2026/27. This Strategy and programme will be driven by the 'Future Council' principles set out in the Improvement Plan and include a focus on the key approaches necessary to reduce the duration of time EFS for the Council is required and which are anticipated to include the following:

- Reduce the cost of services through cashable savings.
- Generate additional income from a variety of sources, whilst balancing risk exposure to the Council and accessibility of services for our residents.
- Mitigate future demand growth with a focus on early help and prevention, particularly as a continuing increase of social care budgets is not financially sustainable.
- Ongoing review of all services to ensure that the costs are at a minimum viable level to deliver statutory responsibilities.

Given the financial pressures that the Council, operates within, a decision was taken to pause or delay some capital schemes that have been identified within the capital strategy. Despite this, we will still be investing over £140 million of capital funding into local projects. The capital programme remains priority led, reflecting the need for growth in the Shropshire economy, significant investment in infrastructure and roads, investment in the current housing stock and continuing a new build programme for housing. However, the strategy will remain under continual review and will need to be adapted in line with resources available.

Transactions within Group Boundary

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

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

Cornovii Developments Limited (CDL) was set up to address the unmet housing needs within Shropshire Council's administrative area, and during 2025/26 the company completed phase 1 of a 135 unit development, comprising 82 units in total. Of these, seven were sold on the open market, 29 were designated as affordable homes, 30 were retained for private rent and 16 were transferred into Rent to Own. CDL has generated turnover of £8.3m and holds total assets of £35.7m including those houses held for rental purposes, and work in progress as the company develop further sites. Further detail on the transactions for CDL are outlined in the Group Accounts section in the Statement of Accounts.

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

Section 2
Statement of Responsibilities

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the S151 Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

Approved by Council

The Council's Draft Statement of Accounts for 2025/26 was formally approved at a meeting of the Audit & Governance Committee on xx xxxx xxxx.

Sharon Ritchie-Simmons
Chair of the Audit & Governance Committee
xx xxxx xxxx

Responsibilities of S151 Officer

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

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

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

The S151 Officer has also:

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

Certificate of the S151 Officer

I hereby certify that the Statement of Accounts present a true and fair view of the financial position and the income and expenditure of the Council for the year ended 31 March 2026.

Duncan Whitfield
S151 Officer
30 June 2026

Section 3

Audit Opinion and Certificate

Shropshire Council

Audit Opinion and Certificate

WILL BE UPDATED FOLLOWING AUDIT OF ACCOUNTS

Audit Opinion and Certificate

Audit Opinion and Certificate

Audit Opinion and Certificate

Audit Opinion and Certificate

Audit Opinion and Certificate

Audit Opinion and Certificate

Section 4

Core Financial Statements

Shropshire Council

Comprehensive Income and Expenditure Statement

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

Restated 2024/25 (Note 2)				2025/26		
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
			Expenditure on Continuing Services (Notes 7, 8, 9 and 10)			
220,873	(72,168)	148,705	Care & Wellbeing	247,512	(87,862)	159,650
259,843	(159,735)	100,108	Children & Young People's Services	293,936	(169,842)	124,094
42,235	(20,598)	21,637	Commissioning	40,386	(18,074)	22,312
44,572	(27,806)	16,766	Communities & Customer	39,985	(27,838)	12,147
97,927	(58,299)	39,628	Enabling	60,214	(48,388)	11,826
1,450	(498)	952	Executive Management Team	834	(379)	455
105,034	(32,126)	72,908	Infrastructure	132,631	(27,378)	105,253
15,257	(10,400)	4,857	Legal, Governance & Planning	12,695	(10,441)	2,254
16,190	(23,090)	(6,900)	Local Authority Housing	31,356	(23,792)	7,564
2,237	(2,353)	(116)	Pensions	2,504	(2,605)	(101)
28,142	(21,922)	6,220	Strategy	23,747	(22,000)	1,747
17,885	(41,474)	(23,589)	Corporate	12,716	(51,114)	(38,398)
851,645	**(470,469)**	**381,176**	**Net Cost of Services**	**898,516**	**(489,713)**	**408,803**
		37,596	Other Operating Expenditure (Note 13)			16,957
		22,165	Financing and Investment Income and Expenditure (Note 14)			31,235
		(367,050)	Taxation and Non-Specific Grant Income (Note 15)			(363,541)
		73,887	**(Surplus) or Deficit on Provision of Services**			**93,454**
		(898)	(Surplus) or Deficit on Revaluation of Non-Current Assets			(48,043)
		3,088	Impairment Losses on Non-Current Assets Charged to the Revaluation Reserve			919
		(19,418)	Remeasurement of the Net Defined Benefit Liability (Notes 28 and 40)			(118)
		(17,228)	**Other Comprehensive Income and Expenditure**			**(47,242)**
		56,659	**Total Comprehensive Income and Expenditure**			**46,212**

Movement In Reserves Statement

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

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

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

2025/26	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2025	**4,825**	**25,454**	**30,279**	**14,861**	**1,862**	**53,351**	**100,353**	**622,462**	**722,815**
Movement in reserves during 2025/26									
Total Comprehensive Income and Expenditure	**(86,081)**	**0**	**(86,081)**	**(7,373)**	**0**	**0**	**(93,454)**	**47,242**	**(46,212)**
Adjustments between accounting basis & funding basis under regulations (Note 11)	90,539	0	**90,539**	8,821	(1,750)	20,462	**118,072**	(118,072)	**0**
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**4,458**	**0**	**4,458**	**1,448**	**(1,750)**	**20,462**	**24,618**	**(70,830)**	**(46,212)**
Transfers to/(from) Earmarked Reserves (Note 12)	(4,283)	4,360	**77**	(77)	0	0	**0**	0	**0**
Increase/(Decrease) in 2025/26	**175**	**4,360**	**4,535**	**1,371**	**(1,750)**	**20,462**	**24,618**	**(70,830)**	**(46,212)**
Balance at 31 March 2026	**5,000**	**29,814**	**34,814**	**16,232**	**112**	**73,813**	**124,971**	**551,632**	**676,603**

Movement In Reserves Statement

2024/25	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2024	**8,237**	**35,407**	**43,644**	**11,737**	**6,008**	**58,498**	**119,887**	**658,403**	**778,290**
Adjustments on transition to new accounting arrangements for leases	1,184		1,184				1,184	0	1,184
Transitional adjustments between accounting basis & funding basis under regulations	(1,184)		(1,184)				(1,184)	1,184	0
Adjusted Balance at 31 March 2024	**8,237**	**35,407**	**43,644**	**11,737**	**6,008**	**58,498**	**119,887**	**659,587**	**779,474**
<u>Movement in reserves during 2024/25</u>									
Total Comprehensive Income and Expenditure	**(84,364)**	**0**	**(84,364)**	**10,477**	**0**	**0**	**(73,887)**	**17,228**	**(56,659)**
Adjustments between accounting basis & funding basis under regulations (Note 11)	70,938	0	**70,938**	(7,292)	(4,146)	(5,147)	**54,353**	(54,353)	**0**
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**(13,426)**	**0**	**(13,426)**	**3,185**	**(4,146)**	**(5,147)**	**(19,534)**	**(37,125)**	**(56,659)**
Transfers to/(from) Earmarked Reserves (Note 12)	10,014	(9,953)	**61**	(61)	0	0	**0**	0	**0**
Increase/(Decrease) in 2024/25	**(3,412)**	**(9,953)**	**(13,365)**	**3,124**	**(4,146)**	**(5,147)**	**(19,534)**	**(37,125)**	**(56,659)**
Balance at 31 March 2025	**4,825**	**25,454**	**30,279**	**14,861**	**1,862**	**53,351**	**100,353**	**622,462**	**722,815**

Balance Sheet

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

2024/25 £000		2025/26 £000	2025/26 £000
1,156,403	Property, Plant & Equipment (Note 16)	1,179,672	
2,167	Heritage Assets	2,252	
47,701	Investment Property (Note 17)	45,155	
1,078	Intangible Assets	167	
1,207,349	**Total Non-Current Assets**		**1,227,246**
980	Long Term Investment (Note 21)	981	
23,999	Long Term Debtors (Note 21)	27,480	
1,232,328	**Total Long-Term Assets**		**1,255,707**
	Current Assets		
14,520	Current Held for Sale Investment Properties (Note 17)	13,120	
4,678	Assets Held for Sale	5,128	
561	Inventories	619	
151,120	Short Term Debtors (Notes 21, 23 & 24)	134,449	
50,725	Cash & Cash Equivalents (Notes 21 & 25)	54,299	
221,604	**Total Current Assets**		**207,615**
1,453,932	**Total Assets**		**1,463,322**
	Current Liabilities		
(19,938)	Bank Overdraft (Notes 21 & 25)	(39,209)	
(58,392)	Short Term Borrowing (Note 21)	(62,815)	
(108,032)	Short Term Creditors (Notes 21 & 26)	(99,663)	
(5,109)	Provisions (Note 27)	(3,227)	
(4,948)	Grants Receipts in Advance - Revenue (Note 37)	(6,349)	
(18,667)	Grants Receipts in Advance - Capital (Note 37)	(39,834)	
(215,086)	**Total Current Liabilities**		**(251,097)**
1,238,846	**Total Assets Less Current Liabilities**		**1,212,225**
	Long Term Liabilities		
(591)	Long Term Creditors (Note 21)	(580)	
(6,116)	Provisions (Note 27)	(7,460)	
(364,866)	Long Term Borrowing (Note 21)	(400,302)	
(124,212)	Other Long Term Liabilities (Note 21)	(112,078)	
(20,246)	Pensions Liability (Note 40)	(15,202)	
(516,031)	**Total Long Term Liabilities**		**(535,622)**
722,815	**Net Assets**		**676,603**
	Financed by:		
100,353	Usable Reserves (Note 12)	124,971	
622,462	Unusable Reserves (Note 28)	551,632	
722,815	**Total Reserves**		**676,603**

Cash Flow Statement

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

2024/25 £000	Revenue Activities	2025/26 £000	2025/26 £000
73,887	Net (surplus) or deficit on the provision of services	93,454	
(85,210)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(75,676)	
82,778	Adjustments for items in the net surplus or deficit on the provision of services that are investing and financing activities	69,705	
71,455	**Net cash flows from Operating Activities (Note 29)**		**87,483**
935	Investing Activities (Note 30)	(45,137)	
(101,817)	Financing Activities (Note 31)	(26,649)	
(29,427)	**Net (increase) or decrease in cash and cash equivalents**		**15,697**
1,360	Cash and cash equivalents at the beginning of the reporting period		30,787
30,787	**Cash and cash equivalents at the end of the reporting period (Note 25)**		**15,090**

Section 5

Notes to the Core Financial Statements

Shropshire Council

1. Accounting Policies

1.1 ...General

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 supported by International Financial Reporting Standards (IFRS).

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

The accounts have been prepared on the assumption that the Council will continue to operate for the foreseeable future. This assumption is made because the Council carries out functions essential to the local community and are themselves revenue-raising bodies. If the Council were in financial difficulty alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As local authorities cannot be created or dissolved without statutory prescription, the CIPFA Code of Practice confirms local authority accounts must be completed on a going concern basis. Of particular interest is that the Authority has received Exceptional Financial Support from Government, and continues to do so, without which this underlying assumption may require further examination and scrutiny.

1.2 Accruals of Expenditure and Income

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

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

1.3. Cash and Cash Equivalents

Cash is defined for the purpose of this statement, as cash in hand and deposits with financial institutions repayable on demand without penalty on notice. Cash equivalents are short term, highly liquid investments, normally with a maturity of 90 days or less from the date of investment, that are readily convertible to known amounts of cash.

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Exceptionally, the 2025/26 Codie provides that the changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures.

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

1.5. Non-Current Assets - Intangible

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

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

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

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

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

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

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

Land and buildings used for Council services are valued at current value based on their existing use, based on the amount that would be exchanged for an asset in its existing use, between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing. Where insufficient market-based evidence of current value is available because an item of property, plant and equipment is specialised and/or rarely sold, for example schools and leisure centres, depreciated replacement cost is used as the basis of valuation, using the modern equivalent asset method for valuation purposes. This is an estimate of how much it would cost to build the asset using the latest building methods which therefore takes into account the current cost of building materials. This value is then adjusted to consider the age of the building.

Assets included in the Balance Sheet at current value are subject to a rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the four intervening years. Where no appropriate indices are available for a category of asset, the authority will revalue those assets using a quinquennial revaluation with a desktop revaluation in year three. Where the valuation is calculated to be below £10,000 the valuation is recorded as de-minimis in the balance sheet.

When new material assets are acquired/constructed or assets substantially enhanced the amount paid will be considered to provide a fair measure of the future economic benefits or service potential that will flow to the authority. These will then be valued at the next due interval, unless there are indications that the asset might be impaired. Where there is a change in use of the asset, the impact of this will be considered to determine if a revaluation is required.

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

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

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

Disposal / Derecognition

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

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

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

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

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

A proportion (based on Agreement – Section 11(6) of the Local Government Act 2003) of receipts relating to dwellings disposed of under the Right to Buy Scheme are payable to the Government through the pooling system. The proportion that is required to be paid over to central government as a 'housing pooled capital receipt' is charged to Surplus or Deficit on the Provision of Services and the same amount appropriated from the Capital Receipts Reserve and credited to the General Fund Balance in the Movement in Reserves Statement. For the financial years, 2022-23 to 2025-26, local authorities were permitted to retain the share of Right to Buy receipts that had been previously returned to the Government and so retain 100% of these receipts.

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

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

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

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

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

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

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets the accounts do not disclosure the gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

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

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

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

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

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

The written-off amounts of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

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

1.8. Investment Properties

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

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

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

1.9. Non-Current Assets Held for Sale

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

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

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

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

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

1.10. Impairment

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

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

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

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

1.11. Depreciation

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

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

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

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

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

1.12. Charges to Revenue for Non-Current Assets

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

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

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

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

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

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

1.13. Revenue Expenditure Funded from Capital under Statute

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

Such expenditure is charged to the Surplus or Deficit on the Provision of Services in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure shall be accounted for by debiting the Capital Adjustment Account and crediting the General Fund Balance and shown as a reconciling item in the Movement in Reserves Statement.

1.14. Heritage Assets

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

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

1.15. Capital Receipts

Capital receipts from the disposal of assets are held in the Usable Capital Receipts Reserve until such time as they are used to finance capital expenditure, used to finance expenditure under the flexibilities around the use of Capital Receipts for transformational revenue purposes currently extended to 2030 or are used to repay debt. At the balance sheet date, the Council may opt to set aside capital receipts in-hand within the Capital Adjustment Account to reduce the Capital Financing Requirement and the Minimum Revenue Provision (MRP) charge for the following financial year.

1.16. The Redemption of Debt

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

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

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

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

1.17. Leases

The Council as Lessee

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

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

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

Lease payments included in the measurement of the lease liability include:

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

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

The liability is remeasured when:

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

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

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

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

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

The Council as Lessor

Operating leases

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

1.18. Government Grants and Contributions

Revenue Grants

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

Capital Grants

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

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund (or Housing Revenue

Account) to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure it is posted to the capital grants unapplied reserve.

Community Infrastructure Levy

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

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

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

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

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

1.19. Financial Assets

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

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

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

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

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

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

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

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

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

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

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

Expected Credit Loss Model

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

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

1.20. Financial Liabilities

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

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

1.21. Reserves

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

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

1.22. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Contingent Liabilities

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

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

Contingent Assets

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

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

1.23. Inventories

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

1.24. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service

Reporting Code of Practice 2025/26. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

1.25. Exceptional Financial Support

The government is providing Exceptional Financial Support (EFS) to the Council through Capitalisation Directions. These directions allow the Council to finance revenue expenditure via debt, which must be repaid over a period of 20 years.

1.26. Group Accounts

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

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

1.27. Value Added Tax (VAT)

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

1.28. Employee Benefits

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

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

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

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

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

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. However, the arrangements for the Teachers' scheme and the NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The relevant service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to the two schemes in the year.

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

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

In accordance with IAS19 and IFRIC14, the Council is subject to the application of the asset ceiling which restricts the recognition of a pension asset where the economic benefits of the surplus are not available to the authority.

A pension asset exists when a defined benefit pension fund has a surplus of assets over liabilities. Where there is a surplus the net defined benefit of the asset should be measured at the lower of:

- The surplus;
- The asset ceiling.

The asset ceiling is the present value of the economic benefits available in the form of unconditional right to a refund or reductions in future contributions to the fund. Estimation of the net asset or liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

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

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Shropshire County Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

1.29. Foreign Currency Transactions

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

1.30. Private Finance Initiative (PFI) Schemes

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

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

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

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

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

- **Fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- **Finance cost** – an interest charge as a percentage (based on the Internal Rate of Return of the scheme) of the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- **Lifecycle replacement costs** – proportion of amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant

and Equipment when the relevant works are eventually carried out. Where works are carried out earlier than planned they are recognised as additions to Property, Plant and Equipment balanced by a temporary increase in the finance lease liability. When the programmed payment takes place the liability is written down.

1.31. Accounting for Council Tax and Non Domestic Rates

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

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

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

1.32. Accounting for Local Authority Maintained Schools

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

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

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

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

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

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

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

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

1.33. Fair Value Measurement

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

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

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

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

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

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

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

2. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been made to the Council's 2024/25 financial statements as a result of a change to the Council's reporting structure.

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

Service Areas per 2024/25 statement of accounts	As reported in the CI&ES 2024/25	Movement between Service Areas	As restated 2024/25
Gross Expenditure	**£000**	**£000**	**£000**
Health & Wellbeing	31,972	(31,972)	0
People	523,761	(523,761)	0
Place	188,270	(188,270)	0
Resources	65,603	(65,603)	0
Strategic Management Board	7,963	(7,963)	0
Care & Wellbeing	0	220,873	220,873
Children & Young People Services	0	259,843	259,843
Commissioning	0	42,235	42,235
Communities & Customer	0	44,572	44,572
Enabling	0	97,927	97,927
Executive Management Team	0	1,450	1,450
Infrastructure	0	105,034	105,034
Legal, Governance & Planning	0	15,257	15,257
Local Authority Housing	16,190	0	16,190
Pensions	0	2,237	2,237
Strategy	0	28,142	28,142
Corporate	17,886	(1)	17,885
Cost of services	**851,645**	**0**	**851,645**

Service Areas per 2024/25 statement of accounts	As reported in the CI&ES 2024/25	Movement between Service Areas	As restated 2024/25
Gross Income	**£000**	**£000**	**£000**
Health & Wellbeing	(26,688)	26,688	0
People	(251,005)	251,005	0
Place	(72,110)	72,110	0
Resources	(55,991)	55,991	0
Strategic Management Board	(111)	111	0
Care & Wellbeing	0	(72,168)	(72,168)
Children & Young People Services	0	(159,735)	(159,735)
Commissioning	0	(20,598)	(20,598)
Communities & Customer	0	(27,806)	(27,806)
Enabling	0	(58,299)	(58,299)
Executive Management Team	0	(498)	(498)
Infrastructure	0	(32,126)	(32,126)
Legal, Governance & Planning	0	(10,400)	(10,400)
Local Authority Housing	(23,090)	0	(23,090)
Pensions	0	(2,353)	(2,353)
Strategy	0	(21,922)	(21,922)
Corporate	(41,474)	0	(41,474)
Cost of services	**(470,469)**	**0**	**(470,469)**

Service Areas per 2024/25 statement of accounts	As reported in the CI&ES 2024/25	Movement between Service Areas	As restated 2024/25
Net Expenditure	**£000**	**£000**	**£000**
Health & Wellbeing	5,284	(5,284)	0
People	272,756	(272,756)	0
Place	116,160	(116,160)	0
Resources	9,612	(9,612)	0
Strategic Management Board	7,852	(7,852)	0
Care & Wellbeing	0	148,705	148,705
Children & Young People Services	0	100,108	100,108
Commissioning	0	21,637	21,637
Communities & Customer	0	16,766	16,766
Enabling	0	39,628	39,628
Executive Management Team	0	952	952
Infrastructure	0	72,908	72,908
Legal, Governance & Planning	0	4,857	4,857
Local Authority Housing	(6,900)	0	(6,900)
Pensions	0	(116)	(116)
Strategy	0	6,220	6,220
Corporate	(23,588)	(1)	(23,589)
Cost of services	**381,176**	**0**	**381,176**

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2026/27 Code:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

The changes listed above are not expected to have an impact on the Council's accounts.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The critical judgements made in the Statement of Accounts are:

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

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

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

The Council has completed an assessment of the different types of schools it controls within the Shropshire Council area to determine how these should be accounted for. The accounting treatment is detailed in the accounting policies (see 1.32).

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

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

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

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

There is a risk of material adjustment in the forthcoming financial year for the following items in the council’s Balance Sheet at 31 March 2026:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment (PPE)	Full valuation is carried out on a five year rolling basis, with annual indexation adjustment in the intervening years. Where there is no suitable index a quinquennial revaluation supplemented by a desktop revaluation in year three of the five-year cycle.	There is a risk of material adjustment in the year when the property is revalued. Note 16 details the carrying value for each class of PPE asset. A 1% increase in property valuations would result in a £2.616m increase in the valuation of Council dwellings

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
		and a £4.491m increase in the value of other land and buildings.
	Estimates of remaining useful economic life are provided as part of the valuation and are used to calculate the depreciation charge on a straightline basis.	There is a risk that annual depreciation charges are over or under stated and also correspondingly the NBV of the asset. This could also result in a risk of material adjustment in the year when the property is revalued.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. At 31 March 2026, the Actuaries advised that the net pension liability on the Local Government Pension Scheme was £15m, which includes a £190m adjustment for the asset ceiling. The asset ceiling adjustment has been applied in line with IFRIC14. An asset ceiling limits the amount of the net pension asset that can be recognised to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan. Further information on the assumptions and sensitivity is detailed in Note 40.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £61.422m.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured or based on quoted prices in active markets (i.e. level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair	The authority uses the discounted cash flow model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	value of the Council's assets and liabilities. Where level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 16 and 21.	result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the S151 Officer on 30th June 2026. Events taking place after this date are not reflected in the financial statement or notes.

7. EXPENDITURE AND FUNDING ANALYSIS

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

2024/25 Restated						2025/26				
Net expenditure reported for resource management £000	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net expenditure reported for resource management £000	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
147,868	1,173	149,041	(336)	148,705	Care & Wellbeing	164,851	(3,450)	161,401	(1,751)	159,651
75,719	2,464	78,183	21,925	100,108	Children & Young People Services	103,193	(7,675)	95,518	28,577	124,095
35,713	(8,193)	27,520	(5,883)	21,637	Commissioning	39,743	(9,403)	30,340	(8,028)	22,312
10,311	2,735	13,046	3,720	16,766	Communities & Customer	13,243	(1,320)	11,923	224	12,147
8,181	4,824	13,005	26,623	39,628	Enabling	7,589	963	8,552	3,274	11,826
2,936	(1,906)	1,030	(78)	952	Executive Management Team	2,745	(2,273)	472	(17)	455
42,320	1,013	43,333	29,575	72,908	Infrastructure	43,558	(1,783)	41,775	63,478	105,253
3,088	(202)	2,886	1,971	4,857	Legal, Governance & Planning	3,554	(1,375)	2,179	75	2,254
0	(5,271)	(5,271)	(1,629)	(6,900)	Local Authority Housing	0	(4,326)	(4,326)	11,890	7,564

2024/25 Restated						2025/26				
Net expenditure reported for resource management £000	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net expenditure reported for resource management £000	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
8	0	8	(124)	(116)	Pensions	333	(324)	9	(110)	(101)
774	(2,602)	(1,828)	8,048	6,220	Strategy	658	(4,509)	(3,851)	5,598	1,747
(30,991)	2,617	(28,374)	4,785	(23,589)	Corporate	(41,453)	3,714	(37,739)	(660)	(38,399)
295,927	**(3,348)**	**292,579**	**88,597**	**381,176**	**Net Cost of Services**	**338,014**	**(31,761)**	**306,253**	**102,550**	**408,803**
0	(282,338)	(282,338)	(24,951)	(307,289)	Other Income and Expenditure	0	(312,159)	(312,159)	(3,190)	(315,349)
295,927	**(285,686)**	**10,241**	**63,646**	**73,887**	**Surplus or Deficit**	**338,014**	**(343,920)**	**(5,906)**	**99,360**	**93,454**
		55,381			Opening General Fund and HRA Balance			45,140		
		(10,241)			Surplus or (Deficit) on General Fund and HRA Balance in Year			5,906		
		45,140			**Closing General Fund and HRA Balance at 31 March***			**51,046**		

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

8. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2025/26

Adjustments from management reporting and General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Pension items reported at Directorate level (note 1) £000	Reserves reported at Directorate level (note 1) £000	Interest Payable and Receivable reported at Directorate level (note 2) £000	Reallocation of traded services and internal recharges (note 2) £000	Investment properties/Levies/revenue impairment reported at Directorate level £000	Other Adjustments (note 3) £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustment between funding and accounting basis £000
Care & Wellbeing	(3,447)	380	(5)	139	(492)	(25)	**(3,450)**	233	(2,035)	51	**(1,751)**
Children & Young People Services	(11,721)	2,763	(205)	1,614	13	(139)	**(7,675)**	5,154	(4,092)	27,515	**28,577**
Commissioning	(713)	16	(9,124)	440	(5)	(17)	**(9,403)**	(7,490)	(556)	18	**(8,028)**
Communities & Customer	(2,031)	(1,097)	(73)	1,896	(4)	(11)	**(1,320)**	1,453	(1,273)	44	**224**
Enabling	(551)	522	(874)	14	1,881	(29)	**963**	3,847	(575)	2	**3,274**
Executive Management Team	(48)	0	0	(2,224)	0	(1)	**(2,273)**	21	(44)	6	**(17)**
Infrastructure	(1,320)	104	(570)	23	121	(141)	**(1,783)**	64,299	(835)	14	**63,478**
Legal, Governance & Planning	(1,021)	146	(0)	(327)	0	(173)	**(1,375)**	699	(635)	11	**75**
Local Authority Housing	0	0	0	0	0	(4,326)	**(4,326)**	11,890	0	0	**11,890**
Pensions	(210)	0	0	0	0	(114)	**(324)**	0	(138)	28	**(110)**
Strategy	(523)	(1,443)	31	(2,570)	2	(6)	**(4,509)**	5,939	(333)	(8)	**5,598**
Corporate	20,952	(5,783)	(10,442)	(79)	(8)	(926)	**3,714**	(6,065)	5,720	(315)	**(660)**
Net Cost of Services	**(633)**	**(4,392)**	**(21,262)**	**(1,074)**	**1,508**	**(5,908)**	**(31,761)**	**79,980**	**(4,796)**	**27,366**	**102,550**
Other Income and Expenditure from the Expenditure and Funding Analysis	633	110	21,262	1,074	(1,508)	(333,730)	**(312,159)**	(9,282)	(130)	6,222	**(3,190)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**(0)**	**(4,282)**	**0**	**0**	**0**	**(339,638)**	**(343,920)**	**70,698**	**(4,926)**	**33,588**	**99,360**

Notes to the Core Financial Statements

2024/25 comparative figures Adjustments from management reporting and General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Pension items reported at Directorate level (note 1) £000	Reserves reported at Directorate level (note 1) £000	Interest Payable and Receivable reported at Directorate level (note 2) £000	Reallocation of traded services and internal recharges (note 2) £000	Investment properties/Levies reported at Directorate level (note 2) £000	Other Adjustments (note 3) £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustment between funding and accounting basis £000
Care & Wellbeing	0	1,460	(7)	297	(586)	9	**1,173**	1,324	(1,660)	0	**(336)**
Children & Young People Services	(659)	1,855	(213)	1,560	11	(90)	**2,464**	9,576	(3,616)	15,965	**21,925**
Commissioning	(13)	(701)	(8,076)	574	32	(9)	**(8,193)**	(5,510)	(373)	0	**(5,883)**
Communities & Customer	0	(156)	(7)	2,887	9	2	**2,735**	4,904	(1,184)	0	**3,720**
Enabling	(19)	1,328	(845)	2,495	1,959	(94)	**4,824**	26,883	(267)	7	**26,623**
Executive Management Team	0	31	0	(1,937)	0	0	**(1,906)**	20	(29)	(69)	**(78)**
Infrastructure	(2)	984	(584)	10	150	455	**1,013**	30,415	(840)	0	**29,575**
Legal, Governance & Planning	0	365	0	(417)	(26)	(124)	**(202)**	2,550	(579)	0	**1,971**
Local Authority Housing	0	0	0	0	0	(5,271)	**(5,271)**	(1,629)	0	0	**(1,629)**
Pensions	0	0	0	0	(0)	0	**(0)**	0	(124)	0	**(124)**
Strategy	(9)	314	24	(2,942)	9	2	**(2,602)**	8,238	(338)	148	**8,048**
Corporate	0	3,888	(7,190)	(645)	(0)	6,564	**2,617**	(4,529)	9,629	(315)	**4,785**
Net Cost of Services	**(702)**	**9,368**	**(16,898)**	**1,882**	**1,558**	**1,444**	**(3,348)**	**72,242**	**619**	**15,736**	**88,597**
Other Income and Expenditure from the Expenditure and Funding Analysis	702	645	16,898	(1,882)	(1,558)	(297,143)	**(282,338)**	(19,981)	458	(5,428)	**(24,951)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**0**	**10,013**	**0**	**0**	**0**	**(295,699)**	**(285,686)**	**52,261**	**1,077**	**10,308**	**63,646**

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

Note 2) The authority includes income and expenditure in relation to investment properties, interest payable and receivable, levies, allowances for impairment losses and trading accounts within the Directorates however this is reported in the financial statements below the cost of services line and therefore the above table shows these items being reallocated.

