

# Budget Consultation 2026/27

December 2025

## Our financial challenge

We expect to spend more money than we have coming by the end of March 2026. This financial pressure is likely to continue into next year and beyond.

The main reason for the projected overspend is the ongoing challenge and rising costs of providing key services, especially those for adults and children. Additionally, 36% of savings planned to be delivered in the past three years have not been achieved.

We are committed to finding efficiencies and making savings, but these changes require robust plans and will take time — they cannot be made immediately.

Because of this situation, our Cabinet declared a financial emergency in September 2025.

## Why rural councils like Shropshire pay more to deliver services

Rural councils like ours face higher costs because of their size, dispersed population, and the need to maintain extensive infrastructure. Lower government funding and the loss of special grants make it harder to provide essential services, forcing councils to rely more on council tax or make difficult cuts.

- **Large area, dispersed population** - Shropshire is one of England's largest council areas, covering about 1,200 square miles (over 320,000 hectares). Its population is spread out, not concentrated in towns. This means services must reach people living far apart, which increases costs for everything from road repairs to waste collection.
- **Road network and maintenance** - we manage over 3,200 miles of roads—enough to stretch from London to New York. Most roads are minor and rural, vital for connecting isolated communities and businesses. Maintaining such a vast network means more potholes and higher costs than in urban areas.
- **Waste collection** - the distance between homes is much greater than in towns and cities. Fewer properties can be visited per day, so collecting and disposing of waste costs more. For example, the distance between Shrewsbury and Ludlow is similar to that between Manchester and Sheffield, which are in different council areas.
- **Community buildings and services** - a rural area needs more community buildings (like leisure centres and libraries) to serve people spread across the county. Travel costs for staff making home visits, inspections, or site visits are higher due to longer distances.
- **Public transport and social care** - public transport is more expensive to run and takes longer in rural areas. There are fewer providers for home care, which means less competition and higher costs for care services.
- **Rural deprivation is overlooked** - deprivation in rural areas is scattered, not concentrated in small neighbourhoods. As a result, rural areas often miss out on

deprivation-based funding from central government, even though hardship exists. Despite this issue, we no longer receive the rural services grant from central government (an approximate loss of £10 million per year).

## It's not just because Shropshire is a rural county...

While our rural location creates many financial pressures, there are additional factors contributing to our difficult financial position:

- **Rising demand and costs in social care** - the need for adult and children's social care is increasing, with more complex cases driving up costs.
- **Short-term savings and missed opportunities** - for years, we've relied on annual savings targets and short-term fixes, rather than making bigger, long-term improvements. From 2010 to 2016 the government slashed funding to councils like ours by 60%. At the same time, we froze council tax for six years to help local people. However, this led to a significant drop in income and made our finances less sustainable. As a result, our council tax income in 2025/26 is £26.1 million lower than it would have been if we had increased it each year. It's worth noting that this loss is **every year** so it leaves us worse off compared to councils that raised council tax steadily.
- **Savings achieved and ongoing challenges** - we have delivered £158 million in savings over the last eight years. However, 36% of savings planned to be delivered in the past three years have not been achieved, we've overspent in some service areas and have used our savings (otherwise known as reserves) to balance the budget.

## The difference between capital and revenue budgets

All councils, including Shropshire, manage two main types of budgets: capital and revenue. Each serves a different purpose:

### Revenue budget – everyday running costs

Our revenue budget comes from things like council tax and any income we make. It covers our everyday services and operations — the things that keep your communities running smoothly. This includes:

- Paying staff wages.
- Running services such as waste collection, street cleaning, libraries, and leisure centres.
- Providing support for schools and safeguarding children.
- Funding adult and children's social care.
- Covering utility bills and maintenance for our buildings.

### Capital budget – long-term investments

Our capital budget comes from things like borrowing, selling things and developer contributions like the Community Infrastructure Levy (CIL). It is for big, one-off projects that

create or improve assets and infrastructure — things that last for many years. **This budget cannot be used for day-to-day running costs.** It funds projects such as:

- Building new schools or leisure centres.
- Major repairs or upgrades to roads and bridges.
- Buying land, vehicles, or equipment for our use.
- Large regeneration projects like improving our town centres or parks.