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

Adjustments for Capital Purposes

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

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

Net Change for the Pensions Adjustments

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

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

Other Differences

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

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

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

Expenditure/Income	2025/26 £000	2024/25 £000
Expenditure		
Employee benefits expenses	209,516	233,838
Other service expenses	655,883	582,130
Support service recharges	29,874	28,559
Depreciation, amortisation, impairment	63,357	65,101
Interest payments	28,882	24,068
Precepts and levies	12,438	10,984
(Gain)/Loss on the disposal of assets	4,473	26,611
(Gain)/Loss Financial Assets and Liabilities	0	(928)
Total Expenditure	**1,004,423**	**970,363**
Income		
Fees, charges and other service income	(225,363)	(215,463)
Interest and investment income	(4,811)	(4,181)
Income from council tax, non-domestic rates	(285,979)	(269,932)
Government grants and contributions	(394,816)	(406,900)
Total Income	**(910,969)**	**(896,476)**
Surplus or Deficit on the Provision of Services	**93,454**	**73,887**

10. REVENUE CONTRACTS WITH CUSTOMERS

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

Fees, charges and other service income	2025/26 £000	2024/25 £000
Care & Wellbeing	(72,413)	(66,691)
Children & Young People Services	(25,540)	(30,565)
Commissioning	(7,706)	(4,814)
Communities & Customer	(17,837)	(17,924)
Enabling	(35,696)	(34,581)
Executive Management Team	1,203	1,230
Infrastructure	(16,763)	(16,440)
Legal, Governance & Planning	(15,536)	(14,593)
Local Authority Housing	(23,640)	(23,115)
Pensions	(2,605)	(2,353)
Strategy	(4,089)	(3,236)
Corporate	(4,741)	(2,381)
Total Income	**(225,363)**	**(215,463)**

11. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2025/26	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources:						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension costs	(4,926)	0	0	0	0	4,926
Financial instruments	(315)	0	0	0	0	315
Council tax and NDR	6,220	0	0	0	0	(6,220)
Holiday pay	(334)	0	0	0	0	334
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	87,987	13,315	4,946	0	16,939	(123,187)
Dedicated Schools grant	28,017	0	0	0	0	(28,017)
Total Adjustments to Revenue Resources	**116,649**	**13,315**	**4,946**	**0**	**16,939**	**(151,849)**
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset proceeds from revenue to the Capital Receipts Reserve	(5,029)	(4,542)	0	18,518	0	(8,947)
Administrative costs of non-current asset disposals	111	48	0	(159)	0	0
Statutory provision for the repayment of debt	(20,287)	0	0	0	0	20,287
Capital expenditure financed from revenue balances	(927)	0	0	0	0	927
Total Adjustments between Revenue and Capital Resources	**(26,132)**	**(4,494)**	**0**	**18,359**	**0**	**12,267**
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	(18,407)	0	18,407
Use of the Major Repairs Reserve to finance capital expenditure	0	0	(6,696)	0	0	6,696
Application of capital grants to finance capital expenditure	0	0	0	0	3,523	(3,523)
Cash payments in relation to deferred capital receipts	22	0	0	48	0	(70)
Total Adjustments to Capital Resources	**22**	**0**	**(6,696)**	**(18,359)**	**3,523**	**21,510**
Total Adjustments	**90,539**	**8,821**	**(1,750)**	**0**	**20,462**	**(118,072)**

2024/25 Comparative Figures	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources:						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension costs	1,077	0	0	0	0	(1,077)
Financial instruments	(315)	0	0	0	0	315
Council tax and NDR	(5,379)	0	0	0	0	5,379
Holiday pay	669	0	0	0	0	(669)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	84,545	(4,555)	4,434	0	7,828	(92,252)
Dedicated Schools grant	15,335	0	0	0	0	(15,335)
Total Adjustments to Revenue Resources	**95,932**	**(4,555)**	**4,434**	**0**	**7,828**	**(103,639)**
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset proceeds from revenue to the Capital Receipts Reserve	(6,167)	(2,761)	0	22,258	0	(13,330)
Administrative costs of non-current asset disposals	479	24	0	(503)	0	0
Statutory provision for the repayment of debt	(18,352)	0	0	0	0	18,352
Capital expenditure financed from revenue balances	(954)	0	0	0	0	954
Total Adjustments between Revenue and Capital Resources	**(24,994)**	**(2,737)**	**0**	**21,755**	**0**	**5,976**
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	(21,801)	0	21,801
Use of the Major Repairs Reserve to finance capital expenditure	0	0	(8,580)	0	0	8,580
Application of capital grants to finance capital expenditure	0	0	0	0	(12,975)	12,975
Cash payments in relation to deferred capital receipts	0	0	0	46	0	(46)
Total Adjustments to Capital Resources	**0**	**0**	**(8,580)**	**(21,755)**	**(12,975)**	**43,310**
Total Adjustments	**70,938**	**(7,292)**	**(4,146)**	**0**	**(5,147)**	**(54,353)**

12. USABLE RESERVES

Reserves represent the authority’s net worth and show its spending power. Usable reserves result from the authority’s activities and can be spent in the future. This note sets out the amounts set aside and posted back to Usable Reserves in 2025/26, they include:

- General Fund Reserve – to cushion the impact of unexpected events or emergencies
- Earmarked Reserves – to provide financing to meet known or predicted future General Fund expenditure plans, and to carry forward revenue grants to meet grant funded revenue projects and commitments
- School Balances – amounts set aside for future expenditure in schools
- HRA Reserves – amounts specifically required by statute to be set aside and ringfenced for future investment in HRA
- Capital Reserves – includes capital receipts and capital grants set aside to finance future capital spending plans

	Balance at 31 March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31 March 2025 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance at 31 March 26 £000
General Fund Reserve	**8,237**	**(34,229)**	**30,817**	**4,825**	**(29,788)**	**29,963**	**5,000**
Earmarked Reserves							
Corporate Reserves	11,200	(14,086)	6,303	3,417	(2,602)	7,126	7,941
Reserves retained for service departmental use	12,085	(4,592)	3,191	10,684	(2,270)	3,273	11,687
Capital Investment Reserves	3,199	(324)	335	3,210	(2,370)	900	1,740
Insurance Reserves	1,584	(414)	280	1,450	(617)	263	1,096
Financial Risks	0	(4,250)	4,250	0	(4,629)	7,278	2,649
Total Earmarked Reserves	**28,068**	**(23,666)**	**14,359**	**18,761**	**(12,488)**	**18,840**	**25,113**
School Reserves							
School Balances	7,340	(7,784)	7,137	6,693	(6,716)	4,724	4,701
Schools DSG Reserve*	0	0	0	0	0	0	0
Total Schools Reserves	**7,340**	**(7,784)**	**7,137**	**6,693**	**(6,716)**	**4,724**	**4,701**
HRA Reserves							
HRA General Reserve	11,737	0	3,124	14,861	0	1,371	16,232
Major Repairs Reserve	6,008	(8,580)	4,434	1,862	(6,696)	4,946	112
Total HRA Reserves	**17,745**	**(8,580)**	**7,558**	**16,723**	**(6,696)**	**6,317**	**16,344**
Capital Reserves							
Capital Grants Unapplied Reserve	58,498	(12,975)	7,828	53,351	(1,079)	21,541	73,813
Total Capital Reserves	**58,498**	**(12,975)**	**7,828**	**53,351**	**(1,079)**	**21,541**	**73,813**
Total Usable Reserves	**119,888**	**(87,234)**	**67,699**	**100,353**	**(56,767)**	**81,385**	**124,971**

*The Council's DSG balance is in deficit to a value of £45.655m. As this balance is in deficit, this is included within Unusable Reserves (Note 28) in line with the statutory override in place for DSG deficits.

A breakdown of all specific earmarked reserve balances is shown below.

Reserves	Balance at 31 March 2024 £' 000	Movement Out 2024/25 £' 000	Movement In 2024/25 £' 000	Balance Brought Forward £' 000	Movement Out 2025/26 £' 000	Movement In 2025/26 £' 000	Balance Carried Forward £' 000
Corporate Reserves							
Redundancy	2,000	(2,210)	210	0	0	0	0
Development Reserve	5,696	(10,492)	6,000	1,204	(2,285)	6,000	4,919
Invest to save Reserve	1,379	(888)	0	491	(88)	164	567
External Fund Reserve	2,125	(496)	93	1,722	(229)	962	2,455
	11,200	**(14,086)**	**6,303**	**3,417**	**(2,602)**	**7,126**	**7,941**
Reserves retained for service departmental use							
Building Control	311	(37)	0	274	(2)	0	272
Care Act & IBCF Reserve	1,022	(943)	0	79	(6)	198	271
Debt Recovery Reserve	221	(75)	75	221	34	(2)	253
Economic Development	191	(42)	14	163	0	0	163
Education Welfare Reserve	0	0	0	0	110	0	110
Highways Development & Innovation Fund	600	(500)	0	100	0	0	100
Housing Reserve	706	(59)	0	647	(551)	3	99
Improvement Plan Reserve	0	0	0	0	0	114	114
Planning Reserve	100	(100)	0	0	79	0	79
Public Health Reserve	3,220	(843)	741	3,118	(492)	764	3,390
Repairs & Maintenance Reserve	246	(32)	0	214	0	0	214
Revenue Commitments from Unringfenced Revenue Grants	3,341	(1,644)	2,214	3,911	(1,403)	2,112	4,620
Schools Building Maintenance Insurance	1,516	0	47	1,563	(37)	0	1,526
Severe Weather	315	(315)	0	0	0	0	0
Shire Catering and Cleaning Efficiency	0	(2)	2	0	(2)	2	0
Streetworks Reserve	259	0	98	357	0	82	439
TMO Vehicle Replacement	37	0	0	37	0	0	37
	12,085	**(4,592)**	**3,191**	**10,684**	**(2,270)**	**3,273**	**11,687**
Capital Investment Reserves							
Revenue Commitments for Future Capital Expenditure	3,199	(324)	335	3,210	(2,370)	900	1,740
	3,199	**(324)**	**335**	**3,210**	**(2,370)**	**900**	**1,740**
Insurance Reserves							
Fire Liability	1,051	(385)	173	839	(476)	163	526
Motor Insurance	533	(29)	107	611	(141)	100	570
	1,584	**(414)**	**280**	**1,450**	**(617)**	**263**	**1,096**
Financial Risks							
Financial Strategy Reserve	0	(4,250)	4,250	0	(4,629)	5,677	1,049
Financial Risk - Adult Social Care	0	0	0	0	0	700	700
Financial Risk - Children's Social Care	0	0	0	0	0	400	400
Financial Risk - Economic Risk	0	0	0	0	0	500	500
	0	**(4,250)**	**4,250**	**0**	**(4,629)**	**7,277**	**2,649**
Total Earmarked Reserves	**28,068**	**(23,666)**	**14,359**	**18,761**	**(12,488)**	**18,840**	**25,113**

13. OTHER OPERATING EXPENDITURE

	2025/26 £000	2024/25 £000
Parish Council Precepts	12,281	10,831
Levies	157	154
(Gains)/losses on the disposal of non-current assets	4,445	26,477
(Gains)/losses on change in valuation of non-current assets	74	134
	16,957	**37,596**

14. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2025/26 £000	2024/25 £000
Interest payable and similar charges	28,882	24,068
Pensions interest cost and expected return on pensions assets	503	1,160
Interest receivable and similar income	(4,811)	(4,181)
Income and expenditure in relation to investment properties and changes in their fair value	(73)	(5,684)
(Gains)/Losses on Financial Assets and Liabilities	0	(928)
Revenue Impairment Losses	821	724
(Surpluses)/deficits on Trading Activities	5,913	7,006
	31,235	**22,165**

15. TAXATION AND NON SPECIFIC GRANT INCOMES

	2025/26 £000	2024/25 £000
Council tax income	(231,176)	(217,368)
Non domestic rates	(54,803)	(52,565)
Non ringfenced government grants	(37,207)	(45,660)
Capital grants and contributions	(40,355)	(51,457)
	(363,541)	**(367,050)**

16. PROPERTY, PLANT & EQUIPMENT

The figures below provide information on the movement of non-current assets held by the Council during 2025/26.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant, & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
Cost or valuation									
At 1 April 2025	**255,356**	**422,789**	**16,728**	**9,458**	**2,783**	**6,696**	**70,417**	**784,227**	**128,495**
Additions	18,755	4,120	9,800	131	330	0	(18,586)	**14,550**	5,202
Donations	1,241	0	0	0	0	0	0	**1,241**	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	41,123	0	0	0	(4,633)	0	**36,490**	5,718
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(12,802)	2,015	211	0	0	0	0	**(10,576)**	5,614
Derecognition – disposals	(2,587)	(6,618)	(53)	0	0	0	0	**(9,258)**	0
Derecognition – other	0	(1,805)	(3,213)	(189)	(37)	0	0	**(5,244)**	(2,699)
Assets reclassified (to)/from Held for Sale	(540)	(1,034)	0	0	0	0	0	**(1,574)**	0
Other movements in cost or valuation *	2,180	(9,756)	(211)	0	5	8,983	(6,896)	**(5,695)**	(3,183)
At 31 March 2026	**261,603**	**450,834**	**23,262**	**9,400**	**3,081**	**11,046**	**44,935**	**804,161**	**139,147**
Depreciation and Impairments									
At 1 April 2025	**0**	**0**	**(7,906)**	**(4,634)**	**(591)**	**(1,006)**	**0**	**(14,137)**	**(5,021)**
Depreciation charge for 2025/26	(4,750)	(12,310)	(4,127)	(447)	(138)	(28)	0	**(21,800)**	(5,375)
Depreciation written out to the Revaluation Reserve	188	10,295	0	0	0	669	0	**11,152**	2,585
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,562	980	0	0	0	28	0	**5,570**	32
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	(919)	0	0	0	0	0	**(919)**	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	(471)	0	0	0	0	0	**(471)**	0

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant, & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
Derecognition – disposals	0	0	19	0	0	0	0	**19**	0
Derecognition – other	0	58	2,870	189	37	0	0	**3,154**	2,357
Other movements in depreciation and impairment *	0	669	0	0	0	(669)	0	**0**	0
At 31 March 2026	**0**	**(1,698)**	**(9,144)**	**(4,592)**	**(692)**	**(1,006)**	**0**	**(17,432)**	**(5,422)**
NBV at 31 March 2026	**261,603**	**449,136**	**14,118**	**4,508**	**2,389**	**10,040**	**44,935**	**786,729**	**133,725**
NBV at 31 March 2025	**255,356**	**422,789**	**8,822**	**4,824**	**2,192**	**5,690**	**70,417**	**770,090**	**123,474**

* Other movements include transfer between categories of assets excluding assets held for sale, IFRS16 historic cost adjustments and cumulative impairments written out on revaluation.

The comparative movements in 2024/25 were as detailed below:

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment £000
Cost or valuation At 1 April 2024	**244,119**	**431,429**	**17,742**	**9,505**	**2,289**	**6,761**	**52,846**	**764,691**	**127,299**
IFRS 16 Adjustments	0	34,174	2,544	0	0	0	0	**36,718**	36,718
Additions	14,959	14,440	1,890	20	514	0	19,634	**51,457**	365
Revaluation increases/(decreases) recognised in the Revaluation Reserve	75	(13,500)	0	0	0	(952)	0	**(14,377)**	(21,057)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,439)	(10,311)	(2,544)	0	0	396	0	**(14,898)**	(12,974)
Derecognition – disposals	(1,208)	(24,098)	(153)	0	0	0	0	**(25,459)**	0
Derecognition – other	0	(3,387)	(2,724)	(67)	(20)	0	0	**(6,198)**	(1,856)
Assets reclassified (to)/from Held for Sale	(64)	(1,883)	0	0	0	(525)	0	**(2,472)**	0
Other movements in cost or valuation	(86)	(4,075)	(27)	0	0	1,016	(2,063)	**(5,235)**	0
At 31 March 2025	**255,356**	**422,789**	**16,728**	**9,458**	**2,783**	**6,696**	**70,417**	**784,227**	**128,495**

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment £000
Depreciation and Impairments At 1 April 2024	**0**	**0**	**(8,282)**	**(4,258)**	**(514)**	**(1,006)**	**0**	**(14,060)**	**(5,525)**
Depreciation charge for 2024/25	(4,355)	(21,457)	(2,400)	(443)	(97)	(36)	0	**(28,788)**	(8,539)
Depreciation written out to the Revaluation Reserve	176	15,062	0	0	0	0	0	**15,238**	2,471
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,179	6,364	0	0	0	36	0	**10,579**	4,716
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	(3,088)	0	0	0	0	0	**(3,088)**	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	(90)	(25)	(36)	0	0	0	0	**(151)**	0
Derecognition – disposals	0	0	64	0	0	0	0	**64**	0
Derecognition – other	0	30	2,712	67	20	0	0	**2,829**	1,856
Other movements in depreciation and impairment	90	3,114	36	0	0	0	0	**3,240**	0
At 31 March 2025	**0**	**0**	**(7,906)**	**(4,634)**	**(591)**	**(1,006)**	**0**	**(14,137)**	**(5,021)**
NBV at 31 March 2025	**255,356**	**422,789**	**8,822**	**4,824**	**2,192**	**5,690**	**70,417**	**770,090**	**123,474**
NBV at 31 March 2024	**244,119**	**431,429**	**9,460**	**5,247**	**1,775**	**5,755**	**52,846**	**750,631**	**121,774**

Local Authority Maintained Schools

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

Work commenced on the first transfers in 2008/09, and further schools were identified in 2011/12, mainly as a result of Primary School Amalgamations, which resulted in the change of the category of a number of schools. These schools will be removed from the

Council's balance sheet on completion of the legal transfer. The total net book value for these schools still included as at the balance sheet date is £8.397m.

In addition, there are a number of primary schools where a small part of the site is required to transfer from the Council to the Diocese, these are mainly as a result of extensions to schools which have been built across land still in Shropshire Council ownership (e.g. former playing field land). Work is ongoing to legally transfer these further sections, and they are not included in the Council's balance sheet.

Academy Schools

Where the School land and premises are in the freehold ownership of the Council, these are now leased by the Council to the Academy school on a 125-year peppercorn rent. On this basis the schools are now listed in the Council's fixed asset register at nil value. In 2025/26 three schools in the freehold ownership of the Council and playing field sites or associated facilities at six further schools, transferred to Academy status. The value written out of the Council balance sheet in 2024/25 for the schools transferring was £6.120m.

At the balance sheet date Department of Education approval has not been granted to any further schools to convert to Academy status.

Depreciation

The following useful lives have been used in the calculation of depreciation:

- Council Dwelling – componentised depreciation basis, using the Planned Programme Approach. The components are depreciated on a straightline basis over their useful life (10-80 years) for Decent Homes Standard; with the residual amount (excluding land) depreciated over 150 years.
- Other Land and Buildings – average 10 to 60 years range.
- Vehicles, Plant, Furniture & Equipment – 5 to 25 years.
- Infrastructure – 5 to 100 years.

Capital Commitments

At 31 March 2026, the Council has entered into a number of contracts for the purchase, construction or enhancement of Property, Plant and Equipment or to provide grant funding to other bodies for a capital purpose in 2025/26 and future years budgeted to cost £36.669m. Similar commitments to 31 March 2025 were £24.693m. The major commitments were:

- Highways schemes - £19.250m;
- Oswestry Innovation Park Scheme - £0.467m;
- Climate Change Schemes - £4.232m;
- Shrewsbury Town Centre Redevelopment Programme - £5.113m;
- Leisure Scheme - £0.659m;
- Meole Brace Development Scheme - £1.198m;
- HRA Maintenance Contracts - £5.269m;

Effects of changes in estimates

In 2025/26 Shropshire Council made two changes to its accounting estimates for property, plant and equipment:

- The remaining useful lives were reviewed and updated. For car parks the asset lives were increased to reflect their expected continuing use over a longer period. This alone, would result in reduced depreciation charges going forward, although the Valuers have increased the values and depreciable element of car parks, which will now result in higher depreciation charges going forward.
- The previous componentisation approach to provide an arbitrary apportionment to asset values over £2.5m for componentised depreciation calculations has also been ceased as it did not accurately reflect the period over which these components were being used and replaced. Assets will now be depreciated over a single life, and this will result in lower depreciation charges going forwards.

Revaluations

The authority ensures that all property, plant and equipment to be measured at current value is subject to a rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the four intervening years. Where no appropriate indices are available for a category of asset, the authority will revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

All valuations were carried out by external Valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, plant, furniture and equipment are held on historic cost basis.

The significant assumptions applied in estimating the current values are:

- For all assets valued on a DRC or EUV basis an apportionment of each valuation has been made between land and buildings. The apportionment is provided only for the financial purposes, but this does not necessarily reflect how each asset would be treated in the open market.
- Valuers have undertaken no detailed site survey, building survey or inspection of covered, unexposed or inaccessible parts of any assets valued was undertaken. The Valuer has had regard to the apparent state of repair and condition and assumed that inspection of those parts not inspected would neither reveal defects nor cause material alteration to the valuation, unless aware of indication to the contrary. The building services have not been tested, and it is assumed that they are in working order and free from defect.
- Valuations have been based on plans, floor areas and dimensions, and site areas that have been provided to the Valuers.
- It has been assumed that good title can be shown, and that the assets valued are not subject to any unusual or onerous restrictions, encumbrances or outgoings.
- It has been assumed that the assets and its value are unaffected by any statutory notice or proposal, or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of

the assets nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.

- It has been assumed that no deleterious or hazardous materials or techniques including Reinforced Autoclaved Aerated Concrete (RAAC), or other non-traditional construction methods were used in the construction of the assets or have since been incorporated, unless otherwise stated.
- No environmental assessment of the assets valued (including its site), and neighbouring properties has been provided to the Valuers nor has the Valuers instructed to arrange consultants to investigate any matters regarding flooding, contamination or the presence of radon gas or other hazardous substances. No search of contaminated land registers has been made.
- It is assumed that there is no risk to the assets valued in this report of stability associated with mining, no mining subsidence reports or enquiries have been made.
- No notional directly attributable acquisitions costs have been applied, nor any deduction made for expected directly attributable selling costs, to the Current Value and Fair Value figures provided in this report. No allowances have been made in the valuations for notional taxation, and no additions have been made for Stamp Duty Land Tax (SDLT).
- Opinion of the remaining lives of property assets has been provided. This may not necessarily be the useful life of the asset to Shropshire Council. Estimates of the properties remaining lives are based upon information available on the property, including any recent capital expenditure which has been incurred in replacing or refurbishing individual buildings and the use of the buildings (if any) at the date of valuation. All buildings are assumed to have a maximum life expectancy from new of 60 years and minimum of 10 years.
- Indices have been applied to valuations based on what is considered the most appropriate index for the type/class of asset.

Valuations of Non-Current Assets carried at Current Value

The following statement shows the Council's rolling programme for the revaluation of Property, Plant and Equipment. The valuations are commissioned from External Valuers. The basis of valuation is set out in the Statement of Accounting Policies. All values are stated on a net present value basis.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Total £000
Carried at Historical Cost	0	190	14,118	0	14,308
Valued at Current Value as at:					
31-Mar-25	0	9,673	0	0	9,673
31-Mar-26 Valuation	261,603	301,994	0	10,040	573,637
31-Mar-26 Indexed	0	137,279	0	0	137,279
Total Cost or Valuation	**261,603**	**449,136**	**14,118**	**10,040**	**734,897**

In order to perform this exercise the other land and building category was split into the sub-categories with the relevant values detailed in the table below:

	2025/26 £000	2024/25 £000
Schools, Children's Services and other Education Facilities	53,565	60,098
Culture & Heritage Buildings	61,570	61,582
Leisure & Recreation	67,008	70,441
Highways & Car Parks	59,397	26,756
Social Care	46,829	41,635
Administrative Offices	5,552	13,967
Waste Management Site	114,108	106,744
Business / Commercial Sites (including Markets)	27,366	26,912
Housing Services (including Gypsy Sites)	9,676	8,371
Smallholdings	3,064	4,006
Other	1,001	2,277
Total	**449,136**	**422,789**

Highway Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2025/26 £000	2024/25 £000
Net book value (modified historical cost):		
At 1 April	383,319	387,873
Additions	34,961	25,116
Derecognition	0	0
Depreciation	(32,278)	(29,876)
Impairment	0	0
Other Movement in cost	3,001	206
At 31 March	**389,003**	**383,319**

Reconciliation note to Property, Plant & Equipment in the Balance Sheet:

	2025/26 £000	2024/25 £000
Highway Infrastructure Assets	389,003	383,319
Other PPE Items	786,729	770,090
Right of Use Assets (Note 20)	3,940	2,994
Total PPE Assets	**1,179,672**	**1,156,403**

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil. Given the financial position of the Council over a number of years, we have not had sufficient resources to do anything other than undertake replacement or renewal expenditure when parts of infrastructure assets are worn out.

17. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2025/26 £000	2024/25 £000
Rental income & service charges from investment property	(2,932)	(2,861)
Direct operating expenses arising from investment property	770	648
Net (gain)/loss	**(2,162)**	**(2,213)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

Current Investment Properties are held for sale investment properties where they are expected to be disposed of within a year of the balance sheet date.

The following table summarises the movement in the fair value of investment properties over the year:

	Long term		Current	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Balance at start of the year	47,702	43,029	14,520	18,283
Additions:				
- Purchases	0	0	0	0
- Construction	0	0	0	0
- Subsequent expenditure	92	105	0	0
Disposals/Derecognition	(60)	(105)	(1,400)	(4,350)
Net gains/(losses) from fair value adjustments	(2,089)	2,044	0	1,427
Transfers:				
- (To)/from Property, Plant and Equipment	(490)	1,789	0	0
- (To)/from Current/Long term	0	840	0	(840)
Balance at end of the year	**45,155**	**47,702**	**13,120**	**14,520**

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2025 are as follows:

2025/26 Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March £000
Residential (market rental) properties	0	760	2,483	3,243
Land	0	12,360	16,663	29,023
Commercial units	0	302	25,707	26,009
Total	**0**	**13,422**	**44,853**	**58,275**

2024/25 Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March £000
Residential (market rental) properties	0	2,160	2,440	4,600
Land	0	12,360	16,600	28,960
Commercial units	0	289	28,373	28,662
Total	**0**	**14,809**	**47,413**	**62,222**

Transfers between levels of the fair value hierarchy

The transfers between levels 2 and 3 during the years is following the change of Valuers for the General Fund assets and the Valuers assessment of the fair value hierarchy, based on the information they have had available to them.

	2025/26			
Assets Categorised within Level 3	**Residential £'000**	**Land £'000**	**Commercial £'000**	**Total £'000**
Opening Balance	**2,440**	**16,600**	**28,373**	**47,413**
Transfers into Level 3	0	0	0	0
Transfers out of Level 3	0	0	0	0
Total gains/(losses) for the period included in the surplus/deficit on the provision of services resulting from changes in the fair value	11	63	(2,176)	(2,102)
Additions	64	0	28	92
Disposal	(32)	0	(28)	(60)
Transfer to other Asset Category	0	0	(490)	(490)
Closing Balance	**2,483**	**16,663**	**25,707**	**44,853**

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The fair value for the residential properties and land are where disposals are actively progressing (assets classed as Current Held for Sale Investment Property) and the valuation has been based on the market approach using current market conditions that have been observed following marketing of the assets and agreeing terms.

The commercial units are those held by the HRA and have been based on the market approach, with observable inputs from analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

Significant Unobservable Inputs – Level 3

The remaining Investment Properties have been measured using the market approach, utilising lease information, market evidence, income evidence and information that has been provided by the client. They are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements.

Highest and Best Use of Investment Properties

In estimating the fair value of the authority's Investment Properties, the valuations have been on the basis of the highest and best use of the asset. In a small number of instances this differs to their current use, mainly where sites would have a higher value if use for residential development, and it is expected planning permission for these sites would be granted based on existing planning policy. The authority is actively working to bring these sites forward for development, but this process can take a number of years.

Valuation Process for Investment Properties

The fair value of the authority's investment properties are subject to revaluations in accordance with the authority's policy on revaluing non-current assets, commissioned to External and Internal Valuers. As the fair value must reflect market conditions at the balance sheet date, annual revaluations are necessary unless the authority can demonstrate that the carrying value is not materially different from the fair value at that date.

18. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2025/26 £000	2024/25 £000
Opening Capital Financing Requirement (including PFI & Finance Lease)	**615,412**	**550,192**
Capital investment		
Property, Plant and Equipment	49,689	76,698
Investment Properties	92	105
Long Term Investment	0	10
Intangible Assets	0	55
Revenue Expenditure Funded from Capital under Statute	90,769	58,138
Capital Loans	6,828	16,627
IFRS 16 Adjustments - PFI	(3,183)	36,717
IFRS 16 Adjustments - Right of Use Assets	862	5,555
Sources of finance		
Capital receipts	(18,407)	(21,801)
Capital grants and other contributions	(39,694)	(78,997)
Direct Revenue Financing (Including MRA)	(7,623)	(9,534)
Minimum Revenue Provision	(20,287)	(18,353)
Closing Capital Financing Requirement (including PFI & Finance Lease)	**674,458**	**615,412**
Closing Capital Financing Requirement – Supported & Unsupported Borrowing – General Fund	461,549	399,235
Closing Capital Financing Requirement – Supported & Unsupported Borrowing – HRA	105,797	100,193
Closing Capital Financing Requirement – PFI & Finance Lease	107,112	115,984
	674,458	**615,412**
Explanation of movements in year		
Increase/(Decrease) in underlying need to borrow (supported by Government financial assistance)	(5,591)	(8,590)
Increase/(Decrease) in underlying need to borrow (unsupported by Government financial assistance)	73,509	42,832
Assets acquired under finance leases	(126)	4,666
Assets acquired under PFI contracts	(8,746)	26,312
Increase/(decrease) in Capital Financing Requirement	**59,046**	**65,220**

19. PRIVATE FINANCE INITIATIVE SCHEMES

The Council has two Private Finance Initiative (PFI) schemes: The Quality in Community Services (QICS) PFI, signed on 21 May 2005, and the Waste Services PFI contract, signed on 29 September 2007.

a. The Quality in Community Services PFI Project

On 21 May 2005 the Council entered into a 30 year contract with Integrated Care Solutions (ICS) to supply and maintain six buildings:

- Three Resource Centres
- A Nursing Home
- A Joint Service Centre
- An Intermediate Care Hub

The contract was a Private Finance Initiative under the Capital Finance Regulations. The Council was awarded a PFI credit of £20.400m.

b. The Waste Services PFI Project

On 29 September 2007, the former Shropshire County Council, in its capacity as Contracting Authority for the former Shropshire Waste Partnership, entered into a 27 year waste contract with Veolia ES Shropshire Limited. Services under the contract commenced on 1 October 2007. On 20 October 2008 Shrewsbury & Atcham Borough Council joined the Partnership and the contract with Veolia for the remaining 26 years.

The contract is a Private Finance Initiative (PFI) contract and is part funded by £40.800m of PFI credits which are paid as an annual PFI grant.

There are two separable elements to the contract: a collection and recycling element and a waste treatment services element.

The collection and recycling element comprises the kerbside collections of recycling and waste, the operation of the Integrated Waste Management Facilities (comprising the household recycling centres and transfer stations) and waste treatment and disposal other than the operation of the Energy Recovery Facility. The contract is an output based contract but proposed waste infrastructure that will be used to deliver services under this element of the contract includes upgrades of the existing Craven Arms and Whitchurch recycling facilities, the development of Integrated Waste Management Facilities to service the Oswestry and Bridgnorth areas and the development of an In Vessel Composting Facility.

Two broad groups of assets are being provided under the Waste Services PFI contract:

- Vehicles and waste receptacles used to deliver the day to day waste service.
- Assets to be constructed under the contract to deliver improved recycling and diversion performance.

The value of assets held and liabilities resulting from the QICS and Waste PFI contract and an analysis of the movements are shown below:

	QICS PFI		Waste PFI	
	Year Ended 31/03/26 £000	Year Ended 31/03/25 £000	Year Ended 31/03/26 £000	Year Ended 31/03/25 £000
Non-Current Assets – Land & Buildings				
Balance Brought Forward	18,330	17,918	101,393	99,135
- IFRS 16 Transition Adjustment	11	(548)	(6,457)	26,686
- Depreciation in Period	0	0	(16)	(16)
- IFRS 16 in-year remeasurement	(143)	447	3,616	7,589
- Additions	0	0	0	0
- Revaluation/Impairment	611	513	10,510	(32,001)
- Derecognition	0	0	0	0
Balance Carried Forward	18,809	18,330	109,046	101,393
Non-Current Assets – Vehicles, Plant & Equipment				
Balance Brought Forward	0	0	3,751	4,722
- IFRS 16 Transition Adjustment	0	0	(479)	1,981
- Depreciation in Period	0	0	(2,741)	(1,336)

	QICS PFI Year Ended 31/03/26 £000	QICS PFI Year Ended 31/03/25 £000	Waste PFI Year Ended 31/03/26 £000	Waste PFI Year Ended 31/03/25 £000
- IFRS 16 in-year remeasurement	0	0	268	563
- Additions	0	0	5,202	365
- Revaluation/Impairment	0	0	211	(2,544)
- Derecognition	0	0	(342)	0
Balance Carried Forward	0	0	5,870	3,751
Prepayments				
Balance Brought Forward	0	0	14,233	13,140
- IFRS 16 Transition Adjustments	0	0	0	222
- Planned Capital Expenditure	0	0	(1,963)	871
Balance Carried Forward	0	0	12,270	14,233
Finance Lease Liability				
Balance Brought Forward	(9,726)	(10,223)	(115,824)	(87,922)
- IFRS 16 Transition Adjustment	(21)	524	8,203	(26,668)
- IFRS 16 in-year remeasurement	142	(447)	(3,885)	(8,152)
- Early Lifecycle	0	0	0	0
- Repayment of Principal	423	420	5,846	6,918
Balance Carried Forward	(9,182)	(9,726)	(105,660)	(115,824)

Details of Payments due to be made under PFI contracts

Year	Service Charges * £000	Principal £000	Interest £000	Total Unitary Charge Payment £000
Amounts Falling Due Within One Year	38,105	6,578	9,970	54,653
Amounts Falling Due Within 2 – 5 Years	114,114	33,793	34,349	182,256
Amounts Falling Due Within 6 – 10 Years	156,336	40,171	28,981	225,488
Amounts Falling Due Within 11 – 15 Years	78,281	40,073	6,958	125,312
Amounts Falling Due Within 16 – 20 Years	0	0	0	0

* comprised of operating costs and lifecycle costs

20. LEASES

Authority as a Lessee

<u>Right of use assets</u>
This table shows the change in the value of right of use assets held under leases by the authority.

	Land and buildings £000	Vehicles, plant and equipment £000	Total £000
Balance at 1 April 2025	1,652	1,342	2,994
Additions	1,340	68	1,408
Revaluations	530	0	530
Depreciation and amortisation	(348)	(489)	(837)
Disposals	(155)	0	(155)
Balance at 31 March 2026	**3,019**	**921**	**3,940**

<u>Transactions under leases</u>
The authority incurred the following expenses and cash flows in relation to leases.

	2025/26 £000	2024/25 £000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	172	179
Expense relating to short term leases	358	430
Expense relating to exempt leases of low-value items	628	634
Cash flow statement		
Minimum lease payments	2,146	2,132

<u>Maturity of lease liabilities</u>

The lease liabilities are due to be settled over the following time bands:

	31 March 2026 £000	31 March 2025 £000
Less than one year	726	1,471
One to five years	1,487	1,552
More than five years	2,328	2,263
	4,541	**5,286**

Authority as Lessor

<u>Operating Leases</u>
The Council leases out property under operating leases for a variety of purposes, including:

- For the provision of community services.
- For economic development purposes to provide suitable affordable accommodation for local businesses.
- For income generation as Investment Properties.

<u>Transactions under leases</u>
The Council made the following gains and losses as a lessor during the year.

	2025/26 £000	2024/25 £000
Operating leases		
Total lease income	6,724	5,119
Total	**6,724**	**5,119**

Maturity analysis of lease receivables
The minimum lease payments committed as at 31 March are:

	Operating leases 31 March 2026 £000	31 March 2025 £000
Expiring less than one year	1,874	1,527
Expiring between one to two years	319	356
Expiring between two to three years	375	446
Expiring between three to four years	186	265
Expiring between four to five years	135	52
Expiring later than five years	2,970	1,608
	5,859	**4,254**

21. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

Financial Assets	Long term				Current				Total	
	Investments		Debtors		Investments		Debtors			
	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000
Fair value through profit or loss										
Long Term Equity Instruments	571	571	0	0	0	0	0	0	571	571
Amortised cost										
Investment	410	409	27,480	23,999	0	0	79,184	100,944	107,074	125,352
Cash and Cash Equivalents	0	0	0	0	54,299	50,725	0	0	54,299	50,725
Total financial assets	**981**	**980**	**27,480**	**23,999**	**54,299**	**50,725**	**79,184**	**100,944**	**161,944**	**176,648**
Non-financial assets	0	0	0	0	0	0	55,265	50,176	55,265	50,176
Total	**981**	**980**	**27,480**	**23,999**	**54,299**	**50,725**	**134,449**	**151,120**	**217,209**	**226,824**

Financial Liabilities	Long term				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors			
	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000
Amortised cost										
Principal	(400,302)	(364,866)	(580)	(591)	(59,645)	(55,959)	(54,337)	(63,303)	(514,863)	(484,719)
Loans accrued interest	0	0	0	0	(3,170)	(2,433)	0	0	(3,170)	(2,433)
Bank Overdraft	0	0	0	0	0	0	(39,209)	(19,938)	(39,209)	(19,938)
PFI and Finance lease liabilities	(112,078)	(124,212)	0	0	0	0	(7,304)	(6,005)	(119,382)	(130,217)
Total Financial Liabilities	**(512,380)**	**(489,078)**	**(580)**	**(591)**	**(62,815)**	**(58,392)**	**(100,850)**	**(89,246)**	**(676,624)**	**(637,307)**

Financial Liabilities	Long term				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors			
	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000
Non financial liabilities	0	0	0	0	0	0	(38,023)	(38,724)	(38,023)	(38,724)
Total	**(512,380)**	**(489,078)**	**(580)**	**(591)**	**(62,815)**	**(58,392)**	**(138,873)**	**(127,970)**	**(714,647)**	**(676,031)**

The debtors figure included in the balance sheet includes payments in advance from individuals and organisations and transactions relating to Council Tax and Business Rates which are not considered to be financial instruments, therefore these prepayments have been excluded above. Similarly the creditors figure also includes transactions relating to Council Tax and Business Rates and receipts in advance which are not a financial instrument, therefore these have been excluded above. A reconciliation of the Financial Instrument figures to the Balance Sheet is provided below:

	31-Mar-26 £000	31-Mar-25 £000
Debtors:		
Financial assets carried at contract amounts as per Financial Instruments	79,184	100,944
Debtors that are not financial instruments	55,265	50,176
Total Debtors as per Balance Sheet	**134,449**	**151,120**
Creditors:		
Financial liabilities carried at contract amount as per Financial Instruments	(61,640)	(69,308)
Creditors that are not financial instruments	(38,023)	(38,724)
Total Creditors as per Balance Sheet	**(99,663)**	**(108,032)**

Soft Loans

Following a review in this area it has been identified that interest free loans with a nominal value of £3.060m are advanced to clients receiving residential/nursing care, who following assessment, are required to pay the full cost of their care. As all of the clients funds are tied up in the property they own, a legal charge is made against the property and when the property is sold the outstanding debts are cleared and the legal charge removed.

In addition, clients who are required to make adaptations to their homes to maintain their independence are also given interest free loans, the nominal value of these loans is £0.283m. A legal charge is again placed against the property and when the property is sold the amount of the loan is repaid and the legal charge removed.

The deferred charges loans are part of the Charging Residential Accommodation Guide (CRAG) assessment and the adaptation loans are part of Disabled Facilities Grant legislation, which means they are part of national agreements. These loans are not part of the Council's internal policies and therefore are not classified as soft loans.

Income, Expense, Gains and Losses

	2025/26		2024/25	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss	0	0	0	0
Financial assets measured at amortised cost	0	0	0	0
Investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0
Financial assets measured at fair value through profit or loss	0	0	(928)	0
Financial liabilities measured at amortised cost	0	0	0	0
Total net gains/losses	**0**	**0**	**(928)**	**0**
Interest revenue:				
Financial assets measured at amortised cost	(4,811)		(4,181)	
Other financial assets measured at fair value through other comprehensive income	0		0	
Total interest revenue	**(4,811)**		**(4,181)**	
Interest expense				
Interest Expense	28,882		24,068	

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required)

Except for the financial assets carried at fair value, all other financial liabilities and financial assets held by the Council are carried in the Balance Sheets at amortised cost. The fair values calculated are as follows.

Financial Liabilities	31 March 2026 Carrying amount £000	31 March 2026 Fair value £000	31 March 2025 Carrying amount £000	31 March 2025 Fair value £000
Financial liabilities held at amortised cost				
- Loans/Borrowings	459,921	419,949	420,798	383,079

The fair value of borrowings is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain arising from a commitment to pay interest to lenders below current market rates.

Financial Assets	31 March 2026 Carrying amount £000	31 March 2026 Fair value £000	31 March 2025 Carrying amount £000	31 March 2025 Fair value £000
Financial assets held at amortised cost:				
Cash	30,000	30,000	30,000	30,000
Fixed Term Deposits	24,200	24,200	20,600	20,600
Long term debtors	26,636	26,636	23,999	23,999
Long term investments	409	409	409	409

The fair value of the assets held at amortised cost is taken to be the carrying amount due to the short term nature of the assets.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

	31-Mar-26			
Recurring fair value measurements using:	**Quoted prices in active markets for identical assets (Level 1) £000**	**Other significant observable inputs (Level 2) £000**	**Significant unobservable inputs (Level 3) £000**	**Total £000**
Financial liabilities				
Financial liabilities held at amortised cost:				
Loans/borrowings	0	419,949	0	419,949
Total	**0**	**419,949**	**0**	**419,949**
Financial assets				
Soft loans to third parties	0	0	0	0
Cash and Fixed Term Deposits	0	54,200	0	54,200
Total	**0**	**54,200**	**0**	**54,200**

	31-Mar-25 Comparative Year			
Recurring fair value measurements using:	**Quoted prices in active markets for identical assets (Level 1) £000**	**Other significant observable inputs (Level 2) £000**	**Significant unobservable inputs (Level 3) £000**	**Total £000**
Financial liabilities				
Financial liabilities held at amortised cost:				
Loans/borrowings	0	383,079	0	383,079
Total	**0**	**383,079**	**0**	**383,079**

Recurring fair value measurements using:	31-Mar-25 Comparative Year Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Total £000
Financial assets				
Soft loans to third parties	0	0	0	0
Cash and Fixed Term Deposits	0	50,600	0	50,600
Total	**0**	**50,600**	**0**	**50,600**

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

Financial Assets	Financial Liabilities
No early repayment or impairment is recognised	No early repayment is recognised
The fair value of cash and fixed term deposits is taken to be the carrying amount due to the short term nature of the assets.	Estimated ranges of interest rates at 31 March 2026 of 5.04% to 6.30% for loans payable, based on new lending rates for equivalent loans at that date.
The fair value of trade and other receivables is taken to be the invoiced or billed amount	

22. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The identification, understanding and management of risk are, by necessity, a major part of the Council's treasury management activities. The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses;
- By approving annually in advance prudential and treasury indicators for the following three years;
- By approving an investment strategy for the forthcoming year.

To avoid the Council suffering loss as a result of its treasury management activities a number of risk management procedures have been put in place.

These procedures are based on the concept that firstly security of principal is paramount, secondly that there is a need to maintain liquidity and finally earning a rate of return commensurate with the first two concepts.

Credit Risk Exposure

Credit and counterparty risk is the failure by a third party to meet its contractual obligations under an investment, loan or other commitment, especially due to deterioration in its creditworthiness.

As a holder of public funds, Shropshire Council regards it a prime objective of its treasury management activities to be the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the reduction or minimisation of risk. Accordingly, the Council ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties is outlined in the Council's creditworthiness policy which is approved as part of the Annual Investment Strategy. The Council's lending list is reviewed continuously in conjunction with its treasury advisor and formally updated monthly. Additions to, and deletions from, the list are approved by the Section 151 Officer.

The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. For the highest rating the maximum amount is currently limited to £20.000m.

The analysis below summarises the Council's potential maximum exposure to credit risk, based on the experience of default, adjusted to reflect current market conditions.

	Amount deposited at 31 March 2026 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2026 %	Estimated maximum exposure to default and uncollectability at 31 March 2026 £000
	A	B	C	(AxC)
Deposits with banks and financial institutions having a default rating of:				
AAA	30,000	0.00	0.00	0
AA	24,200	0.00	0.00	0
A	0	0.00	0.00	0
BBB	0	0.00	0.00	0
Other Local Authorities	0	0.00	0.00	0
Debtors (Customers)	33,517	Local Experience	Local Experience	Local Experience

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council generally allows its customers 20 days credit. Of the £33.517m invoiced income outstanding from customers £24.933m is past its due date for payment. This amount past due date is analysed by age as follows:

Age of Debt	2025/26 £000	2024/25 £000
Less than 3 months overdue	5,655	3,946
3 to 6 months overdue	4,014	4,113
6 months to 1 year overdue	4,196	3,110
More than 1 year overdue	11,068	11,101
	24,933	22,270

Further details on the amounts outstanding from customers which is past its due date for payment is provided in the below table.

2025/26	Care & Wellbeing		Children & Young People		Other		Total	
	Value of Debt	Allowance for impairment losses	Value of Debt	Allowance for impairment losses	Value of Debt	Allowance for impairment losses	Value of Debt	Allowance for impairment losses *
	£000	£000	£000	£000	£000	£000	£000	£000
Less than 3 months overdue	3,565	0	790	0	1,300	0	5,655	0
3 to 6 months overdue	3,465	0	355	0	194	2	4,014	2
6 months to 1 year overdue	3,618	609	290	0	288	56	4,196	665
More than 1 year overdue	9,890	3,579	145	16	1,033	586	11,068	4,181
	20,538	4,188	1,580	16	2,815	644	24,933	4,848

* Allowance for impairment losses in the table above relates only to sundry debtors. Other allowances for impairment losses in relation to Council Tax and Business Rates debtors are also provided for within the total Debtors figure on the Balance Sheet.

Loss allowances on trade receivables are calculated using historical experience of default and knowledge of any current and future events which could impact on collection. Trade receivables have been assessed on an individual service basis with some items grouped based on their age and type.

Long term debtors and short term loan debtors are assessed for expected credit losses by reviewing historical experience of repayments and assessing any current or future events which could result in default of repayments.

Liquidity Risk Exposure

Liquidity risk is the risk that cash is not available when required. This can jeopardise the ability of the Council to carry out its functions or disrupt those functions being carried out in the most cost effective manner. The Council therefore has sufficient standby facilities to ensure that there is always sufficient liquidity to deal with unexpected circumstances.

As the Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loan Board and money markets for access to longer term funds, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourably high interest rates. The Council's strategy therefore is to ensure that no more than 25% of loans mature in any one financial year.

In addition, all of the Council's short term liquidity requirements can be satisfied through short term borrowing and bank overdraft facilities.

The maturity analysis of financial liabilities is as follows:

Age of Debt	2025/26 £000	2024/25 £000
Less than 1 year	59,619	55,932
Between 1 and 2 years	78,264	59,619
Between 2 and 5 years	67,669	45,446
Between 5 and 10 years	90,000	74,487
More than ten years	164,369	185,314
	459,921	**420,798**

Interest Rate Risk

Interest rate risk is the risk that unexpected changes in interest rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council minimises this risk by seeking expert advice on forecasts on interest rates from its Treasury Management consultants, and agreeing with them the strategy for the forthcoming year for the investment and debt portfolios. Movement of actual interest rates against these expectations is monitored continuously with advice from our treasury advisor.

The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. Interest rate exposure limits and other prudential limits are set through this Strategy. The limit for variable rate debt is 50% of the total debt portfolio however the Council works to a more prudent level and maximises its exposure to 25%. As borrowings are not carried at fair value, nominal gains and losses on fixed rate borrowings do not impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure.

As at 31 March 2026 the Council's total outstanding debt (excluding accrued interest) amounted to £459.947m of which none of these loans were at stepped interest rates. Out of this balance £426.855m relates to fixed rate Public Works Loan Board (PWLB) loans, £15.850m relates to Lenders Option Borrower Option (LOBO) market loans, £16.238m relates to Market Loans, £0.978m relates to SALIX loans and £0.026m relates to temporary loans for voluntary groups. As the LOBO loans have a call option where the lender can increase the rate of the loan at predetermined dates these loans are classified as variable rate loans. The interest rates range between 3.83% and 4.27%. Of the total amount, £5.150m has an annual call date, £5.700m has a 2 yearly call date and £5.000m has a 5 yearly call date. If the lender increases the interest rate on the LOBO loans at the predetermined date then the Council has the option to repay the loan in full thereby offering the potential for the Council to avoid this increase in interest payable. In 2025/26 the call option was exercised against one LOBO loan which resulted in a loan repayment of £5.000m.

The majority of the Council's investments are fixed rate deposits however, investments in Call Accounts are classified as variable rate investments. As at the end of March 2026, £30.000m was held in a Call Account.

Price Risk
The Council, excluding the pension fund, does not invest in equity shares or bonds, therefore is not exposed to losses arising from movements in share/bond prices.

Foreign Exchange Risk
The Council has no financial assets or liabilities denominated in foreign currencies therefore the exposure to loss arising from movements in exchange rates is zero.

23. DEBTORS

These are sums of money due to the Council but unpaid at 31 March 2026.

	2025/26 £000	2024/25 £000
Debtors:		
Central Government Bodies	14,049	22,543
Other Local Authorities	8,066	9,512
NHS Bodies	12,703	16,624
Public Corporations and Trading Funds	0	0
Other Entities and Individuals		
- Council Tax and Business Rates	30,181	26,382
- Short Term Loans to third parties	22,433	28,137
- Care & Wellbeing sundry debtors	22,918	20,885
- Impairment allowances for doubtful debt	(24,211)	(22,433)
- Other	18,979	23,002
Prepayments		
- Waste PFI	12,270	14,233
- Other Service related prepayments	17,061	12,235
	134,449	**151,120**

24. DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	2025/26 £000	2024/25 £000
Less than 1 year	8,547	7,314
1 – 2 years	4,828	4,329
2 – 3 years	3,594	3,057
3 – 4 years	2,714	2,357
4 – 5 years	2,124	1,957
5 – 6 years	1,794	1,687
More than 6 years	6,580	5,681
	30,181	**26,382**

25. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2026 £000	31 March 2025 £000
Bank current accounts	30,096	30,115
Short term deposits	24,203	20,610
Total Cash and Cash Equivalents	**54,299**	**50,725**
Bank Overdraft	(39,209)	(19,938)
Cash Overdrawn	**(39,209)**	**(19,938)**

26. CREDITORS

These are amounts owed by the Council for work done, goods received or services rendered which had not been paid by 31 March 2026.

	2025/26 £000	2024/25 £000
Creditors:		
Central Government Bodies	(7,411)	(12,819)
Other Local Authorities	(1,875)	(2,439)
NHS Bodies	(2,901)	(652)
Public Corporations and Trading Funds	0	0
Other Entities and Individuals	(69,467)	(73,635)
Receipts In Advance	(18,009)	(18,487)
	(99,663)	**(108,032)**

27. PROVISIONS

The value of provisions held as at 31 March 2026 are as follows:

	Balance at 31 March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31 March 2025 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance at 31 March 2026 £000
Short Term Provisions							
Accumulated Absences Account	2,545	(2,545)	3,212	3,212	(3,212)	2,878	2,878
Housing Enforcement	156	0	0	156	0	0	156
Termination Benefits	5	(5)	1,741	1,741	(1,721)	172	192
Total Short Term Provisions	**2,706**	**(2,550)**	**4,953**	**5,109**	**(4,933)**	**3,050**	**3,226**
Long Term Provisions							
S106	73	(73)	0	0	0	0	0
Liability Insurance	3,978	(885)	875	3,968	(625)	813	4,156
NDR Appeals	1,955	(2,710)	2,659	1,904	(1,416)	2,529	3,017
Tenancy Deposit Clawbacks	243	(28)	29	244	(9)	53	288
Total Long Term Provisions	**6,249**	**(3,696)**	**3,563**	**6,116**	**(2,050)**	**3,395**	**7,461**
Total Provisions	**8,955**	**(6,246)**	**8,516**	**11,225**	**(6,983)**	**6,445**	**10,687**

28. UNUSABLE RESERVES

	31 March 2026 £000	31 March 2025 £000
Revaluation Reserve	198,140	158,652
Capital Adjustment Account	422,980	504,685
Financial Instruments Adjustment Account	(2,109)	(2,423)
Deferred Capital Receipts Reserve	337	407
Pensions Reserve	(15,202)	(20,246)
Collection Fund Adjustment Account	(3,981)	2,239
Accumulated Absences Account	(2,878)	(3,214)
Dedicated Schools Grant Adjustment Account	(45,655)	(17,638)
Total Unusable Reserves	**551,632**	**622,462**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2025/26 £000	2024/25 £000
Balance at 1 April	**158,652**	**180,081**
Upward revaluation of assets	54,983	29,064
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(7,860)	(31,254)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**47,123**	**(2,190)**
Difference between fair value depreciation and historical depreciation	(5,004)	(9,193)
Accumulated gains on assets sold or scrapped	(2,631)	(10,046)
Other transfers to the Capital Adjustment Account	0	0
Amount written off to the Capital Adjustment Account	**(7,635)**	**(19,239)**
Balance at 31 March	**198,140**	**158,652**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority.

The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 11 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2025/26 £000	2024/25 £000
Balance at 1 April	**504,685**	**527,183**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
- Charges for depreciation and impairment of non-current assets	(55,481)	(59,644)
- Revaluation losses on Property, Plant and Equipment	(4,950)	(7,482)
- Amortisation of intangible assets	(911)	(1,580)
- Revenue expenditure funded from capital under statute	(90,769)	(58,138)
- Amounts of non current assets written off on disposal or sale as part of the gain/loss of disposal to the Comprehensive Income and Expenditure Statement	(22,782)	(48,232)
	(174,893)	**(175,076)**
Adjusting amounts written out of the Revaluation Reserve	**7,635**	**19,239**
Net written out amount of the cost of non current assets consumed in the year	**(167,258)**	**(155,837)**
Capital financing applied in the year:		
- Use of the Capital Receipts Reserve to finance new capital expenditure	18,407	21,801
- Use of the Major Repairs Reserve to finance new capital expenditure	6,696	8,580
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	43,217	66,022
- Application of grants to capital financing from the Capital Grants Unapplied Account	(3,523)	12,975
- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	20,287	18,353
- Capital expenditure charged against the General Fund and HRA balances	927	953
	86,011	**128,684**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	**(2,089)**	**3,471**
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	**1,631**	**1,184**
Balance at 31 March	**422,980**	**504,685**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

	2025/26 £000	2024/25 £000
Balance at 1 April	**(2,423)**	**(2,738)**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements.	314	315
Balance at 31 March	**(2,109)**	**(2,423)**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2025/26 £000	2024/25 £000
Balance at 1 April	**407**	**454**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash	(48)	(47)
Deferred Capital Receipt balance written off	(22)	0
Balance at 31 March	**337**	**407**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2025/26 £000	2024/25 £000
Balance at 1 April	**(20,246)**	**(38,587)**
Remeasurements of the net defined benefit liability/(asset)	118	19,418
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(21,572)	(32,877)
Employer's pension contributions and direct payments to pensioners payable in the year	26,498	31,800
Balance at 31 March	**(15,202)**	**(20,246)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2025/26 £000	2024/25 £000
Balance at 1 April	**2,239**	**(3,140)**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(6,220)	5,379
Balance at 31 March	**(3,981)**	**2,239**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	2025/26 £000	2024/25 £000
Balance at 1 April	**(3,214)**	**(2,545)**
Settlement or cancellation of accrual made at the end of the preceding year	3,214	2,545
Amounts accrued at the end of the current year	(2,878)	(3,214)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**336**	**(669)**
Balance at 31 March	**(2,878)**	**(3,214)**

Dedicated Schools Grant Adjustment Account

On the 6 November 2020, the secretary of State for Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument to amend the Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020 for the financial years beginning 1 April 2020 and ending 31 March 2023. The Regulations have since been extended for a further three years.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for the financial years beginning on 1 April 2020 and ending 31 March 2026, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the local authorities' general fund for a period of three financial years.

	2025/26 £000	2024/25 £000
Balance at 1 April	**(17,639)**	**(2,304)**
School budget deficit transferred from General Fund in accordance with statutory requirements	(28,016)	(15,335)
Balance at 31 March	**(45,655)**	**(17,639)**

29. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2025/26 £000	2024/25 £000
Interest received	(4,034)	(4,422)
Interest paid	28,091	23,267

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements.

	2025/26 £000	2024/25 £000
Depreciation	55,481	59,644
Impairment and revaluation (increases)/decreases	3,319	7,483
Amortisation	911	1,580
(Gains)/Losses on Financial Assets/Liabilities	0	(928)
Impairment losses on Loans & advances debited to surplus or deficit on the provision of services in year	33	0
Adjustment for effective interest rates	55	112
Increase/Decrease in Interest Creditors	736	689
Increase/Decrease in Creditors	(3,083)	11,709
Increase/Decrease in Interest and Dividend Debtors	(777)	241
Increase/Decrease in Debtors	8,600	(30,266)

	2025/26 £000	2024/25 £000
Increase/Decrease in Inventories	(58)	168
Pension Liability	(4,926)	1,077
Contributions to/(from) Provisions	(539)	2,270
Carrying amount of non-current assets sold	13,835	34,902
Movement in Investment Property Values	2,089	(3,471)
Total	**75,676**	**85,210**

The Surplus or Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities:

	2025/26 £000	2024/25 £000
Carrying amount of short and long term investment sold	0	0
Capital Grants credited to surplus or deficit on the provision of services	(60,156)	(73,850)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(9,549)	(8,928)
Non cash adjustments	**(69,705)**	**(82,778)**

30. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2025/26 £000	2024/25 £000
Purchase of property, plant and equipment, investment property and intangible assets	51,443	76,378
Purchase of investments in Associates and Joint Ventures	0	10
Other payments for investing activities*	6,828	16,627
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,620)	(8,974)
Proceeds from the sale of short term and long term investments	0	0
Other receipts from investing activities**	(93,788)	(83,106)
Net cash flows from investing activities	**(45,137)**	**935**

* This includes short term loans granted to third parties
** This includes capital grants received in year.

31. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2025/26 £000	2024/25 £000
Cash receipts of short and long-term borrowing	(100,000)	(170,087)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	8,514	10,201
Repayments of short and long term borrowing	60,943	61,043
Other payments for financing activities*	3,894	(2,974)
Net cash flows from financing activities	**(26,649)**	**(101,817)**

* Represents the difference between the preceptors/Central Government share of cash collected and net cash paid in relation to Council Tax and NDR

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2025/26	1 April	Financing cash flows	Non-cash changes Acquisition	Other non-cash changes	31 March
	£000	£000	£000	£000	£000
Long-term borrowings	364,866	95,000	0	(59,564)	400,302
Short-term borrowings	58,391	(55,932)	0	60,355	62,814
On balance sheet PFI liabilities	125,551	(7,526)	(3,183)	0	114,842
Total liabilities from financing activities	**548,808**	**31,542**	**(3,183)**	**791**	**577,958**

2024/25	1 April	Financing cash flows	Non-cash changes Acquisition	Other non-cash changes	31 March
	£000	£000	£000	£000	£000
Long-term borrowings	281,527	85,087	0	(1,748)	364,866
Short-term borrowings	32,802	23,968	0	1,621	58,391
On balance sheet PFI liabilities	98,146	(9,313)	36,718	0	125,551
Total liabilities from financing activities	**412,475**	**99,742**	**36,718**	**(127)**	**548,808**

33. MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year.

	2025/26 £000	2024/25 £000
Basic Allowances	1,093	1,049
Special Responsibility Allowances	300	297
Expenses	12	11
Total	**1,405**	**1,357**

34. OFFICERS' REMUNERATION

The remuneration paid to the Council's senior employees is as follows:

Post Holder Information (Post Title & Name)		Salary	Expense Allowances	Compensation for Loss of Office	Total	Employers Pension contributions
Interim Chief Executive – (started in post 22nd September 2026)	2025/26	£92,822	£0	£0	£92,822	£15,965
	2024/25	£0	£0	£0	£0	£0
Chief Executive - Andy Begley [1] (left post 31st December 2025)	2025/26	£180,467	£0	£42,830	£223,297	£22,100
	2024/25	£171,321	£0	£0	£171,321	£29,467
Executive Director of People DASS	2025/26	£72,918	£0	£0	£72,918	£12,542
	2024/25	£148,751	£0	£0	£148,751	£25,585

Post Holder Information (Post Title & Name)		Salary	Expense Allowances	Compensation for Loss of Office	Total	Employers Pension contributions
Executive Director DPH – Rachel Robinson	2025/26 2024/25	£156,422 £148,751	£0 £0	£0 £0	£156,422 £148,751	£19,706 £25,585
Executive Director of Place (left post on 7th March 2025)	2025/26 2024/25	£0 £185,104	£0 £0	£0 £37,575	£0 £222,679	£0 £23,934
Executive Director s151 (left post on 31st January 2026)	2025/26 2024/25	£166,303 £148,751	£0 £0	£30,500 £0	£196,803 £148,751	£22,003 £25,585
Interim Executive Director s151	2025/26 2024/25	£58,077 £0	£0 £0	£0 £0	£58,077 £0	£0 £0
Service Director Care & Wellbeing	2025/26 2024/25	£110,426 £0	£0 £0	£0 £0	£110,426 £0	£18,993 £0
Director Children's Services	2025/26 2024/25	£121,483 £0	£0 £0	£0 £0	£121,483 £0	£18,914 £0
Service Director Legal, Governance & Planning (Monitoring Officer)	2025/26 2024/25	£112,748 £0	£0 £0	£0 £0	£112,748 £0	£19,393 £0
Service Director Strategy & Change (started in post on 5th January 2026)	2025/26 2024/25	£26,278 £0	£0 £0	£0 £0	£26,278 £0	£4,520 £0
Service Director Children & Young People	2025/26 2024/25	£112,748 £0	£0 £0	£0 £0	£112,748 £0	£19,393 £0
Service Director Commissioning	2025/26 2024/25	£111,182 £0	£0 £0	£0 £0	£111,182 £0	£19,123 £0
Service Director Enabling	2025/26 2024/25	£110,510 £0	£0 £0	£0 £0	£110,510 £0	£19,008 £0
Service Director Communities & Customer	2025/26 2024/25	£112,748 £0	£0 £0	£0 £0	£112,748 £0	£19,393 £0
Service Director Infrastructure	2025/26 2024/25	£109,837 £0	£0 £0	£0 £0	£109,837 £0	£18,892 £0
Assistant Director – Transformation & Efficiency (started in post on 19th June 2023, left post on 30th September 2025)	2025/26 2024/25	£54,626 £109,252	£0 £0	£0 £0	£54,626 £109,252	£9,396 £18,792

- An element (£71,013) of the total remuneration paid to the Executive Director DPH is recharged to Shropshire, Telford and Wrekin ICB to reflect the Joint Director of Public Health role.
- An element of the total remuneration paid to the s151 officer is recharged to Shropshire & Wrekin Fire Authority (£14,390), West Mercia Energy (£9,270) and West Mercia Supplies (£1,630) to reflect the various treasurer roles undertaken within those organisations.

- During 2025/26 the Council was restructured and a number of posts created, hence the reason for new posts being reported in the senior employee note in 2025/26 only.

The numbers of officers whose remuneration exceeded £50,000 is analysed into bands of £5,000 as follows. The senior officers included in the table above are not included within this analysis. The remuneration disclosed below includes salary costs and expense allowances, paid in line with the Council's pay policy agreed by Full Council:

Salaried Remuneration Band £	2025/26 No. of Employees	2024/25 No. of Employees
50,000 – 54,999	180	174
55,000 – 59,999	97	95
60,000 – 64,999	66	58
65,000 – 69,999	40	18
70,000 – 74,999	23	14
75,000 – 79,999	18	21
80,000 – 84,999	11	10
85,000 – 89,999	18	13
90,000 – 94,999	2	3
95,000 – 99,999	2	8
100,000 – 104,999	5	1
105,000 – 109,999	0	13*
110,000 and above	5	2

*Due to the Council restructure 8 of these posts are now included in the Senior Employee table and are therefore excluded from the above table in 2025/26

The numbers of exit packages with total cost per band and total cost of the exit packages, including redundancy payments, pension strain and unpaid leave are set out in the table below. The figures disclosed include exit packages for schools and the Council.

	No. of compulsory redundancies		No. of other departures agreed		Total no of exit packages by cost band		Total cost of exit packages in each band £000	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
£0 - £20,000	18	34	19	70	37	104	400	882
£20,001 - £40,000	2	2	12	36	14	38	513	1,070
£40,001 - £60,000	0	1	3	14	3	15	167	729
£60,001 - £80,000	0	0	2	10	2	10	261	706
£80,001 - £100,000	0	1	4	7	4	8	567	723
£100,001 - £150,000	0	0	9	11	9	11	1,208	1,337
£150,001 - £200,000	0	1	5	20	5	21	891	3,658
£200,001 - £300,000	1	0	4	4	5	4	1,491	1,254
£300,001 - £400,000	0	0	3	2	3	2	1,079	701
£400,001 - £450,000	0	0	0	2	0	2	0	841
£450,000+	0	0	0	2	0	2	0	1,021
	21	39	61	178	82	217	6,577	12,922

35. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's external auditors:

	2025/26 £000	2024/25 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	430	401
Fees payable in respect of other services provided by the external audit during the year	70	88
Total	**500**	**489**

36. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools' Budget. The Schools' Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools' Budget (ISB), which is divided into a budget share for each school.

Details of the deployment of DSG for 2025/26 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2025/26 before academy recoupment			316,751
Academy and high needs figure recouped for 2025/26			(183,872)
Total DSG after academy recoupment for 2025/26			**132,879**
Brought forward from 2024/25			0
Plus Carry Forward to 2026/27 agreed in advance			0
Agreed initial budget distribution in 2025/26	**84,013**	**48,866**	**132,879**
In year adjustments	37	0	37
Final budget distribution in 2025/26	**84,050**	**48,866**	**132,916**
Actual central expenditure	(113,604)	0	(113,604)
Actual ISB deployed to schools	0	(46,847)	(46,847)
Early years maintained settings included in ISB on S251	0	(481)	(481)
In year carry forward to 2026/27	**(29,554)**	**1,538**	**(28,016)**
Plus carry forward to 2026/27 agreed in advance	0	0	0
Carry forward to 2026/27			**(28,016)**
DSG unusable reserve at the end of 2024/25			(17,639)
Additions to DSG unusable reserve at the end of 2025/26			(28,016)
Total of DSG unusable reserve at the end of 2025/26			**(45,655)**
Net DSG position at the end of 2025/26			**(45,655)**

37. GRANT INCOME

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2025/26:

	2025/26 £000	2024/25 £000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	(8,668)	(7,974)
Local Services Support Grant	0	(546)
New Homes Bonus	(2,034)	(1,808)
Business Rates Relief Grant	(24,001)	(25,565)
Rural Service Support Grant	0	(8,982)
Services Grant	0	(357)
NIC Compensation Grant	(2,504)	0
Other Grants	0	(428)
Capital Grants & Contributions	(40,355)	(51,457)
Total	**(77,562)**	**(97,117)**
Credited to Services		
DWP Housing Benefit	(39,286)	(46,174)
DWP Housing Benefit Admin Subsidy	(656)	(643)
MHCLG Waste PFI	(2,988)	(3,087)
MHCLG Social Services PFI	(1,523)	(1,523)
DFE Dedicated Schools Grant	(132,916)	(125,754)
DFE Pupil Premium Grant	(3,536)	(4,197)
DFE UFSM	(1,369)	(1,573)
DFE PE & Sports	(1,109)	(1,296)
Teachers Pay Grant	0	(1,273)
ESFA Teachers Pension employer contribution grant	0	(1,740)
DfT Bus Services Operators Grant	(512)	(512)
Strengthening Families	0	(1,093)
HO Asylum Seekers	(3,993)	(3,306)
DoH Public Health Grant	(14,448)	(13,658)
MHCLG/DoH Adult Social Care New Burdens	(32,675)	(28,010)
Improved Better Care Fund	(14,635)	(11,863)
DWP Discretionary Housing Payment Grant	(309)	(301)
Flexible Homelessness grant	(1,715)	(1,164)
Apprenticeship Levy	(662)	(710)
DWP Household Support Fund	(3,681)	(4,178)
DfE Holiday Activities and Food Programme	(729)	(734)
MHCLG Rough Sleepers Initiative	(399)	(551)
MHCLG Domestic Abuse Duty Capacity Building Fund	(751)	(603)
DfT CBSSG Restart	0	(500)
DfE Recovery Premium Funding	0	(138)
DLUHC Homes for Ukraine Scheme Local Authority Tariff Payment	(181)	(1,781)
DLUHC UK Shared Prosperity Funding	(2,681)	(6,327)
DHSC Adult Social Care Discharge Fund	0	(2,772)
DHSC Market Sustainability and Fair Cost Fund	(6,098)	(6,098)
DHSC Rough Sleeping Drug and Alcohol Treatment Grant	(929)	(906)

	2025/26 £000	2024/25 £000
DEFRA Farming in Protected Landscapes	(389)	(1,654)
DfE Early Years Supplementary Grant	0	35
DfE Multiply Funding	(6)	(425)
DHSC Supplementary Substance Misuse Treatment and Recovery Grant	(577)	(552)
DfT Bus Service Improvement Plan Plus	(2,683)	(2,076)
DfE Implementing Supported Accommodation Reforms	0	(485)
DfE Wraparound Childcare Programme Grant	(798)	(668)
DfE Core Schools Budget Grant	(2,793)	(1,783)
DEFRA Food waste collections	(274)	(562)
DHSC Local Stop Smoking Services and Support Grant	(384)	(359)
Adoption Support Fund	(349)	(384)
DEFRA - Extended Producer Responsibility Grant	(6,552)	0
MHCLG - Children's Social Care Prevention Grant	(666)	0
MHCLG - Children's and Families Grant	(1,831)	0
DFE – Schools Budget Support Grant	(475)	0
HO – Afghan Refugees	(623)	(209)
DfE – Early Years Expansion Grant	(401)	0
DHSC – Individual Placement Support Grant	(334)	(248)
DWP - Connect to Work	(661)	(100)
DfE – National Insurance Contributions Grant	(927)	0
DHSC – Adult Social Care International Recruitment	(1,407)	0
Other Grants	(5,912)	(5,456)
Capital Grants & Contributions	(21,431)	(22,392)
Total	**(317,254)**	**(309,783)**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver if not expended for the purpose it has been provided. The balances at the year-end are as follows:

	31-Mar-26 £000	31-Mar-25 £000
Current Liabilities		
Grants Receipts in Advance (Capital Grants)		
Department of Transport	(27,400)	(3,121)
Department for Education	(284)	(2,363)
Environment Agency	(1,865)	(1,579)
Department for Science, Innovation & Technology	(167)	(990)
Arts Council	0	(251)
Department for Business, Energy & Industrial Strategy	0	(2,883)
Department for Energy Security & Net Zero	(2,153)	0
Ministry of Housing, Communities & Local Government	(4,023)	(4,117)
Department for Environment, Food & Rural Affairs	(3,416)	(2,809)
Historic England	(27)	(38)
Other Grants & Contributions	(499)	(516)

	31-Mar-26 £000	31-Mar-25 £000
Total	**(39,834)**	**(18,667)**
Grants Receipts in Advance (Revenue Grants)		
Standards Fund	(188)	(358)
DfT Bus Service Improvement Plan Plus	(2,562)	(2,684)
DWP Housing Benefit	(804)	0
Homes for Ukraine Scheme Local Authority Tariff Payment	(523)	(456)
DfT Active Travel	(145)	(201)
UK Shared Prosperity Fund	(212)	0
DHSC - The Accelerating Reform Fund	0	(238)
MHCLG - Defence Afghan Relocation & Resettlement	0	(234)
MHCLG Social Services PFI	(210)	(210)
DfT Local Electric Vehicle Infrastructure	(395)	0
DCMS Local Youth Transformation Pilot	(370)	0
Other Grants	(940)	(567)
Total	**(6,349)**	**(4,948)**
TOTAL	**(46,183)**	**(23,615)**

38. COMMUNITIES INFRASTRUCTURE LEVY

The Communities Infrastructure Levy (CIL) is a planning charge that is applied to most types of new development within the county. The balance held at the end of the financial year is detailed in the below table. The Neighbourhood Fund due to Parish and Town Councils is held on the Balance Sheet within Creditors, the remaining balance is held within Capital Grants Unapplied.

	2025/26 £000	2024/25 £000
Opening Balance April	**(34,900)**	**(37,124)**
Receipts received	(5,619)	(6,536)
Expenditure incurred	(3,498)	8,760
Closing Balance	**(44,017)**	**(34,900)**
Closing Balance allocated to:		
Neighbourhood Fund	(1,152)	(1,179)
Strategic Fund	(6,239)	(3,784)
Local Area Fund	(36,626)	(29,937)
Total	**(44,017)**	**(34,900)**

39. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The scheme is technically a defined benefits scheme. However the Scheme is unfunded and the Department of Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, the Council paid £6.740m to Teachers' Pensions in respect of teachers' retirement benefits. The contribution rate for April 2025 to March 2026 was 28.68%. The amount paid for 2024/25 were £7.946m and the contribution rate was 28.68%.

Public Health employees previously employed by the NHS are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme.

In 2025/26, the Council paid £0.015m to the NHS Pensions Scheme in respect of public health employee retirement benefits, representing 14.4% of pensionable pay. The figures for 2024/25 were £0.019m and 14.4%.

40. DEFINED BENEFIT PENSION SCHEMES

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Local Government Pension Scheme, administered by Shropshire Council is a funded defined benefit scheme. This means that the Council and employees pay contributions into a fund, which is invested in accordance with the Local Government Pension Scheme Regulations.

We recognise the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund/HRA Balance via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme	
	2025/26 £000	**2024/25 £000**
Comprehensive Income and Expenditure Statement		
Cost of Services:		
- current service cost	(15,128)	(21,897)
- past service gain/(cost)	(8)	(21)
- curtailment gain/(cost)	(3,662)	(8,276)
- settlement gain/(cost)	(2,271)	(1,523)
	(21,069)	**(31,717)**
Financing and Investment Income and Expenditure:		
- net interest expense	7,734	(1,160)
- interest on asset ceiling	(8,237)	0
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(21,572)**	**(32,877)**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
- return on plan assets	22,112	3,847
- experience gain/(loss)	(2,381)	1,467
- actuarial gains and (losses) arising on changes in financial assumptions	13,592	152,590
- actuarial gains and (losses) arising on changes in demographic assumptions	6,933	3,531
Effect of asset ceiling	(40,138)	(142,017)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(21,454)**	**(13,459)**
Movement in Reserves Statement		
- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	21,572	32,877
Actual amount charged against the Fund Balances for pensions in the year:		
- employers' contributions payable to scheme	(26,498)	(31,800)

Assets and Liabilities Recognised in the Balance Sheet

	2025/26 £000	**2024/25 £000**
Present value of the defined benefit obligation	(1,030,309)	(1,024,758)
Fair value of plan assets	1,205,499	1,146,529
Effect of asset ceiling	(190,392)	(142,017)
Net liability arising from defined benefit obligation	**(15,202)**	**(20,246)**

Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme	
	2025/26 £000	2024/25 £000
Opening fair value of scheme assets at 1 April	1,146,529	1,112,693
Interest income	65,608	53,875
Remeasurement gain/(loss):		
Return on plan assets excluding the amount included in the net interest expense	22,112	3,847
Settlements	(6,728)	(8,952)
Contributions from employer	26,498	31,800
Contributions from employees into the scheme	7,653	7,761
Benefits paid	(54,972)	(53,516)
Other	(1,201)	(979)
Closing fair value of scheme assets at 31 March	**1,205,499**	**1,146,529**

Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2025/26 £000	2024/25 £000
Opening balance at 1 April	(1,024,758)	(1,151,280)
Current Service Cost	(13,927)	(20,918)
Interest Cost	(57,874)	(55,035)
Contributions from scheme participants	(7,653)	(7,761)
Remeasurement gain/(loss):		
Experience gains/(losses)	(2,381)	1,467
Actuarial gains/(losses) arising from changes in financial assumptions	13,592	152,590
Actuarial gains/(losses) arising from changes in demographic assumptions	6,933	3,531
Other		
Past service costs	(8)	(21)
(Losses)/gains on curtailment	(3,662)	(8,276)
Benefits paid	54,972	53,516
Liabilities extinguished on settlements	4,457	7,429
Closing balance at 31 March	**(1,030,309)**	**(1,024,758)**

Local Government Pension Scheme Assets

Assets in the Shropshire County Pension Fund consist of the following categories:

	2025/26 £000	2024/25 £000
Cash and cash equivalents	**9,644**	**7,567**
Equity investments:		
Global quoted	671,825	675,879
Sub-total equity	**671,825**	**675,879**

	2025/26 £000	2024/25 £000
Bonds:		
Overseas Global active investment grade	120,309	113,162
Overseas Global Dynamic	35,562	40,931
UK Gov conventional gilts	29,052	0
UK Gov indexed linked gilts	29,294	0
Sub-total bonds	**214,217**	**154,093**
Property:		
Property funds	54,850	50,103
Sub-total property	**54,850**	**50,103**
Alternatives:		
Private Equity	81,251	86,563
Infrastructure	63,289	67,531
Hedge Funds	52,077	48,269
Property Debt	964	4,930
Insurance Linked Securities	20,735	18,574
Private Debt	36,647	33,020
Sub-total alternatives	**254,963**	**258,887**
Total assets	**1,205,499**	**1,146,529**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rate, salary levels and other variables.

The Council element of the Fund liabilities has been assessed by Mercer Limited, an independent firm of actuaries. Estimates for the Council element of the Fund are based on the latest full valuation of the scheme as at 31 March 2025.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2025/26	2024/25
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.6yrs	21.8yrs
Women	24.2yrs	24.3yrs
Longevity at 65 for future pensioners:		
Men	22.9yrs	23.1yrs
Women	25.7yrs	26.0yrs
Rate of inflation	2.90%	2.60%
Rate of increase in salaries	4.15%	3.85%
Rate of increase in pensions	3.00%	2.70%
Rate for discounting scheme liabilities	6.20%	5.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	1,051,995	1,008,623
Rate of inflation (increase or decrease by 0.25%)	1,062,465	998,153
Rate of increase in salaries (increase or decrease by 0.25%)	1,033,383	1,027,235
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	968,887	1,091,731

Techniques Employed to Manage Risk

The Shropshire County Pension Fund does not hold an Asset & Liability Matching Strategy however does use other techniques to manage risks within the Fund. The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits to pay members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price, currency and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. Further details of the market, credit and liquidity risk management are detailed in Note 16 of the Shropshire County Pension Fund Annual Report.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. A triennial valuation was completed as at 31 March 2025. Revised contribution rates from the 2025 actuarial valuation took effect on 1st April 2026.

The Council is projected to pay £16.711m employer contributions to the scheme in 2026/27.

The weighted average duration of the defined benefit obligation for scheme members is 13 years for 2025/26 (16 years 2024/25).

Asset Ceiling

Under IFRIC14, an asset ceiling limits the amount of the net pension asset that can be recognised to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan. The year end showed a net asset in the pension scheme therefore an adjustment has been made in the 2025/26 accounts to apply the asset ceiling, as calculated by the Actuary.

	2025/26 £000	2024/25 £000
Opening asset ceiling impact	142,017	0
Interest on surplus above asset ceiling	8,237	0
Change in asset ceiling (net of interest)	40,138	142,017
Asset ceiling impact at end of period	**190,392**	**142,017**

Virgin Media

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments to contracted-out defined benefit schemes were invalid if not accompanied by the appropriate actuarial certificate. This ruling was appealed, and on 25 July 2024, the Court of Appeal upheld the High Court's decision. This ruling introduced uncertainty regarding the validity of certain amendments made to LGPS scheme rules between 1996 and 2016, potentially giving rise to liabilities for the Fund and sponsoring employers.

On 5 June 2025, the Government acknowledged the uncertainty created by the ruling and announced its intention to introduce legislation allowing affected pension schemes to obtain retrospective actuarial certificates to validate the amendments. On 18 September 2025, the Government published amendments to the Pension Schemes Bill to enable retrospective validation of scheme rules. These amendments are expected to become law following the parliamentary process.

It is anticipated that this will result in no impact on the LGPS, and its obligations will remain unaffected.

Management has therefore concluded that no additional allowance is required within the accounts. However, developments will continue to be monitored, and any further information will be considered when assessing the impact on the value of promised retirement liabilities.

41. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government
Central Government has significant influence over the general operations of the Council, being responsible for the statutory framework within which the Council operates, provides the majority of its funding through the payment of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with Government departments appear in other parts of the Statement of Accounts.

Members and Officers
Members of the Council have direct control over the Council's financial and operating policies. Certain senior officers may also be in a position to influence policies, particularly those who form the Council's management team. All Council members and senior officers have been contacted, advising them of their obligations and asking for any declarations of related party transactions to be disclosed. Members are also asked to confirm that their entries in their Disclosure of Pecuniary Interests are correct.

The Council has made payments to a number of outside organisations on which it is represented by members. The total amount of payments to these bodies in 2025/26 was £45.431m compared with £34.198m for 2024/25.

Councillors are often members of other public or charitable organisations in their own capacity, or are employed by organisations that we process transactions with. These relationships are declared within the Members' register. The Council has made payments of £17.085m to organisations where members and senior officers are employed and £2.234m to organisations where members and senior officers occupy positions in their own capacity.

Entities Controlled or Significantly Influenced by the Council
As administrator for the pension fund, the Council has control of the fund within the overall statutory framework. The Council received £2.653m from the pension fund for the costs of administration it provided in 2025/26 compared with £2.411m for 2024/25.

The Council also has group relationships with West Mercia Energy, West Mercia Supplies Pension, Shropshire Towns & Rural Housing, Cornovii Developments Ltd and Biodynamic Carbon Ltd. Further detail on the type of relationship held with each company is considered in more detail under the Group Accounts section which begins on page 116.

During 2025/26 expenditure of £29.376m and income of £0.878m was incurred between Shropshire Council and Shropshire Towns & Rural Housing Limited. There was a creditor balance of £3.314m and a debtor balance of £0.279m as at 31st March 2026.

During 2025/26 expenditure of £0.251m and income of £2.570m was incurred between Shropshire Council and Cornovii Developments Ltd. There was a debtor balance of £35.853m as at 31st March 2026.

During 2025/26 Shropshire Council paid West Mercia Energy £6.088m.

During 2025/26 expenditure of £2.177m and income of £0.036m was incurred between Shropshire Council and Biodynamic Carbon Ltd. There was a creditor balance of £0.024m and a debtor balance of £0.449m as at 31st March 2026.

42. SCHOOLS

Transactions of Shropshire Council maintained schools are consolidated in the single entity financial statements.

Expenditure and income relating to these schools is detailed below:

	Expenditure £000	Income £000	Total £000
Primary	50,722	(53,192)	(2,470)
Secondary	4,719	(4,346)	373
Special	4,768	(4,928)	(160)
Total	**60,209**	**(62,466)**	**(2,257)**

The number of Shropshire Council maintained schools were:

	31st March 2026	31st March 2025
Primary	52	64
Secondary	1	1
Special	1	1
Total	**54**	**66**

43. BETTER CARE FUND

Shropshire Council and NHS Shropshire Telford & Wrekin Integrated Care Board (ICB) are partners in the provision of a range of services including hospital admission avoidance, hospital discharge planning, carers' support and reablement. Joint arrangements of this type are permitted under section 75 of the National Health Service Act 2006, which enables health and social care authorities to work together for a common objective, creating a pooled fund, with the aims as below. In Shropshire, the Council acts as the host authority for the pooled fund.

The aims of, and benefits to, the partners in entering into this agreement are to:

- improve the quality and efficiency of the services;
- meet the national conditions and local objectives as set out in the Better Care Fund plan;
- make more effective use of resources through the establishment and maintenance of an aligned fund for expenditure on the services.

Financing **Pooled Fund**	2025/26 £000	2024/25 £000
Funding provided to the Better Care Fund:		
Shropshire Council	0	0
NHS Shropshire Telford & Wrekin ICB	13,091	11,952
Total	**13,091**	**11,952**

Financing		2025/26 £000	2024/25 £000
Expenditure met from the Better Care Fund:			
Shropshire Council		13,091	11,952
NHS Shropshire Telford & Wrekin ICB		0	0
	Total	**13,091**	**11,952**
Non-Pooled Fund			
Funding provided to the Better Care Fund:			
Shropshire Council		19,471	21,838
NHS Shropshire Telford & Wrekin ICB		17,491	18,217
	Total	**36,962**	**40,055**
Expenditure met from the Better Care Fund:			
Shropshire Council		19,471	21,838
NHS Shropshire Telford & Wrekin ICB		17,491	18,217
	Total	**36,962**	**40,055**
Total Better Care Fund			
Total funding provided to the Better Care Fund:		**50,054**	**52,006**
Total expenditure met from the Better Care Fund:		**50,054**	**52,006**
Net Underspend Arising on the Better Care Fund During the Year		**0**	**0**

In 2025/26 Shropshire Council spent Disabled Facilities Grant (DFG) of £4.986m. The overspend against the planned DFG commitments was funded through capital receipts as well as temporary use of reserves and has been reported showing spend against the BCF of the full planned (adjusted) amount for 2025/26 of £4.836m.

The overspend above grant allocation in year was funded mostly through temporary reserves and to be paid back from the 2026/27 allocation. Overspend has been related to our minor and major adaptations grants.

The Council acts as the principal for the Pooled Fund and therefore all income and expenditure incurred in relation to this is accounted for within the Council's Income and Expenditure Statement. Income and expenditure incurred directly by the Council in relation to the Non-Pooled Fund is accounted for in the Council's Income and Expenditure Statement.

44. TRUST ACCOUNTS

Funds held in Trust Accounts are not available for the Council's use. The Council supports the work of a number of trusts including:

Trust	Purpose	Income £	Expenditure £	Assets £	Liabilities £
Shropshire Youth Foundation	Supports the development of under 25 year old residents in Shropshire through their leisure time activities.	(10,698)	4,547	265,794	(2,831)
Shropshire Schools Jubilee Trust	General fund to support the learning needs of children and young people either living or studying in Shropshire.	(5,690)	7,740	182,859	0
Rosalie Inskip Music Trust	Supports excellence in music for young people living in Shropshire.	(10,800)	9,245	413,699	0
Priory Educational Trust	Charitable trust to support ex-pupils of Priory Boys School.	(1,701)	0	73,695	0

Accounts are prepared and published for these organisations by Shropshire Council in our role of administering the trusts.

Trusts deliver great benefit into the local community and make a valuable contribution but the Council itself does not derive benefit from them.

45. CONTINGENT LIABILITIES

At 31 March 2026 Council had the identified the following contingent liabilities:

There are a number of legal cases outstanding that may result in future costs for the Council. These include:

- Pre-action letters regarding judicial review in respect of Special Educational Needs and Disabilities (SEND);
- Pre-action letters regarding the Joint Adoption Service;
- Pre action letters relating to Equalities Act and Human Rights Act in respect of Children's Social Care;
- Employment tribunal claims;
- Pre-action letters regarding judicial review in respect of Adult Social Care;
- Potential planning permission litigation or judicial review involving highways;
- Sewerage treatment plans where tenants have exercised Right to Buy but remain connected to sewerage treatment plants owned by the HRA;
- Work in default enforcement notice.

The Council's usual practice when outsourcing a service that requires continued pension provision for employees is to require the contractor to put a Bond in place to reduce the Council's risk regarding picking up outstanding pension liabilities on termination of the admission agreement. The Council has provided additional guarantees, above those covered automatically by the Local Government Pension Scheme Regulations, to a number of Bodies that have been admitted to the Shropshire County Pension Fund. The bodies with additional guarantees who currently have employees who are active members of the scheme are listed below. The Bodies listed as being grouped with Shropshire Council means all Pension assets and liabilities stay with the Council and they contribute the consolidated Council Employer pension contribution rate unless stated otherwise.

Bodies that have additional pension liability guarantee

Employer	Active Members	Deferred Members	Pensioners Members	Dependant Members	Surplus/(Deficit) as at 31/03/2022 Valuation
Age UK Telford & Wrekin	2	2	32	0	£0.364m
Association of Local Councils	1	0	2	0	(£0.032m)
Coverage Care from 1/3/1997	1	22	122	9	£2.857m
Coverage Care from 13/1/2013	6	15	19	2	£1.055m
Perthyn	1	8	10	0	£0.190m
Shropshire Towns & Rural Housing	133	122	53	3	£4.600m

Bodies that have additional pension liability guarantee and are Grouped with the Council

Employer	Active Members	Deferred Members	Pensioners Members	Dependant Members
Bethphage from 8/12/2016	6	6	5	0
Bethphage from1/7/2017	6	1	2	0
Energize Shropshire Telford & Wrekin	0	0	1	0
Enterprise South West Shropshire	0	2	0	0
South Shropshire Leisure Ltd *	13	23	5	0

* South Shropshire Leisure Ltd Employer contribution rate is capped by the Council to 5%.

The Council has entered into six “Funding and Development Agreements” with a Development Trust for construction of supported living properties. Under these agreements the Development Trust has provided the Council with funding totalling £2.696m for the construction of a supported living property at each site. The contributions will be repayable if the properties cease to be used as supported living properties or the Council fails to conform to the stipulated conditions of the contract within a period of 30 years from when the properties are first occupied.

Section 6

Group Accounts

Shropshire Council

Group Accounts

Introduction

This document presents the statutory financial statements for the Shropshire Council Group for the period from 1 April 2025 to 31 March 2026. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

In common with many other local authorities, the Council uses different forms of service delivery, where this is appropriate. In some cases it has created separate companies with its partners to deliver those services. The use of separate companies mean that the Council's single entity financial statements on their own do not fully reflect the assets and liabilities or income and expenditure associated with all of its activities. The Group Accounts more fully reflect the overall financial picture. A review of all of the Council's relationships with other bodies has been carried out to consider whether it is appropriate to prepare full group accounts. The transactions involved are not considered material to the Council's accounts however the Council has decided to provide a full disclosure in terms of bodies that it has a relationship with.

The pages which follow contain the Group's Financial Statements for the year ended 31 March 2026, with comparative figures for the previous financial year.

SHROPSHIRE TOWNS & RURAL HOUSING LIMITED

Shropshire Towns and Rural Housing Limited (the Company) is a private company limited by guarantee wholly owned by Shropshire Council (the Council). The Company was formed as an Arm's Length Management Organisation under Section 27 of the Housing Act 1985 to undertake the management and maintenance of Shropshire Council's retained housing stock from 1st April 2013.

For 2025/26 Shropshire Towns and Rural Housing Limited had total income of £29.615m, total expenditure of £29.832m, assets of £5.689m and liabilities of £3.574m.

WEST MERCIA ENERGY

West Mercia Energy (WME) is a Purchasing Consortium that was established as a Joint Committee under s101 of the Local Government Act 1972. Shropshire Council is one of four constituent Authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and the Telford & Wrekin Council.

Shropshire Council has reviewed in detail the accounting treatment that should be applied to WME within this Council. The Council considers that WME should be accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures) with specific regard to the independence that West Mercia Energy has to pursue its own commercial strategy in buying and selling and has access to the market in its own right for its main inputs and outputs.

For 2025/26 West Mercia Energy had total income of £162.476m, total expenditure of £160.289m, assets of £47.446m and liabilities of £43.165m.

WEST MERCIA SUPPLIES (PENSIONS)

West Mercia Supplies (Pensions) Joint Committee pursuant to section 101(5) of the Local Government Act 1972, was set up from 1st April 2020 by the Executives of the four Member Authorities, Herefordshire Council, Shropshire Council, Telford & Wrekin Council and Worcestershire County Council. The Executives of the four Member Authorities of West Mercia Energy (WME) agreed to remove the responsibility for the discharge of their functions in relation to the pension deficit liability in relation to former West Mercia Supplies (WMS) employees (including added years Benefits) from the business of the WME Joint Committee with effect from 1 April 2020. This is to enable any pension deficit to be separately identified, separately valued and monitored.

WMS Pensions has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures).

For 2025/26 West Mercia Supplies (Pensions) had total income of £0.177m, total expenditure of £0.048m, assets of £0.001m and liabilities of £0.292m.

CORNOVII DEVELOPMENTS LIMITED

Cornovii Developments Limited is a limited company wholly owned by Shropshire Council. The Company's principal activity and reason for it being established is to address unmet housing need in the county of Shropshire.

For 2025/26 the amounts incorporated into the group accounts for Cornovii Developments Limited are total expenditure of £9.664m, income of £8.803m, assets of £35.712m and liabilities of £36.026m.

BIODYNAMIC CARBON LIMITED

Biodynamic Carbon Limited is a limited company in which Shropshire Council obtained a 50% shareholding during 2025/26. The Company uses proprietary technology to produce biochar and also generate Carbon Offset Removal Certificates.

For 2025/26 Biodynamic Carbon Limited had total income of £2.317m, total expenditure of £2.121m, assets of £0.751m and liabilities of £0.661m.

The Group Comprehensive Income & Expenditure Statement

2024/25 Restated				2025/26		
Group Expenditure £000	Group Income £000	Group Net Expenditure £000		Group Expenditure £000	Group Income £000	Group Net Expenditure £000
			Expenditure on Continuing Services			
220,873	(72,168)	148,705	Care & Wellbeing	247,512	(87,862)	159,650
259,843	(159,735)	100,108	Children & Young People's Services	293,936	(169,842)	124,094
51,076	(32,408)	18,668	Commissioning	48,167	(26,809)	21,358
44,572	(27,806)	16,766	Communities & Customer	39,985	(27,838)	12,147
97,927	(58,299)	39,628	Enabling	60,214	(48,388)	11,826
1,450	(498)	952	Executive Management Team	834	(379)	455
105,034	(32,126)	72,908	Infrastructure	132,631	(27,378)	105,253
15,257	(10,400)	4,857	Legal, Governance & Planning	12,695	(10,441)	2,254
15,913	(22,301)	(6,388)	Local Authority Housing	30,932	(23,153)	7,779
2,237	(2,353)	(116)	Pensions	2,504	(2,605)	(101)
28,142	(21,922)	6,220	Strategy	23,747	(22,000)	1,747
18,542	(41,474)	(22,932)	Corporate	13,287	(51,114)	(37,827)
860,866	**(481,490)**	**379,376**	**Net Cost of Services**	**906,444**	**(497,809)**	**408,635**
		37,596	Other Operating Expenditure			16,957
		24,329	Financing and Investment Income and Expenditure			32,743
		(367,050)	Taxation and Non Specific Grant Income			(363,541)
		74,251	**(Surplus)/Deficit on the provision of services**			**94,794**
		(371)	Associates & Joint Ventures Accounted for on an equity basis			(506)
		73,880	**Group (Surplus)/Deficit**			**94,288**
		(898)	(Surplus) or deficit on revaluation of non-current assets			(48,043)
		3,088	Impairment losses on Non-Current Assets Charged to the Revaluation Reserve			919
		(19,321)	Remeasurement of pension assets and liabilities			(118)
		(316)	Share of other comprehensive income and expenditure of Associates and Joint Ventures			(180)
		(17,447)	**Other Comprehensive Income and Expenditure**			**(47,422)**
		56,433	**Total Comprehensive Income and Expenditure**			**46,866**

Group Movement in Reserves Statement

2025/26	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures £'000	Total Authority Reserves £'000
Balance at 31 March 2025	**4,825**	**25,454**	**30,279**	**14,861**	**1,862**	**53,351**	**100,353**	**622,462**	**722,815**	**2,978**	**725,793**
Movement in reserves during 2025/26											
Surplus or (deficit) on the provision of services	(60,153)	0	(60,153)	(7,373)	0	0	(67,526)	0	(67,526)	(26,762)	(94,288)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	47,242	47,242	180	47,422
Total Comprehensive Income and Expenditure	**(60,153)**	**0**	**(60,153)**	**(7,373)**	**0**	**0**	**(67,526)**	**47,242**	**(20,284)**	**(26,582)**	**(46,866)**
Adjustments between Group Accounts and authority accounts	(25,928)	0	(25,928)	0	0	0	(25,928)	0	(25,928)	25,928	0
Net Increase/Decrease before Transfers	(86,081)	0	(86,081)	(7,373)	**0**	**0**	**(93,454)**	**47,242**	**(46,212)**	**(654)**	**(46,866)**
Adjustments between accounting basis and funding basis under regulations	90,539	0	90,539	8,821	(1,750)	20,462	118,072	(118,072)	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**4,458**	**0**	**4,458**	**1,448**	**(1,750)**	**20,462**	**24,618**	**(70,830)**	**(46,212)**	**(654)**	**(46,866)**
Transfers to/from Earmarked Reserves	(4,283)	4,360	77	(77)	0	0	0	0	0	0	0
Increase/Decrease in 2025/26	**175**	**4,360**	**4,535**	**1,371**	**(1,750)**	**20,462**	**24,618**	**(70,830)**	**(46,212)**	**(654)**	**(46,866)**
Balance at 31 March 2026	**5,000**	**29,814**	**34,814**	**16,232**	**112**	**73,813**	**124,971**	**551,632**	**676,603**	**2,324**	**678,927**

2024/25 comparative figures	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures £'000	Total Authority Reserves £'000
Balance at 31 March 2024	**8,237**	**35,407**	**43,644**	**11,737**	**6,008**	**58,498**	**119,887**	**658,403**	**778,290**	**2,657**	**780,947**
Adjustments on transition to new accounting arrangements for leases	**1,184**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transitional adjustments between accounting basis & funding basis under regulations	**(1,184)**	**0**	**0**	**0**	**0**	**0**	**0**	**1,184**	**1,184**	**0**	**1,184**
Adjusted Balance at 31 March 2024	**8,237**	**35,407**	**43,644**	**11,737**	**6,008**	**58,498**	**119,887**	**659,587**	**779,474**	**2,657**	**782,131**
Surplus or (deficit) on the provision of services	(62,318)	0	(62,318)	10,477	0	0	(51,841)	0	(51,841)	(22,039)	(73,880)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	17,228	17,228	219	17,447
Total Comprehensive Income and Expenditure	**(62,318)**	**0**	**(62,318)**	**10,477**	**0**	**0**	**(51,841)**	**17,228**	**(34,613)**	**(21,820)**	**(56,433)**
Adjustments between Group Accounts and authority accounts	(22,046)	0	(22,046)	0	0	0	(22,046)	0	(22,046)	22,046	0
Net Increase/Decrease before Transfers	**(84,364)**	**0**	**(84,364)**	**10,477**	**0**	**0**	**(73,887)**	**17,228**	**(56,659)**	**226**	**(56,433)**
Adjustments between accounting basis and funding basis under regulations	70,938	0	70,938	(7,292)	(4,146)	(5,147)	54,353	(54,353)	0	95	95
Net Increase/Decrease before Transfers to Earmarked Reserves	**(13,426)**	**0**	**(13,426)**	**3,185**	**(4,146)**	**(5,147)**	**(19,534)**	**(37,125)**	**(56,659)**	**321**	**(56,338)**
Transfers to/from Earmarked Reserves	10,014	(9,953)	61	(61)	0	0	0	0	0	0	0
Increase/Decrease in 2024/25	**(3,412)**	**(9,953)**	**(13,365)**	**3,124**	**(4,146)**	**(5,147)**	**(19,534)**	**(37,125)**	**(56,659)**	**321**	**(56,338)**
Balance at 31 March 2025	**4,825**	**25,454**	**30,279**	**14,861**	**1,862**	**53,351**	**100,353**	**622,462**	**722,815**	**2,978**	**725,793**

Group Balance Sheet

31 March 2025 SC £000	31 March 2025 Adjustments £000	31 March 2025 Group £000		31 March 2026 SC £000	31 March 2026 Adjustments £000	31 March 2026 Group £000
1,156,403	49	1,156,452	Property, Plant & Equipment	1,179,672	729	1,180,401
2,167	0	2,167	Heritage Assets	2,252	0	2,252
47,701	10,232	57,933	Investment Property	45,155	11,965	57,120
1,078	11	1,089	Intangible Assets	167	12	179
1,207,349	**10,292**	**1,217,641**	**Total Non-Current Assets**	**1,227,246**	**12,706**	**1,239,952**
980	(580)	400	Long Term Investment	981	(580)	401
0	867	867	Investments in Associates and Joint Ventures	0	1,103	1,103
23,999	(9,360)	14,639	Long Term Debtors	27,480	(13,690)	13,790
1,232,328	**1,219**	**1,233,547**	**Total Long Term Assets**	**1,255,707**	**(461)**	**1,255,246**
			Current Assets			
14,520	0	14,520	Current Held for Sale Investment Properties	13,120	0	13,120
4,678	0	4,678	Assets Held for Sale	5,128	0	5,128
0	0	0	Short Term Investments	0	0	0
561	25,831	26,392	Inventories	619	23,076	23,695
151,120	(26,856)	124,264	Short Term Debtors	134,449	(21,197)	113,252
50,725	3,529	54,254	Cash & Cash Equivalents	54,299	1,061	55,360
221,604	**2,504**	**224,108**	**Total Current Assets**	**207,615**	**2,940**	**210,555**
1,453,932	**3,723**	**1,457,655**	**Total Assets**	**1,463,322**	**2,479**	**1,465,801**
			Current Liabilities			
(19,938)	0	(19,938)	Bank Overdraft	(39,209)	0	(39,209)
(58,392)	0	(58,392)	Short Term Borrowing	(62,815)	0	(62,815)
(108,032)	(744)	(108,776)	Short Term Creditors	(99,663)	(141)	(99,804)
(5,109)	0	(5,109)	Provisions	(3,227)	0	(3,227)
(4,948)	0	(4,948)	Grants Receipts in Advance – Revenue	(6,349)	0	(6,349)
(18,667)	0	(18,667)	Grants Receipts in Advance – Capital	(39,834)	0	(39,834)
(215,086)	**(744)**	**(215,830)**	**Total Current Liabilities**	**(251,097)**	**(141)**	**(251,238)**
1,238,846	**2,979**	**1,241,825**	**Total Assets Less Current Liabilities**	**1,212,225**	**2,338**	**1,214,563**
			Long Term Liabilities			
(591)	0	(591)	Long Term Creditors	(580)	0	(580)
(364,866)	0	(364,866)	Long Term Borrowing	(400,302)	0	(400,302)
(124,212)	0	(124,212)	Other Long Term Liabilities	(112,078)	0	(112,078)
(20,246)	0	(20,246)	Pensions Liability	(15,202)	(1)	(15,203)
(6,116)	(1)	(6,117)	Provisions	(7,460)	(13)	(7,473)
(516,031)	**(1)**	**(516,032)**	**Total Long Term Liabilities**	**(535,622)**	**(14)**	**(535,636)**
722,815	**2,978**	**725,793**	**Total Assets Less Liabilities**	**676,603**	**2,324**	**678,927**
			Financed by:			
100,353	2,239	102,592	Usable Reserves	124,971	472	125,443
622,462	739	623,201	Unusable Reserves	551,632	1,852	553,484
722,815	**2,978**	**725,793**	**Total Reserves**	**676,603**	**2,324**	**678,927**

Group Cash Flow Statement

SC £000 (2024/25)	Adjustments £000 (2024/25)	Group £000 (2024/25)	Revenue Activities	SC £000 (2025/26)	Adjustments £000 (2025/26)	Group £000 (2025/26)
73,887	(8)	73,879	Net (surplus) or deficit on the provision of services	93,454	834	94,288
(85,210)	(4,202)	(89,412)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(75,676)	(1,199)	(76,875)
82,778	169	82,947	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	69,705	138	69,843
71,455	**(4,041)**	**67,414**	**Net cash flows from operating activities**	**87,483**	**(227)**	**87,256**
935	6,717	7,652	Investing activities	(45,137)	3,207	(41,930)
(101,817)	(649)	(102,466)	Financing activities	(26,649)	(512)	(27,161)
(29,427)	**2,027**	**(27,400)**	**Net (increase) or decrease in cash and cash equivalents**	**15,697**	**2,468**	**18,165**
1,360	5,556	6,916	Cash and cash equivalents at the beginning of the reporting period	30,787	3,529	34,316
30,787	**3,529**	**34,316**	**Cash and cash equivalents at the end of the reporting period**	**15,090**	**1,061**	**16,151**

Notes to Group Accounts

G1. Accounting Policies

G1.1 General

The single entity accounting policies detailed on pages 29-51 have been adopted and applied for group account purposes.
The accounting policies applied by the organisations included within Group Accounts are reviewed and adjustments are made to the accounts to align the accounting policies with those adopted by the Council where necessary.

G1.2 Reason for Consolidation

The organisations included within Group Accounts have been assessed to establish whether Shropshire Council controls the entity, has significant influence over the entity or has joint control of the arrangement. If the organisation does not meet one of these criteria then it is not included within the Group Accounts.

Shropshire Towns and Rural Housing Limited and Cornovii Developments Limited are all wholly owned by Shropshire Council. Shropshire Council controls each of the organisations therefore they have been consolidated into the Group Accounts as subsidiaries.

Shropshire Council has reviewed in detail the accounting treatment that should be applied to WME and WMS (Pensions) within this Council. Shropshire Council is one of four constituent Authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and Telford & Wrekin Council. The Council has joint control over the arrangement and has rights to share the net assets. The Council considers that WME should be accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures) with specific regard to the independence that West Mercia Energy has to pursue its own commercial strategy in buying and selling and has access to the market in its own right for its main inputs and outputs.

Shropshire Council is a 50% shareholder of Biodynamic Carbon Ltd. and has joint control over the arrangement. Biodynamic Carbon Ltd has been consolidated into the Group Accounts as a joint venture.

G1.3 Basis for Consolidation

Shropshire Towns and Rural Housing Limited has been included within the accounts as a subsidiary under the requirements of IFRS 10 (Consolidated Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet.

WME has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of West Mercia Energy balances is 26.2%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31st March 2026.

WMS Pensions has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of West Mercia Supplies Pensions balances is 25%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31st March 2026.

Cornovii Developments Limited has been included within the accounts as a subsidiary under the requirements of IFRS 10 (Consolidated Financial Statements) and IAS 27 (Separate Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet.

Biodynamic Carbon Ltd has been accounted for as a Joint Venture (under IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of Biodynamic Carbon Ltd balances is 50%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31st March 2026.

G1.4 Investment Properties

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

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

G2. Consolidation of West Mercia Energy

Figures in respect of West Mercia Energy have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	WME £000	SC Share (26.2%) £000
Turnover	(161,913)	(42,402)
Cost of Goods Sold and Operating Expenses	160,289	41,976
Interest and Investment Income	(563)	(147)
Net Operating Surplus	**(2,187)**	**(573)**
Distribution of Surplus to Member Authorities	2,183	572
Net Deficit/(Surplus) for the year	**(4)**	**(1)**

G3. Consolidation of West Mercia Supplies (Pensions)

Figures in respect of West Mercia Supplies (Pension) have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	WMS(P) £000	SC Share (25%) £000
Turnover	(177)	(44)
Cost of Goods Sold and Operating Expenses	9	2
Interest and Investment Income	39	10
Net Deficit/(Surplus) for the year	**(129)**	**(32)**

G4. Consolidation of Shropshire Towns & Rural Housing Limited

The operating income (£29.615m) and expenditure (£29.832m) of Shropshire Towns & Rural Housing Limited, giving a net expenditure of £0.217m has been included within Local Authority Housing (HRA) in the Net Cost of Services. The inter-company transactions with Shropshire Council have been excluded from Local Authority Housing (HRA) (Income/Expenditure £28.498m).

G5. Consolidation of Biodynamic Carbon Ltd

Figures in respect of Biodynamic Carbon Ltd have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	Biodynamic Carbon Ltd £000	SC Share (50%) £000
Turnover	(2,317)	(1,158)
Cost of Goods Sold and Operating Expenses	2,090	1,045
Interest and Investment Income	31	15
Net Deficit/(Surplus) for the year	**(196)**	**(98)**

G6. Consolidation of Cornovii Developments Ltd

The operating expenditure (£8.845m) and income (£8.800m) of Cornovii Developments Ltd has been included within Commissioning in the Net Cost of Services.

G7. Investment included in Group Balance Sheet

	WME £000	SC Share (26.9%) £000
Assets		
Plant & Equipment	102	27
Other Long Term Assets	301	79
Short term debtors	31,320	8,202
Cash and cash equivalents	15,723	4,117
Total Assets	**47,446**	**12,425**
Liabilities		
Short term creditors	(43,090)	(11,284)
Other long term liabilities	(75)	(20)
Total Liabilities	**(43,165)**	**(11,304)**
Net Investments in Associates and Joint Ventures	**4,281**	**1,121**

	WMS(P) £000	SC Share (25%) £000
Assets		
Short term debtors	1	0
Total Assets	**1**	**0**
Liabilities		
Short term creditors	(1)	0
Other long term liabilities	(291)	(73)
Total Liabilities	**(292)**	**(73)**
Net Investments in Associates and Joint Ventures	**(291)**	**(73)**

	Biodynamic Carbon Ltd £000	SC Share (50%) £000
Assets		
Plant & Equipment	393	197
Short term debtors	169	84
Cash and cash equivalents	189	94
Total Assets	**751**	**375**
Liabilities		
Short term creditors	(242)	(121)
Other long term liabilities	(419)	(209)
Total Liabilities	**(661)**	**(330)**
Net Investments in Associates and Joint Ventures	**90**	**45**

G8. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2026 £000	31 March 2025 £000
Bank current accounts	55,360	54,254
Short term deposits with building societies	0	0
Total Cash and Cash Equivalents	**55,360**	**54,254**
Bank Overdraft	(39,209)	(19,938)
Cash Overdrawn	**(39,209)**	**(19,938)**

G9. Pension Liability

Amounts Recognised in the Comprehensive Income and Expenditure Statement

	Local Government Pension Scheme	
	2025/26	2024/25
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
- current service cost	(15,776)	(22,945)
- past service gain/(cost)	(8)	(21)
- curtailment gain/(cost)	(3,676)	(8,276)
- settlement gain/(cost)	(2,271)	(1,523)
	(21,731)	**(32,765)**
Financing and Investment Income and Expenditure:		
- net interest expense	7,765	(1,133)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(13,966)**	**(33,898)**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
- return on plan assets	24,606	3,913
- experience (gain)/loss	(4,088)	1,469
- actuarial gains and losses arising on changes in demographic assumptions	7,055	152,647
- actuarial gains and losses arising on changes in financial assumptions	13,908	6,679
- effect of asset ceiling	(41,821)	(145,290)
Total Post Employment Benefit Charged to Other Comprehensive Income and Expenditure	**(340)**	**19,418**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(14,306)**	**(14,480)**

Assets and Liabilities Recognised in the Balance Sheet

	2025/26 £000	2024/25 £000
Present value of the defined benefit obligation	(1,049,618)	(1,041,414)
Fair value of plan assets	1,230,817	1,167,270
Effect of Asset Ceiling	(196,401)	(146,102)
Net liability arising from defined benefit obligation	**(15,202)**	**(20,246)**

Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme	
	2025/26 £000	2024/25 £000
Opening fair value of scheme assets at 1 April	1,167,270	1,131,345
Interest income	66,858	54,817
Remeasurement gain/(loss):		
Return on plan assets excluding the amount included in the net interest expense	24,606	3,913
Contributions from employer	27,587	32,905
Contributions from employees into the scheme	8,051	8,165
Benefits paid	(55,571)	(53,898)
Settlements	(6,728)	(8,952)
Other	(1,256)	(1,025)
Closing fair value of scheme assets at 31 March	**1,230,817**	**1,167,270**

Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2025/26 £000	2024/25 £000
Opening balance at 1 April	(1,041,414)	(1,169,238)
Current Service Cost	(14,520)	(21,920)
Interest Cost	(58,852)	(55,916)
Contributions from scheme participants	(8,051)	(8,165)
Remeasurement gain/(loss):		
Experience gains/losses	(4,088)	1,469
Actuarial gains/losses arising from changes in demographic assumptions	7,055	152,647
Actuarial gains/losses arising from changes in financial assumptions	13,908	6,679
Other	0	0
Past service costs	(8)	(21)
Losses/(gains) on curtailment	(3,676)	(8,276)
Benefits paid	55,571	53,898
Liabilities extinguished on settlements	4,457	7,429
Closing balance at 31 March	**(1,049,618)**	**(1,041,414)**

Pension Scheme Assets

Assets in the Pension Fund consist of the following categories:

	2025/26 £000	2024/25 £000
Cash and cash equivalents	**9,847**	**7,704**
Equity investments:		
Global quoted	685,935	688,106
Sub-total equity	**685,935**	**688,106**

	2025/26 £000	2024/25 £000
Bonds:		
Overseas Global Active Investment Grade	122,836	115,209
Overseas Global Dynamic	36,309	41,671
UK Gov Conventional Gilts	29,662	0
UK Gov Indexed Linked Gilts	29,909	0
Sub-total bonds	**218,716**	**156,880**
Property:		
Property funds	56,002	51,009
Sub-total property	**56,002**	**51,009**
Alternatives:		
Private Equity	82,957	88,129
Infrastructure	64,618	68,753
Hedge Funds	53,171	49,142
Property Debt	984	5,019
Insurance Linked Securities	21,170	18,910
Private Debt	37,417	33,617
Sub-total alternatives	**260,317**	**263,570**
Total assets	**1,230,817**	**1,167,269**

G10. Investment Properties

	Long term		Current	
	2025/26 £0	2024/25 £0	2025/26 £0	2024/25 £0
Balance at start of the year	57,933	43,029	14,520	18,283
Additions:				
- Purchases	0	0	0	0
- Construction	0	0	0	0
- Subsequent expenditure	92	105	0	0
Disposals	(60)	(105)	(1,400)	(4,350)
Net gains/(losses) from fair value adjustments	(1,192)	2,965	0	1,427
Transfers:				
- (To)/from Property, Plant and Equipment	(490)	1,789	0	0
- (To)/from Inventories	837	9,310	0	0
- (To)/from Current/Long term	0	840	0	(840)
Balance at end of the year	**57,120**	**57,933**	**13,120**	**14,520**

G11. Inventories

	2025/26 £000	2024/25 £000
Raw Materials	539	552
Work in Progress	20,746	25,762
Finished Goods	2,410	78
Inventories	**23,695**	**26,392**

G12. Adjustments between Group Accounts and Authority Accounts in the Group Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures	Total Authority Reserves £000
Purchase of goods and services from subsidiaries	25,928	0	0	0	25,928	0	25,928	(25,928)	0
Total adjustments between Group Accounts and authority accounts	**25,928**	**0**	**0**	**0**	**25,928**	**0**	**25,928**	**(25,928)**	**0**

Section 7

Housing Revenue Account

Shropshire Council

Housing Revenue Account

The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

HRA INCOME AND EXPENDITURE STATEMENT

2024/25		2025/26	
£		£	£
	Expenditure		
7,972,952	Repairs & Maintenance	8,552,168	
4,767,040	Supervision and Management	5,348,896	
166,363	Rents, rates taxes and other charges	216,610	
4,190,140	Depreciation – Dwellings	4,573,910	
243,990	- Other	372,100	
(1,637,256)	Impairment, revaluation losses and (reversals of impairment or revaluation losses)	11,889,806	
79,620	Debt Management Costs	102,910	
50,000	Provision for Bad or Doubtful Debts	93,952	
15,832,849	**Total Expenditure**		**31,150,352**
	Income		
(21,525,323)	Dwelling Rents	(22,185,445)	
(99,371)	Non Dwelling Rents	(98,423)	
(5,674)	Other Income	(7,824)	
(1,424,648)	Charges for Services and Facilities	(1,569,361)	
(23,055,016)	**Total Income**		**(23,861,053)**
(7,222,167)	**Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**		**7,289,299**
371,690	HRA Share of Corporate & Democratic Core		368,547
(6,850,477)	**Net Cost of HRA Services**		**7,657,846**
(513,956)	(Gain) or loss on sale of HRA Assets		(1,143,841)
3,455,326	Interest payable and similar charges		3,988,739
(1,393,552)	Interest and Investment Income		(1,180,322)
(25,500)	Income & Expenditure in relation to investment properties & change in fair values		(38,000)
(5,148,823)	Capital grants and contributions receivable		(1,911,318)
(10,476,982)	**(Surplus) or deficit for the year on HRA Services**		**7,373,104**

MOVEMENT ON THE HRA STATEMENT

2024/25 £		2025/26 £
(11,736,617)	**Balance on the HRA at the end of the previous year**	**(14,860,594)**
(10,476,982)	**(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement**	**7,373,104**
513,956	Gain or Loss on sale of HRA non-current assets	1,143,841
6,778,379	Transfer to/from the Capital Adjustment Account	(9,965,488)
(3,184,647)	**Net increase or (decrease) before transfers to or from reserves**	**(1,448,543)**
60,670	Transfers to or (from) Reserves	76,984
(3,123,977)	**(Increase) or Decrease in year on the HRA**	**(1,371,559)**
(14,860,594)	**Balance on the HRA at the end of the current year**	**(16,232,153)**

NOTES TO THE HOUSING REVENUE ACCOUNT

1. HOUSING STOCK

	2025/26	2024/25
Total Number of Dwellings at 31 March:		
Houses and Bungalows	3,152	3,150
Flats	899	887
	4,051	**4,037**
Change in Stock		
Stock at 1 April	4,037	4,036
Less: Sales – Right to Buy	(34)	(17)
Sales – Other	(1)	0
Disposal/restructuring	0	(3)
Acquisition – full ownership	44	21
Acquisition – shared ownership	5	0
	4,051	**4,037**

2. RENT ARREARS

	2025/26 £	2024/25 £
Due from Current Tenants	251,062	154,993
Due from Former Tenants	317,269	88,297
Total Rent Arrears as at 31 March	**568,331**	**243,290**
Pre-Payments	(682,834)	(644,883)
Net Arrears	**(114,503)**	**(401,593)**

As at 31 March 2026, the total provision set aside for HRA related bad debts is £0.349m.

3. BALANCE SHEET VALUE OF ASSETS

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant & Equipment	Investment Properties	Current Assets Held for Sale	Total
	£	£	£	£	£	£	£	£	£
Cost or Valuation									
At 1 April 2025	**255,355,800**	**1,424,000**	**56,602**	**335,986**	**5,058,411**	**262,230,799**	**289,000**	**0**	**262,519,799**
Additions	18,754,828	2,481,397	1,451	35,860	205,065	**21,478,601**	0	0	**21,478,601**
Donations	1,241,500	0	0	0	0	**1,241,500**	0	0	**1,241,500**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	11,000	0	0	0	**11,000**	0	0	**11,000**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(12,801,367)	(3,772,769)	0	0	0	**(16,574,136)**	13,000		**(16,561,136)**
Derecognition – disposals	(2,587,000)	0	0	0	0	**(2,587,000)**	0	(455,992)	**(3,042,992)**
Derecognition – other	0	(306,750)	0	(188,540)	0	**(495,290)**	0	0	**(495,290)**
Assets reclassified (to)/from Held for Sale	(540,435)	0	0	0	0	**(540,435)**	0	540,435	**0**
Other movements in cost or valuation	2,179,974	2,835,122	0	0	(5,015,096)	**0**	0	0	**0**
As at 31 March 2026	**261,603,300**	**2,672,000**	**58,053**	**183,306**	**248,380**	**264,765,039**	**302,000**	**84,443**	**265,151,482**
Accumulated Depreciation and Impairment									
At 1 April 2025	**0**	**0**	**(11,320)**	**(258,060)**	**0**	**(269,380)**	**0**	**0**	**(269,380)**
Depreciation Charge	(4,749,800)	(141,550)	(11,610)	(43,050)	0	**(4,946,010)**	0	0	**(4,946,010)**
Depreciation written out to the Revaluation Reserve	187,500	19,520	0	0	0	**207,020**	0	0	**207,020**
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,562,300	122,030	0	0	0	**4,684,330**	0	0	**4,684,330**
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	**0**	0	0	**0**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	**0**	0	0	**0**
Derecognition – disposals	0	0	0	0	0	**0**	0	0	**0**
Derecognition – other	0	0	0	188,540	0	**188,540**	0	0	**188,540**
Other movements in depreciation and impairment	0	0	0	0	0	**0**	0	0	**0**
As at 31 March 2026	**0**	**0**	**(22,930)**	**(112,570)**	**0**	**(135,500)**	**0**	**0**	**(135,500)**
Net Book Value									
As at 31 March 2026	**261,603,300**	**2,672,000**	**35,123**	**70,736**	**248,380**	**264,629,539**	**302,000**	**84,443**	**265,015,982**
As at 31 March 2025	**255,355,800**	**1,424,000**	**45,282**	**77,926**	**5,058,411**	**261,961,419**	**289,000**	**0**	**262,250,419**

There is a difference of £386.306m between the tenanted valuation and the District Valuer's Vacant Possession Value of £650.883m at 31 March 2025.

The Vacant Possession Value is an estimate of the total sum that would be received if all of the assets were sold on the open market. The tenanted value declared on the balance sheet is less in recognition of the fact that the properties are occupied by tenants on secure rent less than would be obtainable on the open market.

The difference represents the economic cost of the Government providing council housing at less than market rents.

4. CAPITAL EXPENDITURE FINANCING

Capital expenditure in the year on Council Housing Stock and Infrastructure was financed as follows.

	2025/26 £	2024/25 £
Usable Capital Receipts	8,341,675	175,839
Revenue Contributions utilised in year	167,000	1,967,840
Major Repairs Allowance	6,696,193	8,580,231
Government Supported borrowing	5,603,914	3,447,884
Government Grants and Contributions	669,818	3,180,984
Total Capital Expenditure on Housing Stock	**21,478,600**	**17,352,778**

5. CAPITAL RECEIPTS

Capital receipts from the disposal of Housing Revenue Account Assets are shown below. Prior to 2022/23, 75% of Capital Receipts arising from Right to Buy disposals were subject to National Pooling arrangements payable to DLUHC. For 2022/23 and 2023/24 flexibilities were introduced to allow Local Authorities to retain 100% of the Right to Buy Disposal income for these time periods.

	2025/26 £	2024/25 £
Sale of Council Houses under Right to Buy (RTB)	3,741,565	1,590,650
RTB Discounts Repaid	0	0
Other Land & Buildings	0	0
Mortgage Receipts	0	0
Total Capital Receipts from HRA Asset Disposals	**3,741,565**	**1,590,650**
Less Capital Receipts subject to Pooling requirement		0
Net Capital Receipts from HRA Asset Disposals	**3,741,565**	**1,590,650**

6. HOUSING REPAIRS ACCOUNT

	2025/26 £	2024/25 £
Balance Brought Forward 1 April	25,000	25,000
Expenditure on Capital	0	0
Balance Carried Forward 31 March	**25,000**	**25,000**

Section 8

Collection Fund

Shropshire Council

Collection Fund

The Collection Fund is a statutory account showing the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from taxpayers and the distribution to local authorities and Central Government.

2024/25 Council Tax £000	2024/25 NDR £000	2024/25 Total £000		2025/26 Council Tax £000	2025/26 NDR £000	2025/26 Total £000
			Income:			
(264,592)	0	(264,592)	Income from Council Tax (showing the net amount receivable, net of benefits, discounts for prompt payments and transitional relief)	(283,180)	0	(283,180)
			Transfers from General Fund			
(176)	0	(176)	- Discretionary relief	(146)	0	(146)
0	(80,656)	(80,656)	Income collectable from business ratepayers	0	(89,817)	(89,817)
0	(3,025)	(3,025)	Transitional Protection Payments	0	(690)	(690)
(264,768)	**(83,681)**	**(348,449)**	**TOTAL INCOME**	**(283,326)**	**(90,507)**	**(373,833)**
			Expenditure:			
			Precepts			
215,935	41,306	257,241	- Shropshire Council and Parish and Town Councils	231,563	46,683	278,246
33,076	0	33,076	- West Mercia Police & Crime Commissioner	35,381	0	35,381
13,646	812	14,458	- Shropshire & Wrekin Fire Authority	14,498	919	15,417
0	40,578	40,578	- Central Government	0	45,937	45,937
			Charges to Collection Fund			
0	460	460	- costs of collection	0	461	461
			Bad and doubtful debts			
(317)	3	(314)	- write offs	(208)	3	(205)
684	270	954	- allowance for impairment	2,564	189	2,753
			Appeals rates			
0	(5,532)	(5,532)	- write offs	0	(2,891)	(2,891)
0	5,427	5,427	- provisions	0	5,162	5,162
			Contributions			
(1,016)	(5,269)	(6,285)	- Towards previous year's estimated Collection Fund surplus/(deficit)	1,676	2,602	4,278
262,008	**78,055**	**340,063**	**TOTAL EXPENDITURE**	**285,474**	**99,065**	**384,539**
(2,760)	**(5,626)**	**(8,386)**	**Deficit/(Surplus) for the Year**	**2,148**	**8,558**	**10,706**
1,902	3,055	4,957	Balance brought forward	(858)	(2,571)	(3,429)
(858)	**(2,571)**	**(3,429)**	**Balance carried forward**	**1,290**	**5,987**	**7,277**

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX BASE

The council tax base consists of the number of chargeable dwellings in each valuation band adjusted to reflect discounts and other variations. The total tax base is calculated by converting each band to its band D equivalent and providing for losses and variations during the year of collection. The tax base for 2025/26 was as follows:-

Council Tax Band	Net Dwellings	Ratio	Band D Equivalents
A1	38.75	5/9	21.53
A	18,665.31	6/9	12,443.54
B	31,394.74	7/9	24,418.13
C	27,951.75	8/9	24,846.00
D	20,374.85	9/9	20,374.85
E	16,415.72	11/9	20,063.66
F	8,730.74	13/9	12,611.06
G	4,572.52	15/9	7,620.87
H	309.10	18/9	618.20
			123,017.84
Adjustment for MoD Properties (580.98 Band D Equivalents) and Collection Rate (98.2%)			(1,643.80)
			121,374.04

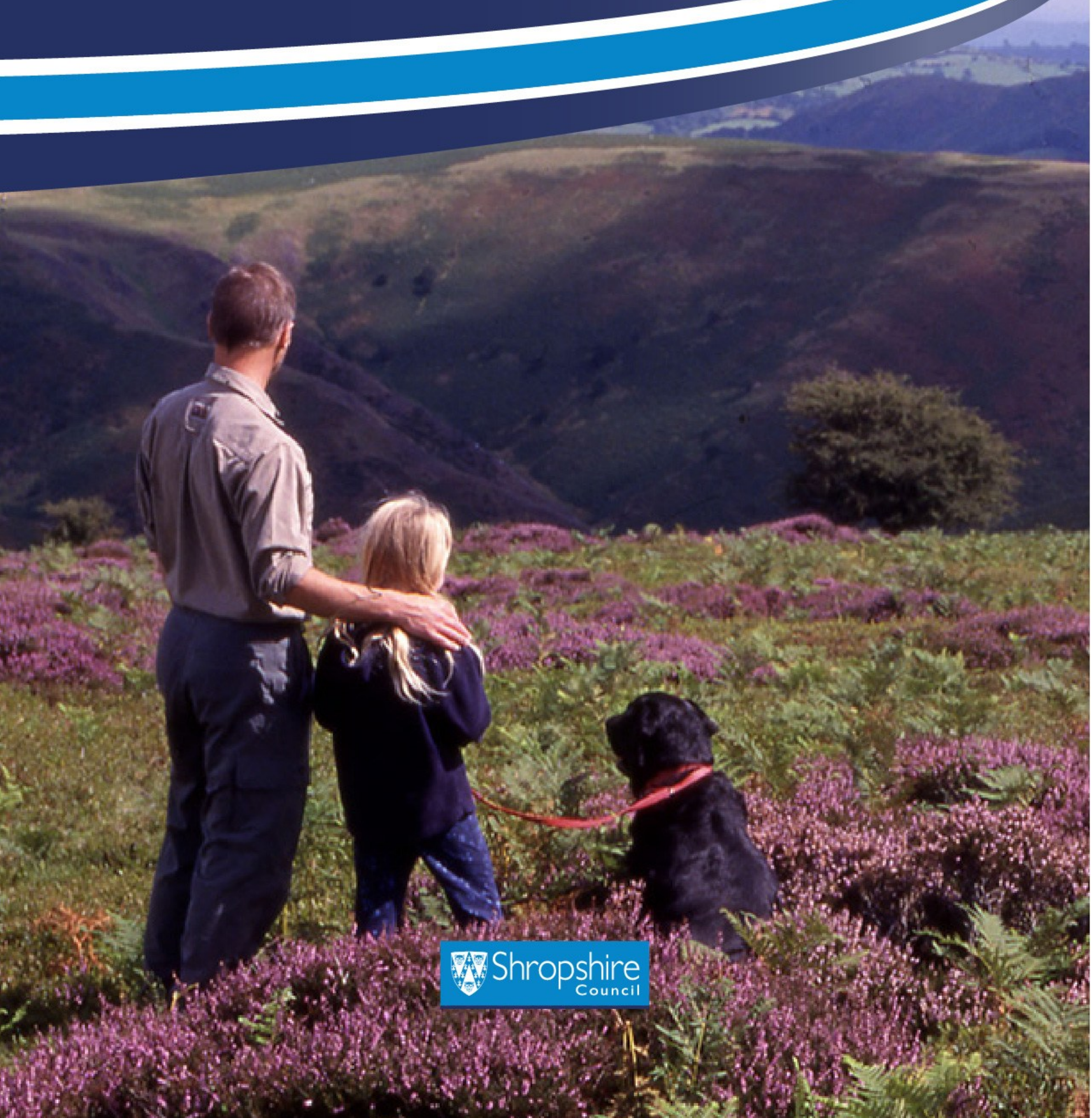
2. NON-DOMESTIC RATES (BUSINESS RATES)

Shropshire Council is the billing authority for NDR and retains 49% share of the total collected and distributes the remaining balance to Central Government (50%) and Shropshire & Wrekin Fire Authority (1%).

At 31 March 2026, the total non-domestic rateable value for all business premises in Shropshire was £250,800,537. The multiplier set by Government to calculate rate bills in 2025/26 was 49.9p for small businesses and 55.5p for all other businesses.

Section 9

Pension Fund Accounts



Shropshire Council

Pension Fund Accounts

Introduction

The Shropshire fund increased in value by £168 million in 2025/26 to be valued at £2.795 billion at the end of the year. The fund increased in value by 6.4 % over the year but underperformed against its benchmark by 2.3%. The main underperformance was on active equity investments. LGPS Centrals global equity mandate returned 5.6% which was nearly 10.5% below the benchmark and the LGPS Centrals sustainable equity mandate returned 7.5% which was 8.8% below the benchmark. Whilst all equity markets were lower on the 31st March as a result of the Middle East conflict this fall was fully recovered after the year end. The underperformance of the active equity portfolios is more to do with stock positioning across the year, than geopolitical events, with the LGIM passive equity portfolio returning 11.3% in line with benchmark for the year. The majority of asset classes performed positively with strong returns again from Hedge Funds and Insurance Linked Securities. Negative performance was seen on the property debt portfolio reflecting the difficulties in exiting the final few loans remaining as part of the planned maturity of this investment and on the T Rowe Price Bond Fund after a difficult final quarter. Overall despite the difficult trading conditions seen in the final quarter of 2025/26 as a result of the impact of the conflict in the Middle East on markets at year end, the portfolio has held up well.

The strongest absolute returns were generated in Insurance Linked Securities managed by TwelveSecuris which generated excellent returns of 12.16% helped by recoveries from the US wildfire losses seen in the final quarter of 2024/25. Passive Equity managed by Legal and General Investment Managers generated returns of 11.3%, Hedge Funds managed by BlackRock generated returns of 9.2%.

Equites which make up the majority of the Funds investments had a mixed year and were pegged back in the final quarter by uncertainty over the Middle East conflict which impacted year end valuation. This fall has since been fully recovered by markets in the first quarter of 2026/27. The passive equity managed by Legal and General Investment Managers returned 11.3% which was in line with its benchmark but held back by equity protection which was in place to December 2025. Whilst both the active equity portfolios managed by LGPS Central produced positive performance but well below expected returns. Equity performance in the first 9 months of the financial year, was strong with equities representing 60% of the Funds value against the strategic benchmark of 55%. The Pensions Committee following advice from advisors and officers trimmed the position back to 55% in January 2026 by investing 5% in long term (15 Year plus) UK Government bonds. This is a partial de-risking strategy as Gilt yields better reflect the Funds liabilities but offer lower opportunities for capital growth.

The Pensions Committee is responsible for determining the strategic asset allocation for the fund. This outlines the proportion of assets that the fund invests in equities, bonds and alternative assets such as property and infrastructure. This is the most important decision that the Committee will make because it has the biggest impact on the long-term returns of the fund. The Committee has started the triannual review of the Strategic Asset allocation following receipt of the March 2025 valuation results. The Investment Strategy statement which incorporates the strategic asset allocation will be finalised in 2026 following consultation.

The strategic asset allocation covering the 2025/26 financial year was agreed in June 2023. As noted, the strategy was changed slightly to allow the purchase of 5% in UK Government bonds. Private market investments remain below the strategic levels, which has allowed this 5% allocation to be achieved without the need for any further changes. Private markets can have a very long lead time between commitment of funds and investments actually appearing in the Funds balance sheet. The Fund has outstanding commitments to allow it to reach agreed levels, across private equity, private credit and infrastructure. These commitments will be drawndown over the next two/three years as suitable opportunities arise. Additional commitments were completed in respect of private market allocations to private equity managed by LGPS Central for £30m in respect of their primary 2025 vintage. The Committee also gave its support to a £30m secondary private equity commitment to LGPS Central, but this product had not launched at the end of the financial year. Many of the LGPS Central private market funds are in the early capital raising stages and will take a few years for capital to be fully deployed.

The Fund undergoes an independent actuarial valuation every 3 years. The last actuarial valuation was conducted at the end of March 2025 and signed off in March 2026, identifying that the fund had a funding level (the relationship between estimated future pension payments and the funds held to pay for these pensions) of 115% using the fund's standard assumptions which was an increase from 100% at the previous valuation in March 2022. This was the first time for over 26 years the funding level has been over 100% at the valuation date which is really positive news. The increased funding level has allowed the Fund to reduce employer contribution levels and set up a sustainability reserve to help protect employers from contribution changes caused by changes in valuation moving forward.

The fund continues to make good progress addressing responsible investment issues, including climate change and achieving its net zero target by 2050 or before.

The fund became a signatory to the revised Stewardship Code in August 2023 and a renewal submission was presented to the Financial Reporting Council (FRC) for the 12 months from 1st April 2024 to 31st March 2025. The FRC confirmed the application was successful in February 2026 which is a great achievement and really positive news. This confirms how seriously the fund continues to take Responsible Investment and Environmental, Social and Governance issues.

Since 2020 the fund has commissioned its pooling company, LGPS Central Limited, to undertake an in-depth review of the fund's exposure to financially material climate-related risks and opportunities on an annual basis. The fund also published its fifth Task Force on Climate-related Financial Disclosures (TCFD) aligned report in December 2025 showing a 64.8% reduction in the carbon footprint of the equity portfolio compared to 31 March 2020 based on normalized financed emissions.

Further details relating to this and the significant progress which has been made during the year with regards climate risk monitoring, setting a net zero target, responsible investment, climate risk training and the fund's carbon footprint are included within the Corporate Governance section of the annual report.

During 2025/26 the Fund continued to operate inside its pooling company LGPS Central Ltd. LGPS Central Ltd in 2025/26 was owned on an equal share basis by eight pension funds and is a Collective Portfolio Management Investment Firm (CPMI) regulated by the Financial Conduct Authority (FCA). The participating pension funds were Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. West Midlands Integrated Transport Authority (ITA) Pension fund will also be an investor, but not a shareholder, with its shareholder rights represented by West Midlands Pension Fund.

The key objectives of LGPS Central are to deliver cost savings and improve risk adjusted investment returns after cost, enable access to a wider range of asset classes for the participating pension funds, and to ensure good governance. LGPS Central manage a wide range of asset classes, employing a mix of internal and external investment management. The majority of assets under management are structured in an Authorised Contractual Scheme (ACS), itself regulated by the FCA, in addition to other pooled investments held in alternative structures. The company has been formed to act as an Alternative Investment Fund Manager (AIFM) to allow the participating LGPS administering authorities to pool their respective investments.

On the 14 November 2024, the Chancellor's Mansion House speech set out a proposed consultation on LGPS "Fit for the Future", the consultation being published the following day.

The consultation covered three key areas:

1. Reform of asset pooling.
2. Boosting UK and Local Investment
3. Strengthening the Governance of both Administering Authorities and LGPS Pooling companies.

The government's response to the consultation was issued on the 29th May 2025 and as part of the actions under item 1, the Government decided to close the Brunel and Access Pooling companies and advised the 21 Pension Funds involved to join LGPS Central, Borders to Coast or Local Pension Partnership Investments (LPPI) by 31st March 2026.

As a result of the reform of asset pooling LGPS Central received formal expressions of interest from three former Brunel Funds, Gloucestershire, Oxfordshire and Wiltshire and four former Access Funds Norfolk Suffolk Hampshire and Isle of Wight.

This has resulted in considerable work to review the governance of the pool, transition issues and ensure appropriate resources where in place for 31st March 2026. All legal agreements were completed for the deadline with the LGPS Central becoming the manager of 15 Funds from 1st April 2026. The revised company will have 14 equal shareholders and the Isle of Wight as a client. The expansion will see the company move to having approximately £100Bn of assets under management from 1st April 2026.

The pooling company will also become responsible for all investment implementation decisions from 1st April 2026 and the Fund will give the company power of attorney in respect of those legacy assets not already under the Company's control to facilitate this in the immediate term.
The Pensions Administration Team have continued to ensure over the past 12 months that the service they deliver is both efficient and effective for all stakeholders and that all benefits are paid accurately, on time and in line with scheme regulations.

The Pensions Administration Team have continued to ensure over the past 12 months that the service they deliver is both efficient and effective for all stakeholders and that all benefits are paid accurately, on time and in line with scheme regulations.

The monthly data provided by employers is essential to effectively administer the Local Government Pension Scheme for members, fund officers continue to monitor the timeliness and accuracy of submission of this data and reinforce its importance in regular updates to employers.

Training days for all team members are held twice a year, where the team are able to work in groups to look at how we deliver our service and provide feedback on changes to processes. Information sessions are also held on current issues affecting the LGPS.

Pension Fund Accounts

All regulatory deadlines were met by the fund in 2025-26, including issuing Annual Benefit Statements, P60 documents, Pensions Savings Statements and publishing the Annual Report.

During the year the team continued to work on implementing the McCloud ruling and ensuring the underpin is applied to protected members with all work targeted for completion by 31st August 2026.

Work continues on the implementation of Pensions Dashboards with the Fund having successfully established a secure connection to the platform. The expectation is that the Government will take the project live in 2027.

As part of the funds ongoing programme, several policies were reviewed and updated in line with statutory guidance and changes to the team's working practices.

Certain aspects of the Scheme Advisory Board's Good Governance recommendations have been introduced as part of the Government's Fit for the Future consultation under the Pensions Bill which came into force in April 2026. We await the formal regulations in respect of this to take the final steps in ensuring full compliance.

The fund's Business Plan for 2026-29 can be found on the website and progress against this is reported to and regularly reviewed by both Board and committee members.

The annual meeting for scheme employers is run as both an in person/ virtual event and the Pension Committee and Pension Board meetings continue to be live streamed, Committee meetings must be held in person, however Board members can choose to attend virtually, this has proved particularly useful when holding training sessions for members of both board and committee.

The information here and other developments are covered in more detail on the following pages.

Pension Fund Accounts

PENSION FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2026

2024/25 £000		2025/26 £000
	Income	
	Contributions	
(73,017)	Employers (Note 7)	(71,166)
(21,501)	Employees (Note 7)	(22,402)
(11,061)	Transfers In from other pension funds (Notes 3, 7)	(11,250)
(105,579)	**Total Income**	**(104,818)**
	Expenditure	
	Benefits Payable	
88,105	Pensions (Note 7)	93,113
22,014	Commutation of pensions and lump sum retirement benefits (Note 7)	17,582
2,591	Lump Sum Death Benefits (Note 7)	3,028
	Payment to & on Account of Leavers	
243	Refund of contributions (Note 7)	280
5,634	Transfers to other funds (Notes 3, 7)	9,165
118,587	**Total Expenditure**	**123,168**
13,008	**Net (additions) / withdrawals from dealings with scheme members**	**18,350**
23,944	**Management Expenses (Note 8)**	**25,497**
36,952	**Net additions/(withdrawals) including fund management expenses**	**43,847**
	Returns on Investments	
(14,005)	Investment Income (Notes 3, 9)	(13,698)
329	(Gain)/loss on cash and currency hedging	514
112	Taxes on Income (Note 10)	36
(146,611)	(Profits) and losses on disposal of investments and changes in value of investments (Note 11a)	(199,172)
(160,175)	**Net return on investments**	**(212,320)**
(123,223)	**Net (increase)/decrease in the net assets available for benefits during the year**	**(168,473)**
2,503,176	**Opening net assets of the scheme**	**2,626,399**
2,626,399	**Closing net assets of the scheme**	**2,794,872**

PENSION FUND NET ASSET STATEMENT AS AT 31 MARCH 2026

31-Mar-25 £000		31-Mar-26 £000	%
	Long Term Investments		
1,315	Equities (Note 11)	1,315	0.05
	Investment Assets		
18	Equities (Note 11)	27	0.00
	Pooled Investment Vehicles		
2,594,391	Other Managed Funds (Note 11)	2,768,742	99.06
	Other Investment Balances		
685	Loans (Note 11)	685	0.02
	Cash Deposits		
20,246	Deposits (Note 11)	17,686	0.63
5,700	Temporary Investments (Note 27)	1,340	0.05
2,622,355	**Total Investment Assets**	**2,789,795**	**99.81**
	Long Term Debtors		
1,857	Lifetime and Annual Tax Allowances (Note 18a)	1,877	0.07
	Current Assets		
7,262	Contributions due from Employers (Note 18b)	8,263	0.30
1,121	Other Current Assets (Note 18b)	991	0.04
46	Cash Balances (Note 27)	76	0.00
	Current Liabilities		
(1,418)	Unpaid Benefits (Note 19)	(1,051)	(0.04)
(4,824)	Other Current Liabilities (Note 19)	(5,079)	(0.18)
0	Cash Balances	0	0.00
2,626,399	**Net Assets of the Scheme – Available to Fund Benefits as at 31 March**	**2,794,872**	**100.00**

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the Statement by the Consulting Actuary.

NOTES TO THE SHROPSHIRE COUNTY PENSION FUND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

1. DESCRIPTION OF FUND

The Shropshire County Pension Fund is part of the Local Government Pension Scheme and is administered by Shropshire Council. The Council is the reporting entity for this Pension Fund.

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Shropshire Council to provide pensions and other benefits for pensionable employees of Shropshire Council and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Shropshire County Pension Fund Committee, which is a committee of Shropshire Council.

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Shropshire County Pension Fund include:

- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 178 employers with active members within the Shropshire County Pension Fund including Shropshire Council itself, as detailed below.

Shropshire County Pension Fund	31 March 2026	31 March 2025
Number of employers with active members	178	166
Number of employees in the scheme		
Shropshire Council	5,167	5,395
Other employers	11,840	11,738
Total	**17,007**	**17,133**
Number of pensioners in the scheme		
Shropshire Council	6,953	6,668
Other employers	8,124	7,644
Total	**15,077**	**14,312**

Shropshire County Pension Fund	31 March 2026	31 March 2025
Number of deferred pensioners in the scheme		
Shropshire Council	8,047	8,250
Other employers	10,309	10,108
Total	**18,356**	**18,358**

* Note figures relate to active employers only and exclude widow/dependent pensions and frozen refunds

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2026. Employers' contributions are set based on triennial actuarial funding valuations. The valuation covering the contributions to 31st March 2026 was completed as at 31 March 2022. Employer contribution rates from the 31st March 2022 range from 0% to 30% of pensionable pay. The 31 March 2025 valuation will impact employer contributions from1st April 2026.

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, ill-health pensions and death benefits.

2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 2025/26 financial year and its financial position at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2025/26. There have been changes to IAS 8 (Changes in Accounting Estimates and Errors), IAS 16 (Property Plant and Equipment) and IAS 38 (Intangible Assets) during the year but these do not impact the Fund accounts.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to append this information within the statement by the consulting actuary.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – revenue recognition

Contribution income
Normal contributions are accounted for on an accruals basis as follows:
- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate. Contributions received earlier than the due date are accounted for on receipt and are recognised as contributions received within the pension fund account statement.
- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than due date.

Transfers to and from other schemes
Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 7). Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investment Income
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is also disclosed in the net assets statement as a current financial asset.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profit/losses during the year.

Fund account – expense items

Benefits payable
Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, provided that payment has been approved.

Taxation
The Fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

Management expenses
The Fund discloses its pension fund management expenses in accordance with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administrative expenses	All staff costs relating to the pensions administration team are charged direct to the Fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the Fund.
Oversight and governance	All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the Fund. Where invoice has not been received by the year-end date, an estimate based upon the previous quarters is used for inclusion in the fund account. In 2025/26, £0.006m of fees is based on such estimates (2024/25 £0.175m)
Investment management expenses	Investment fees are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments. Fees charged by external investment managers and custodian are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. In addition, the Fund has negotiated with BlackRock (Hedge Fund) that an element of their fee will be performance related. Total performance related fees for all managers in 2025/26 £0.661m (2024/25 £0.649m). Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2025/26, £0.333m of fees is based on such estimates (2024/25 £0.225m).

Net Assets Statement

Financial assets
The Share Capital investment in LGPS Central Limited is valued at transaction price i.e. cost. LGPS Central Limited began to trade on 3 April 2018. The Pension Fund's view is that the market value of this investment at 31 March 2026 cannot be reasonably assessed as the

Company was set up for the sole purpose of LGPS pooling and no market exists for its potential sale, and that cost is therefore an appropriate estimate of fair value.

All other investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 11a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 14).

Foreign Currency transactions
Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

Cash and cash equivalents
Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Loans and receivables
Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

Financial liabilities
A financial liability is recognised in the net asset statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

Contingent Liabilities
Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. More details are disclosed in Note 21 Related Party Transactions.

The Fund has no other contingent liabilities.

Additional voluntary contributions
Shropshire County Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. Please see note 20 for further information.

4. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Investment in LGPS Central
The Share Capital investment has been valued at cost on the basis that fair value as at 31 March 2026 cannot be reliably estimated. Management have made this judgment because:

- LGPS Central Limited was set up for the specific purpose of LGPS Pooling
- No dividend to shareholders has as yet been declared
- There is no market for the sale of shares and all pension authorities are required to comply with the LGPS pooling requirements.

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

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Private Equity	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £207.4million. There is a risk that this investment may be under or overstated in the accounts. A 10% movement in the valuation would equate to a £20.7 million adjustment to the value of these assets.
Infrastructure	Infrastructure investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The infrastructure investments in the financial statements are £154.4 million. There is a risk that this investment may be under or overstated in the accounts. A 10% movement in the valuation would equate to a £15.4 million adjustment to the value of these assets.
Property Debt	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total property debt investments in the financial statements are £2.4 million. There is a risk that this investment may be under or over-stated in the accounts. A 10% movement in the valuation would equate to a £0.2 million adjustment to the value of these assets.
Private Debt	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total private debt investments in the financial statements are £89.0 million. There is a risk that this investment may be under or overstated in the accounts. A 10% movement in the valuation would equate to a £8.9 million adjustment to the value of these assets.

Item	Uncertainties	Effect if actual results differ from assumptions
Insurance Linked Securities	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total insurance linked securities investments in the financial statements are £49.7 million. There is a risk that this investment may be under or overstated in the accounts. A 5% movement in the valuation would equate to a £2.5 million adjustment to the value of these assets.
Hedge Funds	Some hedge fund investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total hedge fund value in the financial statements is £124.6 million. There is a risk that this investment may be under or overstated in the accounts. A 5% movement in the valuation would equate to a £6.2 million adjustment to the value of these assets.

6. EVENTS AFTER THE REPORTING DATE

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. There have been no events between 31 March 2026, and when these accounts were authorised, that require any adjustments to be made.

Guaranteed minimum pensions (GMP) equalisation remedy in LGPS is still to be legislated on. GMP reconciliation has ensured that data is up to date for when any changes required are known.

The McCloud remedy in LGPS came into force in 2023/24 and is being applied to accounts as required, this is not expected to have a significant impact on any of the figures quoted. The Fund is not aware of any cases affected by the Goodwin test cases.

There are no non-adjusting events after the reporting date for GMP & McCloud.

The Court of Appeal upheld a High Court ruling on section 9(2B) rights in the case of Virgin Media Ltd v NTL in July 2024. We have been advised that HM Treasury is still assessing the implications of this ruling on the LGPS. The Scheme Advisory Board continue to raise the matter with the pensions minister for clarification.

The UK Pensions Schemes Act gained royal assent on 29th April 2026. Whilst this changes the governance of the scheme moving forward it does not impact any of the figures or statements presented here.

There are no non-adjusting events after the reporting date in respect of this ruling.

7. ANALYSIS OF THE MAIN REVENUE ACCOUNT TRANSACTIONS

The following table provides further analysis of contributions received and benefits paid between the Administering Authority (Shropshire Council), Designated Bodies and Scheme Employers (Unitary, Town and Parish Councils) and Admission Bodies (Private bodies carrying out former Local Government functions or bodies providing a public service on a non-profit making basis).

2025/26	Administering Authority £000	Admission Bodies £000	Designation Bodies/ Scheme Employers £000	Total £000
Contributions Received				
Employees	7,628	1,694	13,080	22,402
Employers	24,623	5,081	41,462	71,166
Transfers In	6,182	305	4,763	11,250
Total Income	**38,433**	**7,080**	**59,305**	**104,818**
Payments Made				
Pensions	49,449	12,442	31,222	93,113
Lump Sums	6,935	2,647	8,000	17,582
Death Benefits	1,376	222	1,430	3,028
Refunds	69	1	210	280
Transfers Out	4,560	168	4,437	9,165
Total Expenditure	**62,389**	**15,480**	**45,299**	**123,168**

2024/25 comparative figures	Administering Authority £000	Admission Bodies £000	Designation Bodies/ Scheme Employers £000	Total £000
Contributions Received				
Employees	7,707	1,764	12,030	21,501
Employers	29,860	3,258	39,899	73,017
Transfers In	5,765	346	4,950	11,061
Total Income	**43,332**	**5,368**	**56,879**	**105,579**
Payments Made				
Pensions	47,228	11,673	29,204	88,105
Lump Sums	9,599	3,385	9,030	22,014
Death Benefits	860	260	1,471	2,591
Refunds	76	4	163	243
Transfers Out	2,859	321	2,454	5,634
Total Expenditure	**60,622**	**15,643**	**42,322**	**118,587**

This table shows a breakdown of the employers contributions above:

	2025/26 £000	2024/25 £000
Employers normal contributions	61,903	60,617
Employers deficit contributions	4,602	2,665
Employers augmentation contributions	4,661	9,735
	71,166	**73,017**

8. MANAGEMENT EXPENSES

This analysis of the costs of managing the Shropshire County Pension Fund during the period has been prepared in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

Management Expenses	2025/26 £000	2024/25 £000
Administrative costs	1,983	1,946
Investment management expenses	21,474	20,260
Oversight and governance costs	2,040	1,738
	25,497	**23,944**

Each external Investment Manager receives a fee for their services based on the market value of the assets they manage on the Fund's behalf. One active manager is required to produce a specific target return in excess of their benchmark return and is paid a performance related fee (over and above a basic fee) for reaching required level of outperformance. The management fees disclosed also include all investment management fees directly incurred by the Fund by pooled fund investments.

The investment management expenses shown below includes £0.661m (2024/25 £0.649m) in respect of performance related fees paid/payable to the Fund's investment managers.

It also includes £3.488m in respect of transaction costs (2024/25 £3.266m).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of Investments (see note 11a).

Investment Expenses	2025/26 £000	2024/25 £000
Management Fees	12,667	11,968
Performance Fees	661	649
Other Fees	4,652	4,358
Transaction Costs	3,488	3,266
Custody Fees	6	19
	21,474	**20,260**

The costs incurred by the fund in administering the fund totalled £1.983m for the year ended 31 March 2026 (2024/25 £1.946m).

Administrative Costs	2025/26 £000	2024/25 £000
Employee Costs	1,398	1,241
IT	503	408
Consultants	86	81
Printing, Postage & Design	42	61
Office Accommodation	13	37
Subscriptions	7	7
Other Costs*	(66)	111
	1,983	**1,946**

*Other costs figure in 2025/26 includes reversal of access paysuite fees incorrectly included in the 2024/25 figure

The costs incurred by the fund in Oversight and Governance totalled £2.040m for the year ended 31 March 2026 (2024/25 £1.738m).

Oversight & Governance costs	2025/26 £000	2024/25 £000
Investment advice	236	271
Employee costs (pensions investment)	448	395
Actuarial advice	246	93
LGPS Central Pooling costs	866	704
Responsible engagement overlay	52	51
External audit	101	102
Performance analysis	12	27
Internal audit	19	25
Legal & Committee	14	23
Other Costs	46	47
	2,040	**1,738**

8a. INVESTMENT MANAGEMENT EXPENSES

The tables below show a breakdown of investment management expenses by investment type.

2025/26	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
Pooled Investments Vehicles					
Global Equity	4,435	2,545	0	1,718	172
Fixed Income	2,466	817	0	1,609	40
Hedge Fund of Funds	1,367	490	661	0	216
Infrastructure	2,975	2,383	0	0	592
Pooled property investments	1,966	1,914	0	52	0
Private Equity	5,473	2,785	0	0	2,688
Private Debt	2,131	1,405	0	0	726
Property Debt	66	23	0	0	43
Insurance Linked Securities	589	305	0	109	175
	21,468	**12,667**	**661**	**3,488**	**4,652**

Custody Fees	6
Total	**21,474**

2024/25 comparative figures	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
Pooled Investments Vehicles					
Global Equity	3,833	2,413	0	1,239	181
Fixed Income	2,534	675	0	1,824	35
Hedge Fund of Funds	1,290	445	649	0	196
Infrastructure	3,447	2,699	0	0	748
Pooled property investments	1,744	1,613	0	131	0
Private Equity	5,010	2,558	0	0	2,452
Private Debt	1,735	1,171	0	0	564
Property Debt	169	121	0	0	48
Insurance Linked Securities	479	273	0	72	134
	20,241	**11,968**	**649**	**3,266**	**4,358**
Custody Fees	19				
Total	**20,260**				

9. INVESTMENT INCOME

The table below analyses the investment income received by the Fund over the last 12 months.

	2025/26 £000	2024/25 £000
Dividends from equities	(1)	(1)
Income from pooled investment vehicles	(12,278)	(12,690)
Interest on cash deposits	(248)	(332)
Other	(1,171)	(982)
	(13,698)	**(14,005)**

10. TAXES ON INCOME

This table breaks down the taxes on income by asset class.

	2025/26 £000	2024/25 £000
Withholding tax – equities	0	0
Withholding tax – pooled	36	112
	36	**112**

11. INVESTMENTS

This table shows investment assets by type of investment

	2025/26 £000	2024/25 £000
Investment Assets		
Equities	27	18
Pooled Funds		
Global Equity	1,511,118	1,508,181
Fixed Income	500,134	363,501
Hedge Fund of Funds	124,610	114,088
Infrastructure	154,355	157,915
Pooled property investments	129,994	117,386
Private Equity	207,443	199,616
Property Debt	2,427	10,417
Insurance Linked Securities	49,689	44,303
Private Debt	88,972	78,984
Other Investments		
Loans	685	685
Cash Deposits		
Deposits	17,686	20,246
Temporary Investments	1,340	5,700
Total	**2,788,480**	**2,621,040**
Long-term Investments		
UK unquoted equities		
Shares in LGPS Central asset pool	1,315	1,315
Total Investment Assets	**2,789,795**	**2,622,355**

11a. RECONCILIATION OF MOVEMENTS IN INVESTMENTS

Investment type 2025/26	Value as at 1 April £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Other cash transactions £000	Change in market value £000	Value as at 31 March £000
Equities	1,333				9	*1,342
Pooled Investment Vehicles – Other Managed Funds	2,594,391	70,068	(74,473)	(20,160)	198,916	*2,768,742
Other Investment Balances	685					685
Sub total	**2,596,409**	**70,068**	**(74,473)**	**(20,160)**	**198,925**	**2,770,769**
Cash deposits – with Managers***	20,246	720	(614)	(2,913)	247	17,686
Temporary Investments	5,700			(4,360)		1,340
Total	**2,622,355**	**70,788**	**(75,087)**	**(27,433)**	****199,172**	**2,789,795**

* Within the Pooled Investment Vehicles - other managed funds total of £2768.742m are £628.811m of level 3 investments as at 31 March 2026. Within the Equities figure of £1.342m are £1.315m of level 3 investments as at 31 March 2026. The value of the level 3 investments was

£606.638m as at 1 April 2025 which increased to £628.811m as at 31 March 2026. The increase in value is due to purchases of £46.700m, sales of £48.200m and change in market value of £23.673m.

** The total change in market value for 2025/26 as per the table above is £199.172m. This figure is made of up of profit on sales of £150.762m, market value gains offset by directly charged fees of £20.160m and also the difference between book cost and market value for the whole Fund which for 2025/26 was £28.250m.

*** Cash deposits figure includes Money Market Fund balances and certain class action proceeds relating to legacy holdings.

Investment type 2024/25 Comparative figures	Value as at 1 April £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Other cash transactions £000	Change in market value £000	Value as at 31 March £000
Equities	1,331		(38)		40	*1,333
Pooled Investment Vehicles – Other Managed Funds	2,478,163	101,897	(114,054)	(18,282)	146,667	*2,594,391
Other Investment Balances	685					685
Sub total	**2,480,179**	**101,897**	**(114,092)**	**(18,282)**	**146,707**	**2,596,409**
Cash deposits – with Managers***	14,957	1,782	(3,915)	7,518	(96)	20,246
Temporary Investments	1,650			4,050		5,700
Total	**2,496,786**	**103,679**	**(118,007)**	**(6,714)**	****146,611**	**2,622,355**

* Within the Pooled Investment Vehicles - other managed funds total of £2594.391m are £605.323m of level 3 investments as at 31 March 2025. Within the Equities figure of £1.333m are £1.315m of level 3 investments as at 31 March 2025. The value of the level 3 investments was £596.321m as at 1 April 2024 which increased to £606.638m as at 31 March 2025. The increase in value is due to purchases of £63.217m, sales of £85.448m and change in market value of £32.548m.

** The total change in market value for 2024/25 as per the table above is £146.611m. This figure is made of up of profit on sales of £33.081m, market value gains offset by directly charged fees of £19.048m and also the difference between book cost and market value for the whole Fund which for 2024/25 was £94.482m.

*** Cash deposits figure includes Money Market Fund balances and certain class action proceeds relating to legacy holdings.

12. STOCK LENDING

The Fund no longer participates in a stock lending programme with its Custodian, Northern Trust following termination of the remaining segregated equities fund in April 2022.

13. ANALYSIS OF DERIVATIVES

Currently, Legal & General, who manage the global equity passive portfolio, hedge 100% of their foreign currency exposure back to sterling. The global equity passive portfolio had an equity protection strategy in place during the year which expired in December 2025. There was no equity protection in place at 31st March 2026.

14. FAIR VALUE – BASIS OF VALUATION

Unquoted equities in LGPS Central are valued using the cost approach / considering Fair Value at Initial Recognition approach as these methodologies provide viable approaches to valuing this shareholding, and they both generate consistent valuations at historic cost less any adjustment for impairment. This will be the approach used for valuing this holding until any change in circumstances creates an alternative approach.

All other investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

The valuation basis for each category of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted equities and pooled fund investments	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Quoted fixed income bonds	Level 1	Quoted market value based on current yields	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV based pricing set on a forward pricing basis	Not required
Pooled equity fund investments	Level 2	Index tracking funds & valuations are based on the market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled Gilt fund investments	Level 2	Index tracking funds & valuations are based on the market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled fixed income fund investments	Level 2	Average of broker prices	Evaluated price feeds	Not required
Infrastructure	Level 3	Discounted Cash Flows, Market valuations of comparable companies & Binding sale agreements	Enterprise Value / EBITDA multiple, Discount Rate	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Shares in LGPS Central asset pool	Level 3	Valued using cost approach and considering fair value at initial recognition approach	No market for shares in LGPS Central and no immediate plans to pay dividends. Cost approach generates a figure similar to the original cost of investment when LGPS Central was created	Valuation reviewed on an annual basis to ascertain if there is any reason that this valuation may have been impaired

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Insurance linked securities	Level 3	Closing single price. Investments are fair valued using earned net assets value method	NAV based pricing set on a forward pricing basis. NAV based pricing based upon independent valuation agent (Wilis Tower Watson) using available industry loss assumptions and 3rd party reports.	Valuations could be affected by any changes to underlying values of the invested portfolio. Value appreciation/depreciation is typically dependent on and contingent on specific insurance events/triggers not occurring.
Private Debt	Level 3	Valuations received directly from the manager of the underlying investment and comply with revised International Private Equity and Venture Capital Valuation Guidelines 2018	Inputs are unobservable and are dependent on the valuations provided by the manager of the underlying investment	Valuations could be affected by changes to the valuation of the underlying investment portfolio arising from changes to estimates and differences between unaudited and audited accounts
Property Debt	Level 3	Valued using amortised cost and considering fair value at initial recognition approach	Underlying property value, projected future cashflows, cash available, indicative market interest rates for similar products	Valuation reviewed on a quarterly basis to ascertain if there is a reason that this valuation may have been impaired
Private Equity and other unquoted	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020) or other appropriate guidelines	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Hedge Funds	Level 3	Valuations received directly from the third party hedge funds with which the fund of hedge fund manager invests	Valuations/prices of the investments held are not publicly available. NAV based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against

Sensitivity of assets valued at level 3

The Fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2026 and 31 March 2025.

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-25 £000	Potential value on increase £000	Potential value on decrease £000
Private Equity	20%	207,443	248,932	165,954
Hedge Funds	5%	124,610	130,841	118,380
Insurance Linked	5%	49,689	52,173	47,205
Infrastructure	20%	154,355	185,226	123,484
Private Debt	10%	88,972	97,869	80,075
Property Debt	10%	2,427	2,670	2,184
Unquoted UK Equity	15%	1,315	1,512	1,118
Total		**628,811**	**719,223**	**538,399**

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-25 £000	Potential value on increase £000	Potential value on decrease £000
Private Equity	20%	199,616	239,539	159,693
Hedge Funds	5%	114,088	119,792	108,384
Insurance Linked	5%	44,303	46,518	42,088
Infrastructure	20%	157,915	189,498	126,332
Private Debt	10%	78,984	86,882	71,086
Property Debt	10%	10,417	11,459	9,375
Unquoted UK Equity	15%	1,315	1,512	1,118
Total		**606,638**	**695,200**	**518,076**

14a. FAIR VALUE HIERARCHY

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 - where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.

Level 2 - where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3 - where at least one input that could have a significant effect on the instrument’s valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Shropshire County Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are undertaken quarterly.

The values of the investment in hedge funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Asset type 2025/26	Investment Manager	Investment Type	Market Value £000	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant evaluation inputs Level 3 £000
Equities	LGPS Central Ltd*	UK Equities (unquoted)	1,315			1,315
Pooled Investment Vehicles	HarbourVest Partners Ltd	Private Equity	180,738			180,738
	Aberdeen Property Investors	Property Unit Trusts	129,994		129,994	
	Blackrock	Hedge Fund	124,610			124,610
	Global Infrastructure Partners	Infrastructure	84,956			84,956
	Legal & General	Global Equities	800,022		800,022	
	T.Rowe Price	Global Dynamic Bonds	81,632		81,632	
	Securis	Insurance Linked Securities	49,689			49,689
	DRC	Property Debt	2,427			2,427
	LGPS Central Ltd	Global Equities	711,097	711,097		
	LGPS Central Ltd	Investment Grade Corporate Bonds	282,756	282,756		
	LGPS Central Ltd	Private Debt	88,972			88,972
	LGPS Central Ltd	Infrastructure	69,399			69,399
	LGPS Central Ltd	Private Equity	26,705			26,705
	Legal & General	Conventional gilts	66,653		66,653	
	Legal & General	Index Linked Gilts	69,092		69,092	
Cash Deposits & Other			19,739	19,739		
Total			**2,789,796**	**1,013,592**	**1,147,393**	**628,811**

Asset type 2024/25	Investment Manager	Investment Type	Market Value £000	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant evaluation inputs Level 3 £000
Equities	LGPS Central Ltd*	UK Equities (unquoted)	1,315			1,315
Pooled Investment Vehicles	HarbourVest Partners Ltd	Private Equity	186,074			186,074
	Aberdeen Property Investors	Property Unit Trusts	117,386		117,386	
	Blackrock	Hedge Fund	114,088			114,088
	Global Infrastructure Partners	Infrastructure	91,810			91,810
	Legal & General	Global Equities	838,683		838,683	
	T.Rowe Price	Global Dynamic Bonds	96,944		96,944	
	Securis	Insurance Linked Securities	44,303			44,303
	DRC	Property Debt	10,417			10,417
	LGPS Central Ltd	Global Equities	669,498	669,498		

Asset type 2024/25	Investment Manager	Investment Type	Market Value £000	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant evaluation inputs Level 3 £000
	LGPS Central Ltd	Investment Grade Corporate Bonds	266,557	266,557		
	LGPS Central Ltd	Private Debt	78,984			78,984
	LGPS Central Ltd	Infrastructure	66,105			66,105
	LGPS Central Ltd	Private Equity	13,542			13,542
Cash Deposits & Other			26,649	26,649		
Total			**2,622,355**	**962,704**	**1,053,013**	**606,638**

* Share Capital investment in LGPS Central Ltd has been carried at cost

14b.RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Investment type 2025/26	Value as at 1 April £000	Transfers into Level 3 £000	Transfers out of Level 3 £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Other cash transactions £000	Unrealised gains and losses £000	Realised gains and losses £000	Value as at 31 March £000
Equities (unquoted)	1,315			0	0	0	0	0	1,315
Private Equity	199,616			19,153	(23,230)	(5,474)	(5,561)	11,817	207,443
Infrastructure	157,915			8,863	(9,645)	(2,975)	(6,379)	6,576	154,355
Hedge Fund	114,088			0	0	(1,367)	11,760	23,649	124,610
Insurance Linked Securities	44,303			0	0	(589)	5,386	589	49,689
Property Debt	10,417			0	(6,655)	(66)	(1,335)	66	2,427
Private Debt	78,984			18,684	(8,670)	(2,131)	(26)	2,131	88,972
Total	**606,638**	**0**	**0**	**46,700**	**(48,200)**	**(12,602)**	**(8,553)**	**44,828**	**628,811**

15. FINANCIAL INSTRUMENTS

15a. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

	31 March 2026			31 March 2025		
	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
Financial Assets						
Equities	1,342			1,333		
Pooled Investment Vehicles – Other Managed Funds	2,768,742			2,594,391		
Other Investment Balances - Loans		685			685	
Cash		19,102			25,992	
Debtors		11,131			10,240	
Total Assets	**2,770,084**	**30,918**	**0**	**2,595,724**	**36,917**	**0**
Financial Liabilities						
Creditors			(6,130)			(6,242)
Total	**2,770,084**	**30,918**	**(6,130)**	**2,595,724**	**36,917**	**(6,242)**

15b.NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

	2025/26 £000	2024/25 £000
Financial Assets		
Fair value through profit and loss	146,611	199,172
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
Financial Liabilities		
Fair value through profit and loss	0	0
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
	146,611	**199,172**

16. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and Risk Management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits to pay members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Market risk
Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the assets mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis and manage any identified risk in two ways:

- The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Other price risk
Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the Fund investment strategy.

Other price risk – sensitivity analysis
In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2025/26 reporting period, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same.

Asset Type	Potential market movements (+/-)
Global Unconstrained Equities	20.2%
Global Equities (passive)	19.1%
Investment Grade Bonds	7.9%
Unconstrained bonds	5.9%
Index Linked Gilts	9.2%
Conventional Gilts	11.1%
UK Property	12.5%
Private Equity	24.0%
Hedge Funds	5.1%
Infrastructure	20.6%
Property Debt	10.0%
Insurance Linked Securities	4.9%
Private Debt	10.5%

Should the market price of the Fund investments increase/decrease in line with the above, the change in the net assets available to pay benefits would be as follows.

Asset type 2025/26	Value as at 31 March 2026 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Net Assets including Cash and Other	26,103	0	26,103	26,103
Investment Portfolio Assets				
Global Equities (unconstrained)	711,124	143,647	854,771	567,477
Global Equities (passive)	800,022	152,804	952,826	647,218
Investment Grade Bonds	282,756	22,338	305,094	260,418
Unconstrained Bonds	81,632	4,816	86,448	76,816
Index Linked Gilts	69,092	6,356	75,448	62,736
Conventional Gilts	66,653	7,399	74,052	59,254
Property	129,994	16,249	146,243	113,745
Private Equity	207,443	49,786	257,229	157,657
Hedge Funds	124,610	6,355	130,965	118,255
Infrastructure	154,355	31,797	186,152	122.558
Property Debt	2,427	243	2,670	2,184
Insurance Linked Securities	49,689	2,435	52,124	47,254
Private Debt	88,972	9,342	98,314	79,630
Total assets available to pay benefits	**2,794,872**	**453,567**	**3,248,439**	**2,341,305**

Asset type 2024/25 Comparative Figures	Value as at 31 March 2025 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Net Assets including Cash and Other	31,990	0	31,990	31,990
Investment Portfolio Assets				
Global Equities (unconstrained)	669,516	138,590	808,106	530,926
Global Equities (passive)	838,683	163,543	1,002,226	675,140
Investment Grade Bonds	266,557	20,791	287,348	245,766
Unconstrained Bonds	96,944	5,720	102,664	91,224
Property	117,386	14,673	132,059	102,713
Private Equity	199,616	47,708	247,324	151,908
Hedge Funds	114,088	5,819	119,907	108,269
Infrastructure	157,915	32,373	190,288	125.542
Property Debt	10,417	1,052	11,469	9,365
Insurance Linked Securities	44,303	2,127	46,430	42,176
Private Debt	78,984	8,372	87,356	70,612
Total assets available to pay benefits	**2,626,399**	**440,768**	**3,067,167**	**2,185,631**

Interest rate risk

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The Fund's direct exposure to interest rate movements as at 31 March 2026 and 31 March 2025 is set out below.

Asset Type	As at 31 March 2026 £000	As at 31 March 2025 £000
Cash and cash equivalents	19,026	25,946
Cash balances	76	46
Bonds	500,134	363,501
Total change in assets available	**519,236**	**389,493**

The following analysis shows the effect in the year on the net assets available to pay benefits of a plus or minus 1% change in interest rates assuming all variables, in particular exchange rates, remain constant. This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Assets exposed to interest rate risk	Value as at 31 March £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
As at 31 March 2026				
Cash and cash equivalents	19,026	0	19,026	19,026
Cash balances	76	0	76	76
Fixed Income	500,134	5,001	505,135	495,133
Total	**519,236**	**5,001**	**524,237**	**514,235**

Assets exposed to interest rate risk	Value as at 31 March £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
As at 31 March 2025				
Cash and cash equivalents	25,946	0	25,946	25,946
Cash balances	46	0	46	46
Fixed Income	363,501	3,635	367,136	359,866
Total	**389,493**	**3,635**	**393,128**	**385,858**

During 2025/26 the Fund received £0.189m (2024/25 £0.267m) in interest from surplus pension fund revenue cash. This was either invested in call accounts (including Insight Money Market Fund) which are classified as a variable rate investment or a fixed term deposit. A 1% change in interest rates throughout the year would have increased or decreased the amount of interest earned on these investments by £0.047m. In addition, the Fund earned £0.059m (2024/25 £0.065m) in interest on its loan to LGPS Central Ltd. The impact of a 1% change in interest rates would have increased or decreased interest earned on this loan by £0.007m.

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10%. A 10% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency risk – sensitivity analysis

Assets exposed to currency risk	Asset value as at 31 March 2026 £000	Potential market movement £000 10%	Value on increase £000 10%	Value on decrease £000 10%
Overseas Equities	667,105	66,710	733,815	600,395
Overseas Private Equity	204,049	20,405	224,454	183,644
Overseas Private Debt	37,696	3,770	41,466	33,926
Overseas Infrastructure	123,816	12,382	136,198	111,434
Cash balances	14,741	1,474	16,215	13,267
Total change in assets available to pay benefits	**1,047,407**	**104,741**	**1,152,148**	**942,666**

Assets exposed to currency risk	Asset value as at 31 March 2025 £000	Potential market movement £000 10%	Value on increase £000 10%	Value on decrease £000 10%
Overseas Equities	627,244	62,724	689,968	564,520
Overseas Private Equity	199,002	19,900	218,902	179,102
Overseas Private Debt	31,645	3,165	34,810	28,480
Overseas Infrastructure	125,065	12,507	137,572	112,558
Cash balances	13,563	1,356	14,919	12,207
Total change in assets available to pay benefits	**996,519**	**99,652**	**1,096,171**	**896,867**

Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Pension Fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2026 and 31 March 2025 were received in the first two months of the financial year.

In January 2018 the Fund advanced a loan of £0.685m to LGPS Central asset pool on commercial rates, repayable in 2027. LGPS Central have not defaulted on any annual loan interest repayments to date. The credit risk at 31 March 2025 is therefore not considered to be significant and no credit loss adjustment has been made.

The Fund has set limits on the maximum sum placed on deposit with individual financial institutions.

The investment priorities for the management of the pension fund revenue cash held for day-to-day transactions are the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the minimisation of risk. Accordingly, the Administering Authority ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties is outlined in the Administering Authority's creditworthiness policy which the Pension Fund has also adopted and approved as part of the annual Pension Fund Treasury strategy.

The Fund's lending list is reviewed continuously in conjunction with the Administering Authority's treasury advisor. The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. The maximum amount is currently limited to £5,000,000. With security of capital being the main priority, lending continues to be restricted to highly credit rated institutions including Money Market funds, part nationalised institutions and other Local Authorities. In addition to credit ratings the Administering Authority continually monitors the financial press and removes institutions from its approved lending list immediately if appropriate.

The Pension Fund has had no experience of default or uncollectable deposits over the past five financial years.

Asset type	Rating	As at 31 March 2026 £000	As at 31 March 2025 £000
Lloyds	AA-	0	3,000
Insight BGP Liquidity Fund	AAAm	1,340	2,700
Total		**1,340**	**5,700**

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due i.e. that cash is not available when required. The Pension Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The Fund's cash holding under its treasury management arrangements at 31 March 2026 was £1.34m (31 March 2025 £5.70m).

The Fund has immediate access to cash through two instant access accounts and one instant access money market account, which at any one time could have up to £13 million available in total. The Fund can also access immediate cash held by Northern Trust, which as at 31 March 2026 was £16.181m (31 March 2025 £16.617m). The Fund does not have access to an overdraft facility.

Officers prepare a daily cash flow forecast to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the investment strategy.

17. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2025 and the next valuation will take place as at 31 March 2028.

The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- To ensure that employer contribution rates are as stable as possible
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- To reflect the different characteristics of employing bodies in determining contribution rates where it considers it reasonable to do so
- To use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations

The aim is to achieve 100% solvency over a period of 13 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. For each individual employer, the funding objective, method and assumptions depend on a particular employer's circumstances and different approaches have been adopted where applicable, in accordance with the Funding Strategy Statement.

At the 2025 actuarial valuation, the Fund was assessed as 115% funded (99% at the March 2022 valuation). This corresponded to a surplus of £335 million (2022 valuation was £22 million deficit) at that time. Revised contributions set by the 2025 valuation will be introduced in 2026/27 and the common contribution rate (i.e. the average employer contribution rate in respect of future service only) is 15.7% of pensionable pay (18.4% at the March 2022 valuation).

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows:

Financial assumptions	31 March 2025	31 March 2022
Discount rate	5.6% p.a.	4.8% p.a.
Assumed long term CPI inflation	2.6% p.a.	3.1% p.a.
Salary increases – long term	3.85% p.a.	4.35% p.a.
Salary increases – short term	No allowance	No allowance
Pension increases in payment	2.6% p.a.	3.1% p.a.

The assumed life expectancy from age 65 is as follows:

Demographic assumptions		31 March 2025	31 March 2022
Current pensioners (at age 65)	Males	21.5	22.1
	Females	24.1	24.4
Future pensioners (assumed current age 45)	Males	22.8	23.4
	Females	25.6	26.2

It is assumed that, on average, retiring members will take 75% of the maximum tax-free cash available at retirement (75% 2022).

18a. LONG TERM DEBTORS

Details of long-term debtors outstanding as at 31 March 2026 is shown below:

Long term Debtors	2025/26 £000	2024/25 £000
Lifetime and annual tax allowances*	1,877	1,857
Total	**1,877**	**1,857**

* The HMRC annual allowance limits the tax relief on pension contributions each year and the Life time allowance (abolished after 5th April 2023) limits the total amount of savings in a pension pot without facing a tax charge when drawing it. The Pension Fund pays the tax charge upfront on behalf of those members affected and who elect for 'scheme pays'. The Fund is reimbursed by the members via pension deductions over time.

18b. ANALYSIS OF DEBTORS

Provision has been made for debtors known to be outstanding as at 31 March 2026. An analysis of debtors outstanding as at 31 March 2026 is shown below:

Debtors	2025/26 £000	2024/25 £000
Contributions due - employees	1,779	1,626
Contributions due - employers	6,484	5,636
Other entities and individuals	991	1,121
Total	**9,254**	**8,383**

19. ANALYSIS OF CREDITORS

Provision has also been made for creditors known to be outstanding at 31 March 2026. An analysis of creditors outstanding as at 31 March 2026 is shown below:

	2025/26 £000	2024/25 £000
Central Government bodies	(1,449)	(1,310)
Other Local Authorities	(2,628)	(2,420)
Other entities and individuals	(2,053)	(2,512)
Total	**(6,130)**	**(6,242)**

20. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Scheme members have the option to make Additional Voluntary Contributions (AVCs) to enhance their pension benefits. These contributions are invested with an appropriate provider and used to purchase an annuity at retirement. Contributions are paid directly from scheme members to the AVC provider and are therefore not represented in these accounts in accordance with regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Contributions are invested in with-profit, unit linked or deposit funds of the scheme member. At present there are around 621 scheme members with AVC policies. These policies are held either by Utmost or Prudential.

During 2025/26 contributions to schemes amounted to £1.322m (2024/25 £1.176m). The combined value of the AVC funds as at 31 March 2026 was £6.740m (31 March 2025 £5.342m).

NOTE 21: RELATED PARTY TRANSACTIONS

Shropshire Council
The Shropshire County Pension Fund is administered by Shropshire Council. Shropshire Council incurred costs of £2.653m (2024/25 £2.411m) in relation to the administration and management of the Fund and all these costs are recharged to the Pension Fund.

Shropshire Council is also the single largest employer of members of the Pension Fund. At the year end, a balance of £4.172m (2024/25 £3.487m) was due to the Fund from the Council, mainly relating to contributions which became due in March but were paid in April, and some other payments due.

Several employees of Shropshire Council hold key positions in the financial management of the Shropshire County Pension Fund - Executive Director of Resources (s151 Officer), Head of Pensions (LGPS Senior Officer), Pensions Investment & Responsible Investment Manager, Pension Fund Accountant, Pensions Investment Analyst and Pensions Administration Manager. These employees are active members of the fund apart from the current Executive Director of Resources (s151 Officer).

Under the Local Government Pension Scheme 1997 Regulations, Councillors were entitled to join the scheme. Legislation which came into force on 1 April 2014 meant the LGPS was only available to councillors and elected mayors of an English County Council or District Council who elected to join before 31 March 2014. From 1 April 2014 access to the LGPS for councillors was removed and those councillor members who were in the Scheme on the 31 March 2014 could only remain in the Scheme until the end of their current term of office. The remaining active councillor members were removed from the Scheme in May 2017 at the end of their individual office. All councillor members who sit on the Pension Fund Committee who joined the LGPS before 31 March 2014 are now either deferred or pensioner members of the Fund. Councillors will again be eligible to join the LGPS as of May 2026 under the Local Government Pension Scheme (Elected Member Pensions) Regulations 2026.

LGPS Central
LGPS Central (LGPSC) has been established to manage investment assets on behalf of eight Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool. With effect from 1 April 2026, LGPSC will manage investment assets of an additional seven LGPS funds following changes under the governments “Fit for the Future” proposals. LGPS Central will be owned by in equal shares by fourteen of the administering authorities from this date with one LGPS fund joining as a client.

The Fund invested £1.315m in share capital and £0.685m in a loan to LGPSC in 2017/18. These remain the balances at 31 March 2026. The Fund was owed interest of £0.059m (31 March 2025 £0.065m) on the loan to LGPSC at 31 March 2026. The rate of interest applied to the LGPSC loan is Bank of England Base Rate plus 4.5% margin. This loan is due to be repaid to the fund in 2027.

In addition, the Fund has now invested in several LGPSC sub-funds (Global Equity, Global Sustainable Equity, Infrastructure, Private Debt, Private Equity and Global Investment Grade Corporate Bonds). The Fund incurred investment management costs totalling £9.930m in respect of investments held with LGPS Central of which £0.043m was payable to LGPSC at 31 March 2026.

The Fund incurred costs totalling £0.866m (2024/25 £0.703m) in respect of Governance, Operator Running and Product Development etc. in connection with LGPSC in 2025/26 of which £0.248m (31 March 2025 £0.168m) was payable at 31 March 2026.
Shropshire Council as the Administering Authority of the Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. If this guarantee is called this will be funded by the Pension Fund. The guarantee is on a joint and several basis with the other partner Funds in LGPS Central.

As at the 31 March 2026 LGPS Central Ltd IAS 19 figure was a surplus of £3.3m (reduced to nil value after applying the asset ceiling treatment). As the figure is not in deficit, no amount would be due from the Fund.

The guarantee only comes into effect following certain events which (directly or indirectly) cause LGPS Central to cease to be a Scheme employer or fail to pay amounts due. This is not anticipated to be a likely event. The amount of any liability calculated under IAS 19 is subject to the specific assumptions required for the calculation of such a figure under accounting standards. In the event of an exit payment being required, this would be calculated by the Actuary based on the best estimates of the actual liability at the time.

NOTE 21a: KEY MANAGEMENT PERSONNEL

The posts of Executive Director of Resources and Head of Pensions (LGPS Senior Officer) are deemed to be key management personnel with regards to the fund. The financial value of the relationship with the fund (in accordance with IAS24) is set out below:

	2025/25 £000	2024/25 £000
Short-term benefits*	150	145
Post employment benefits**	78	61
Total	**228**	**206**

* This is the Pension Fund's element of short term remuneration for key management personnel, i.e. annual salary, benefits in kind and employer contributions
** This is the change in value of accrued pension benefits, expressed as cash equivalent transfer value

22. CONTRACTUAL COMMITMENTS

The Fund has a 22.5% (~£625 million) strategic asset allocation to private market investments split Private Equity (7.5%), Infrastructure (7.5%) and Private Debt (7.5%). The Fund has a small legacy allocation (£2.4m) to Property Debt which is expected to mature over the next 6 months and be subsumed by the Private Debt allocation. It is necessary to over commit the strategic asset allocation because some of these investments will mature and be repaid before the committed capital is fully invested.

As at 31 March 2026 £362m has been committed to investments in private equity via a fund of funds manager, HarbourVest Partners (£272m) and a separate investment through LGPS Central (£90m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2026 the fund's Private Equity investments totalled £207.443m (31 March 2025 £199.616m). Commitments outstanding at the 31 March 2025 were £105m.

As at 31 March 2026 £217.7m has been committed to investment in Infrastructure via Global Infrastructure Partners (£132.7m) and LGPS Central Core/Opportunistic Infrastructure Partnership (£85m). The outstanding commitments at the 31 March 2026 were £36m (Global Infrastructure Partners £17.5m and LGPS Central Core/Opportunistic Infrastructure Partnership £18.5m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2026 the fund's Infrastructure investments totalled £154.355m (31 March 2025 £157.915m).

As at 31 March 2026 £47m has been committed to investment in Property Debt via DRC & £210m committed to investment in Private Debt via LGPS Central. The Property Debt portfolio is a legacy asset and is expected to mature over the next 6 months. As at 31 March 2026 there were outstanding commitments of £124.4m, Private Debt via LGPS Central £119.1m and Property Debt via DRC £5.3m. Investments in the Private Debt portfolio will be made as opportunities arise over the next 2-3 years. As at 31 March 2026 the fund's Property Debt and Private Debt investments totalled £2.427m & £88.972m (31 March 2025 £10.417m & £78.984m) respectively.

NOTE 23: CONTINGENT ASSETS

Twelve admitted body employers in the Shropshire County Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

NOTE 24: VALUE ADDED TAX

The Fund is reimbursed VAT by HM Revenue and Customs. The accounts are shown exclusive of VAT.

NOTE 25: CUSTODY OF INVESTMENTS

Custodial Services are provided to the Fund by Northern Trust. This includes the safekeeping of assets, the collection of income and the monitoring and execution of corporate actions in conjunction with investment managers. The Custodian also provides independent confirmation of the assets and their value held by the Fund. Securities are held on a segregated basis via a nominee account and are clearly separated from the Custodian's own assets.

NOTE 26: FUND AUDITORS

Grant Thornton has completed its audit in accordance with the Local Audit and Accountability Act 2014 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. The Audit Certificate is published within this report.

NOTE 27: PENSION FUND BANK ACCOUNT

Since April 2010 all income received for the Pension Fund has been paid into a separate pension fund bank account. The balance on this account is monitored daily and surplus cash balances invested and as at 31 March 2026 £1.34 million was invested (31 March 2025 £5.70m). The cash balance in the Pension Fund account as at the same date was in hand by £0.08 million (31 March 2025 £0.05m in hand).

NOTE 28: FUND STRUCTURE UPDATE

In June 2023 following several investment strategy workshops the Pension Committee agreed the Fund's new strategic asset allocation which is detailed below against the previous allocations:

Asset	2021 Strategic Allocation % of Fund	2023 Strategic Allocation % of Fund	Change
Targeted return funds (e.g. absolute return bonds, hedge funds, insurance linked securities)	25%	7.5%	-17.5%
Property Debt	3.5%	0%	-3.5%
Equities	50%	55%	+5%
Private Debt	4%	7.5%	+3.5%
Indirect Property	5%	5%	-
Private Equity	6.25%	7.5%	+1.25%
Infrastructure	6.25%	7.5%	+1.25%
Investment Grade Corporate Bonds	0%	10%	+10%

Implementation of the new strategy commenced in 2023/24 and continued in 2025/26. Allocation changes in respect of public markets (Equity and Investment Grade Corporate Bonds) were all completed in 2023/24. Private Market (Private Equity, Infrastructure, Debt) changes will take longer to fully implement as this involves the timing of maturities from existing investments and the drawdown of new commitments over time. This will result in additional holdings remaining in target return funds until the capital is required to meet commitments.

In September 2017, an equity protection strategy was implemented with Legal & General, one of the Fund's existing managers. The strategy has been used over time to reduce equity risk. At 31 March 2025 approximately 42% (£640m) of total global equities were being protected. The equity protection strategy has been reduced throughout 2025/26 with the final tranche removed in December 2025. The Fund had no equity protection in place at the year end. The option remains available to the Committee to equity protection in the future.

During the financial year the Fund made additional commitments of £30m to the LGPS Central Private Equity 2025 primary vintage to maintain the target allocation of 7.5%. In addition to the £30m commitment the Committee also agreed to commit £30m a new LGPS Central Secondary equities Fund. This Fund failed to launch in 2025/26 and so is not included in the Funds commitments. Under the Pensions Bill which came into force on 29 April 2026 LGPS Central will be responsible for asset allocation decisions in the 2026/27 financial year and going forward. The Fund also made increased investments with Aberdeen to increase the property allocation towards the 5% allocation.

The strategic allocation in June 2023 removed the allocation to property debt in favour of private debt. The property debt portfolio has been slowly maturing and is expected to be fully redeemed over the next 6 months with proceeds used to meet existing commitments to the LGPS Central Private Debt fund. The total proportion of the fund to debt investments remains at 7.5% but this is now reflected as private debt in the strategic asset allocation.

During the 2025/26 financial year the Funds equity investments reached the 60% upper limit (55% plus 5% tolerance) following a run of strong equity performance. The Committee agreed to reduce equities back to the 55% target allocation and replace them with a 5% investment in Government bonds (2.5% long term 15 year plus conventional bonds and 2.5% long term 15 year plus index linked bonds). This investment sits outside the 2023 strategy but reflects the reality that whilst the Fund has commitments to meet the private market allocations, the current economic environment has meant that getting the investments drawn down is taking longer than expected.

The Funds strategic asset allocation will be formally reviewed in 2026/27 following the triannual valuation results for 31 March 2025 received in March 2026.

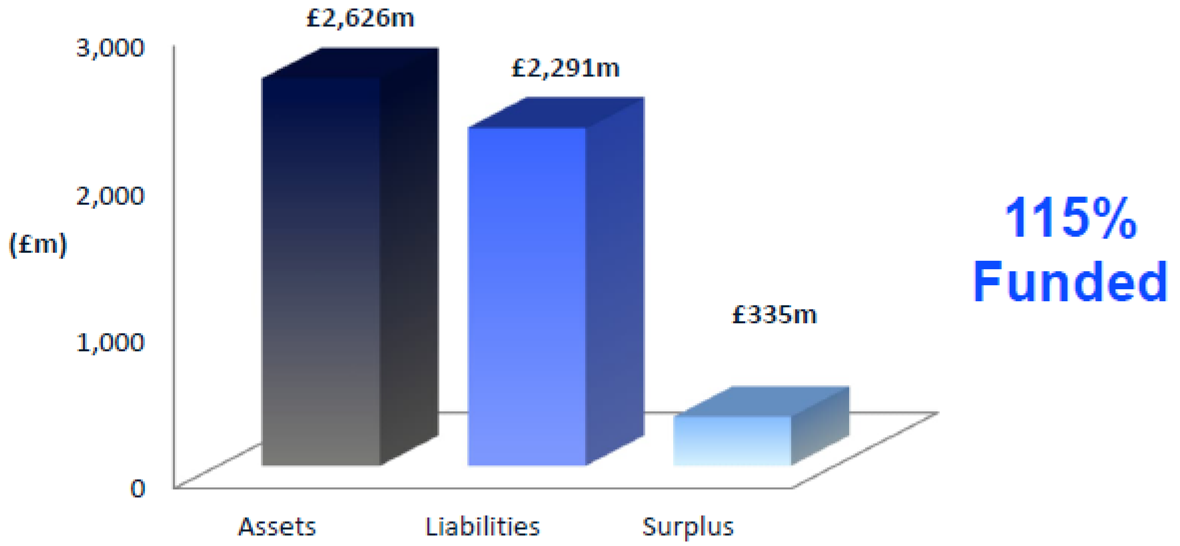
SHROPSHIRE COUNTY PENSION FUND

Accounts for the year ended 31 March 2026
Statement by the Consulting Actuary

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Shropshire County Pension Fund was carried out as at 31 March 2025 to determine the contribution rates with effect from 1 April 2026 to 31 March 2029.

On the basis of the assumptions adopted, the Fund's assets of £2,626 million represented 115% of the Fund's past service liabilities of £2,291 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £335 million.



The valuation also showed that a Primary contribution rate of 15.7% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the contributions in respect of any deficit/surplus recovery plan in respect of any deficit/surplus for each employer. At the 2025 actuarial valuation the average recovery period adopted for employers in deficit was 13 years, and the run-off period for employers with a recoverable surplus was 15 years. The resulting total "Secondary rate" for 2026/29 was, on average, a surplus offset of approximately £9m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2026.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The valuation was carried out using the projected unit actuarial method. Full yield curves were used in calculating the liabilities and the approximate single equivalent rates for the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary Contribution Rate, were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate):		
Standard	5.60% per annum	5.10% per annum
Lower risk	5.35% per annum	5.10% per annum
Rate of pay increases (long term)	3.85% per annum	3.85% per annum
Rate of increases in pensions in payment (in excess of GMP)	2.60% per annum	2.60% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2028. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2029.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes. The assumptions adopted are shown in Appendix B.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

	£m
Start of period liabilities	2,248
Interest on liabilities	128
Net benefits accrued/paid over the period*	(44)
Actuarial losses / (gains) - see below	6
End of period liabilities	**2,338**

**this includes any increase in liabilities arising as a result of early retirements*

Key factors leading to actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased over the year, with a corresponding increase in discount rate from 5.8% p.a. to 6.2% p.a. The long-term assumed CPI also increased over the year from 2.6% p.a. to 2.9% p.a. The net effect is a small reduction in liabilities.
- **Change in demographic assumptions:** As noted in Appendix B, the mortality assumptions have been updated to reflect the latest mortality study carried out for the 2025 actuarial valuation. This acts to slightly reduce the liabilities.
- **Pension increases / inflation experience:** The figures allow for the impact of actual CPI over the year compared to the start of period assumption (experience to September 2025 fed into the April 2026 pension increase of 3.8%, and actual inflation from that point will feed into the 2027 increase). As inflation over the year was higher than the long-term assumption, this slightly increases the liabilities.
- **Allowance for 2025 actuarial valuation results:** The figures allow for the now completed 2025 actuarial valuation of the Fund. The effect of this is a small increase in liabilities.

Mark Wilson
FIA C.Act

Michelle Doman
FIA C.Act

Mercer Limited
May 2026

Appendix A - additional considerations

The "McCloud judgment": The figures above allow for the impact of the judgment based on the remedy and the data provided for the 2025 actuarial valuation.

GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

Market volatility: There was significant volatility in markets both shortly before and after the accounting date. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

Virgin Media Court Case: Our current understanding is that, while HM Treasury are still assessing the implications, they do not believe the case is relevant to public service pension schemes. Given this, and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

Appendix B – financial and demographic assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2026 (the 31 March 2025 assumptions are included for comparison):

Financial assumptions

	31 March 2025	31 March 2026
Rate of return on investments (discount rate)	5.80% per annum	6.20% per annum
Rate of CPI inflation/Care benefit revaluation	2.60% per annum	2.90% per annum
Rate of pay increases	3.85% per annum	4.15% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.70% per annum	3.00% per annum

Post retirement mortality (normal health)

	31 March 2025 (M/F	31 March 2026 (M/F)
Base mortality table	SAPS 4 / SAPS 4 middle	SAPS 4 / SAPS 4 middle
Future improvements	CMI 23 1.5%	CMI 24 1.5%
Other choices	S=7, A=0 W20=W21=0%, W22=W23=15%	Core Underlying
Non-retired member (current age 45):		
Weightings	101% / 93%	108% / 98%
Life expectancies at age 65	23.1 / 26.0	22.9 / 25.7
Retired members (current age 65):		
Weightings	96% / 92%	103% / 95%
Life expectancies at age 65	21.8 / 24.3	21.6 / 24.2

The start of period assumption is set based on the most recent mortality analysis as at the previous accounting date (so from the 2022 actuarial valuation), but with:

- an update to the future improvement model (CMI 2023)
- an update to the base tables (S4 tables, with a reweighting to maintain consistency with the underlying mortality analysis)

The end of period base tables are set based on the updated analysis undertaken as part of the 2025 actuarial valuation (note that the 1.5% improvement rate is still our best estimate assumption).

Other demographic assumptions
The other demographic assumptions as at the start of period are the same as those used for 2022 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2023.

Those as at the end of period are the same as those used for 2025 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2026.

Independent auditor's report to the members of Shropshire Council on the pension fund financial statements of Shropshire County Pension Fund

WILL BE UPDATED FOLLOWING AUDIT OF PENSION FUND ACCOUNTS

Pension Fund Accounts

Section 10

Glossary

Glossary

Accountable Body	An accountable body receives external funding and is responsible for the financial management of these funds, therefore the accountable body must ensure that robust accounting and performance management arrangements are in place with regard to the distribution and spending of these funds.
Accounting Concepts	The basis on which an organisation's financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.
Accounting Policies	The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements.
Accumulated Absences Account	The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.
Accruals	The accruals accounting concept requires the non-cash effect of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received.
Actuarial Basis	The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.
Actuarial Gain	This may arise on defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated).
Actuarial Loss	These may arise on defined benefit pension scheme liabilities and assets. A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).

Glossary

Adjusted Capital Financing Requirement	The value of the Capital Financing Requirement after it has been adjusted by the value of Adjustment A.
Adjustment A	The difference between the Council's Credit Ceiling and Capital Financing Requirement to ensure that the impact of the Prudential Code (effective from 1 April 2004) is neutral on the Council's revenue budget. Once calculated the figure is fixed.
Appropriation	The transfer of sums to and from reserves, provisions and balances.
Asset Ceiling	This is the limit on the amount of surplus (net assets) that an employer an recognise on their balance sheet for a defined benefit pension scheme. The limit is based on the present value of any economic benefits the employer can derive from the surplus.
Assets	These are economic resources that can include anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value.
Associated Company	An organisation in which the Council has a participating interest and over which it can exercise significant influence without support from other participants in that organisation (e.g. other board members etc.). The exercise of significant influence occurs when one organisation is actively involved and is influential in the direction of another organisation through its participation in policy decisions including decisions on strategic issues. A holding of 20% or more of the voting rights of an organisation is generally recognised as being a significant influence.
Balances	Amounts set aside to meet future expenditure but not set aside for a specific purpose.
Balance Sheet	The financial statement that reports the financial position of an organisation at a point in time, for Shropshire Council this is the 31st March. It shows the balances and reserves at the Council's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the non-current assets held.

Glossary

Below the Line Items	Items that are notionally allocated to services to arrive at the "Net Cost of Service". Below the line items include depreciation and IAS19 pension costs.
Bonds	Investment in certificates of debts issued by a Government or company. These certificates represent loans which are repayable at a future date with interest.
Borrowing	Loans from the Public Works Loans Board and the money markets which finance the capital programme of the Council.
Budget	The financial plan reflecting the Council's policies and priorities over a period of time i.e. what the Council is going to spend to provide services. This is the end product of a budget strategy.
Budget Strategy	A plan of how the Council is going to meet its policies and priorities, taking account of the resources available to the Council. This will include proposals for efficiency savings and possibly service changes and/or cuts, which may free resources to spend on other policies and priorities.
Cabinet	The group of members (local councillors) that provide the executive function of the Council within the policy parameters set by Council. This group of members is able to exercise considerable control over the Council. Its decision- making powers are set out in the Council's Constitution.
Capital Adjustment Account	The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provision. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.
Capital Expenditure	Expenditure on items that have a life of more than one year, such as buildings, land, major equipment.

Capital Financing Requirement (CFR)	This sum represents the Council's underlying need to borrow for capital purposes. It is calculated by summing all items on the balance sheet that relate to capital expenditure, e.g. non-current assets, financing leases, Government grants deferred etc. The CFR will be different to the actual borrowing of the Council as actual borrowing will relate to both capital and revenue activities and it is not possible to separate these sums. This figure is then used to calculate the Council's Minimum Revenue Provision.
Capital Grants Unapplied	The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.
Capital Receipts	The proceeds from the sale of non-current assets such as land and buildings. These sums can be used to finance new capital expenditure.
Capital Receipts Reserve	The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.
Capitalised Expenditure	Represents expenditure on assets. This expenditure is reflected in the value of assets that are reported in the Balance Sheet and will result in increased depreciation costs to the Income and Expenditure Account.
Cash Equivalents	Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Cash Flow Statement	The financial statement that summarises the Council's inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Code of Practice on Local Authority Accounting (Code)	A publication produced by CIPFA that provides comprehensive guidance on the content of a Council's Statement of Accounts.

Collection Fund	A separate statutory fund which records Council Tax and Non-Domestic Rates collected, together with payments to precepting authorities (e.g. Police Authorities, Fire Authorities etc.), NDR distribution to Central Government and the billing Council's own General Fund.
Collection Fund Adjustment Account	The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
Comprehensive Income and Expenditure Statement	This is fundamental to the understanding of a Council's activities. It brings together all of the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise Council Tax according to different rules and for the ability to divert particular expenditure to be met from capital resources.
Constitution	The document that sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people.
Contingent Liability	Potential costs that the Council may incur in the future because of something that happened in the past.
Corporate Bonds	Investments in certificates of debt issued by a company. These certificates represent loans which are repayable at a future date with interest.
Council	The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.
Council Tax	A local taxation that is levied on dwellings within the local Council area. The actual level of taxation is based on the capital value of the property, which is split into 8 bands from A to H, and the number of people living in the dwelling.

Glossary

Council Tax Base	To set the Council Tax for each property a Council has to first of all calculate the council tax base. This is a figure that is expressed as the total of band D equivalent properties. The total amount to be raised from Council Tax is divided by this figure to determine the level of tax for a band D property. The level of tax for the other bands of property are calculated by applying a predetermined ratio to the band D figure.
Council Tax Precept	The amount of income due to the Council in respect of the total Council Tax collected.
Credit	A credit represents income to an account.
Credit Ceiling	A term from the old Local Authority capital expenditure system, the credit ceiling represented the Council’s total debt outstanding after taking account of sums set aside to repay borrowing.
Creditors	Represents the amount that the Council owes other parties.
Debit	A debit represents expenditure against an account.
Debt Charges	This represents the interest payable on outstanding debt.
Debtors	Represents the amounts owed to the Council.
Dedicated Schools Grant (DSG)	A specific grant paid to Local Authorities to fund the cost of running its schools.
Dedicated Schools Grant (DSG) Adjustment Account	The Dedicated Schools Grant (DSG) Adjustment Account holds any DSG deficit separately from the Council’s General Fund.
Deferred Capital Receipts Reserve	The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts.
Deficit	Arises when expenditure exceeds income or when expenditure exceeds available budget.

Glossary

Depreciation	The accounting term used to describe the charge made representing the cost of using tangible non-current assets. The depreciation charge for the year will represent the amount of economic benefits consumed in the period, e.g. due to wear and tear over time.
Direct Revenue Financing	The cost of capital projects that is charged against revenue budgets.
Equities	Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholder's meetings.
Estimation Techniques	The methods adopted by an organisation to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves.
Exceptional Financial Support	This refers to emergency capitalisation packages granted by the UK government to local councils facing severe deficits to use capital resources, like borrowing or asset sales, to fund day-to-day services.
Exceptional Item	Material Items which derive from events or transactions that fall within the ordinary activities of the council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.
Finance Lease	A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. The payments usually cover the full cost of the asset, together with a return for the cost of finance.
Financial Instruments	Financial instruments are formally defined in the Code as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The definition is a wide one, it covers the treasury management activity of the Council, including the borrowing and lending of money and the making of investments. However, it also extends to include such things as receivables and payables and financial guarantees.

Glossary

Financial Instruments Adjustment Account	The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.
Fixed Interest Securities	Investments in mainly Government but also company stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange before the repayment date.
Futures	A contract made to purchase or sell an asset at an agreed price on a specified future date.
General Fund Balance	The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. The General Fund Balance is the reserve held by the Council for general purposes, i.e. against which there are no specific commitments. That said it is prudent and sensible for these sums to be treated as a contingency to protect the Council's financial standing should there be any financial issues in the year.
Going Concern	The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.
Group Accounts	Where a Council has an interest in another organisation (e.g. a subsidiary organisation) group accounts have to be produced. These accounts report the financial position of the Council and all organisations in which it has an interest.
Hedge Funds	An investment fund that uses sophisticated investment strategies to profit from opportunities on financial markets around the world. These strategies include borrowing money to make investment, borrowing shares in order to sell them and profiting from company mergers.

Heritage Assets	These are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Council principally for their contribution to knowledge and culture.
Housing Revenue Account	The Housing Revenue Account reflects the statutory obligation to maintain a revenue account for the local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. This account includes the revenue costs of providing, maintaining and managing Council dwellings are charged. These costs are financed by tenants' rents and government housing subsidy.
Impairment	Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (e.g. fire at a school) or a deterioration in the quality of the service provided by the asset (e.g. a library closing and becoming a storage facility), or by a general fall in prices of that particular asset or type of asset.
Index Linked Securities	Investments in Government stock that guarantee a rate of interest linked to the rate of inflation. These securities represent loans to Government which can be traded on recognised stock exchanges.
Inflow	This represents cash coming into the Council.
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards are issued by the International Accounting Standards Board (IASB) to develop a single set of financial reporting standards for general purpose financial statements.
Investments	An asset which is purchased with a view to making money by providing income, capital appreciation or both.
Joint Venture	An organisation in which the Council is involved where decisions require the consent of all participants.
LDI	Liability driven investment (LDI) strategies aim to enable pension funds to reduce risk and improve funding levels by reducing volatility over time. Because the value of future pension payments is directly linked to inflation, interest rates and the longevity of Fund members, Funds have sought investments linked to such factors.

Leases	A method of funding expenditure by payment over a defined period of time. An operating lease is similar to renting, the ownership of the asset remains with the lessor and the transaction does not fall within the capital control system. Finance leases are more akin to borrowing and do fall within the capital system.
Liabilities	An obligation to transfer economic benefits. Current liabilities are usually payable within one year.
Liquid Resources	These are resources that the Council can easily access and use, e.g. cash or investments of less than 365 days.
Major Repairs Reserve	The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.
Managed Funds	A type of investment where a number of investors pool their money into a fund which is then invested by a fund manager.
Materiality	Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the reader of the accounts. Materiality has both quantitative and qualitative aspects.
Minimum Revenue Provision (MRP)	A minimum amount, set by law, which the Council must charge to the income and expenditure account, for debt redemption or for the discharge of other credit liabilities (e.g. finance lease).
Movement in Reserves Statement	This provides a reconciliation showing how the balance of resources generated/consumed in the year links in with statutory requirements for raising Council Tax.
Non Domestic Rates (NDR)	Taxation that is levied on business properties. This is collected by billing authorities and then distributed to preceptors and Central Government.
Net Book Value	The amount at which non-current assets are included in the balance sheet. It represents historical cost or current value less the cumulative amounts provided for Depreciation or Impairment.

Glossary

Net Expenditure	The actual cost of a service to an organisation after taking account of all income charged for services provided.
Net Cost of Service	The actual cost of a service to an organisation after taking account of all income charged for services provided. The net cost of service includes the cost of depreciation relating to non-current assets.
Non-Current Assets	Tangible assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.
Operating Lease	A lease where the asset concerned is returned to the lessor at the end of the period of the lease.
Outflow	This represents cash going out of the Council.
Outturn	Actual expenditure within a particular year. In the Narrative Report this expenditure is stated before taking into account Depreciation and other Below the Line Items.
Pension Reserve	The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.
Post Balance Sheet Event	Those events both favourable and unfavourable, that occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the Responsible Financial Officer.
Precept	The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the council on their behalf. A body which can set a precept is called a preceptor.

Glossary

Primacy of Legislation	The accounting concept primacy of legislation applies when accounting principles and legislative requirements are in conflict, in such an instance the latter shall apply.
Prior Period Adjustments	These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.
Private Finance Initiative (PFI)	A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.
PFI Credits	The financial support provided to Local Authorities to part fund PFI capital projects.
Provisions	Provisions represent sums set aside to meet specific future expenses which are likely or certain to be incurred, as a result of past events, where a reliable estimate can be made of the amount of the obligation.
Prudence	This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
Prudential Borrowing	The amount of borrowing undertaken by the Council to fund capital expenditure, in line with affordable levels calculated under the Prudential Code.
Prudential Code	The Government removed the extensive capital controls on borrowing and credit arrangements from 2004/05 and replaced them with a Prudential Code under which each Council determines its own affordable level of borrowing. The Prudential Code requires authorities to set specific prudential indicators e.g. affordable borrowing limit on an annual basis.
Public Works Loans Board (PWLB)	A Government agency providing long and short term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.
Public Sector Bonds	Investments in certificates of debt issued by Government. These represent loans to Governments which are tradable on recognised stock exchanges.

Revaluation Reserve	The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost, used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised. The Reserve contains only revaluation gains accumulated since April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.
Revenue Expenditure	Expenditure on the day to day running costs of the Council, such as salaries, wages, utility costs, repairs and maintenance.
Revenue Expenditure Funded By Capital Under Statute	Expenditure incurred during the year that may be capitalised under statutory provisions and does not result in the creation of non-current assets.
Revenue Support Grant (RSG)	An amount of money that Central Government makes available to Local Authorities to provide the services that it is responsible for delivering.
Reserves	Sums are set aside in reserves for specific future purposes rather than to fund past events.
Service Reporting Code of Practice (SERCOP)	Provides guidance to local authorities on financial reporting to stakeholders. It establishes ‘proper practice’ with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.
Soft Loan	This is a loan which is provided with a below-market rate of interest.
Specific Grant	A grant awarded to a Council for a specific purpose or service that cannot be spent on anything else.
Subsidiary	An organisation that is under the control of the Council (e.g. where the Council controls the majority of voting rights, etc.)
Surplus	Arises when income exceeds expenditure or when expenditure is less than available budget.

Glossary

Trading Service/Organisation	A service run in a commercial style and environment, providing services that are mainly funded from fees and charges levied on customers.
Treasury Strategy	A plan outlining the Council's approach to treasury management activities. This includes setting borrowing and investment limits to be followed for the following year.
Unit Trusts	A pooled Fund in which small investors can buy and sell units. The pooled Fund then purchases investments, the returns on which are passed on to the unit holders. It enables a broader spread of investments than investors could achieve individually.
Unquoted Equity Investment	Investments in unquoted securities such as shares, debentures or unit trusts which are not quoted or traded on a stock market.
Usable Capital Receipts Reserve	Represents the resources held by the Council that have arisen from the sale of non-current assets that are yet to be spent on other capital projects.
Usable Reserves	Reserves that can be applied to fund expenditure or reduce local taxation, all other reserves retained on the balance sheet cannot.
Variation	The difference between budgeted expenditure and actual outturn, also referred to as an over or under spend.
Virement	The transfer of resources between two budgets, such transfers are governed by financial rules contained within the Constitution.

Draft Statement of Accounts

2025-2026

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Have your say –

We want to know what you think of this statement of accounts.
Tell us your views by telephone (01743) 258948 or email
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If you can read this but know someone who can't, please contact us on (01743) 258948 so we can provide this information in a more suitable format such as large print, Braille and audio, or translated into another language.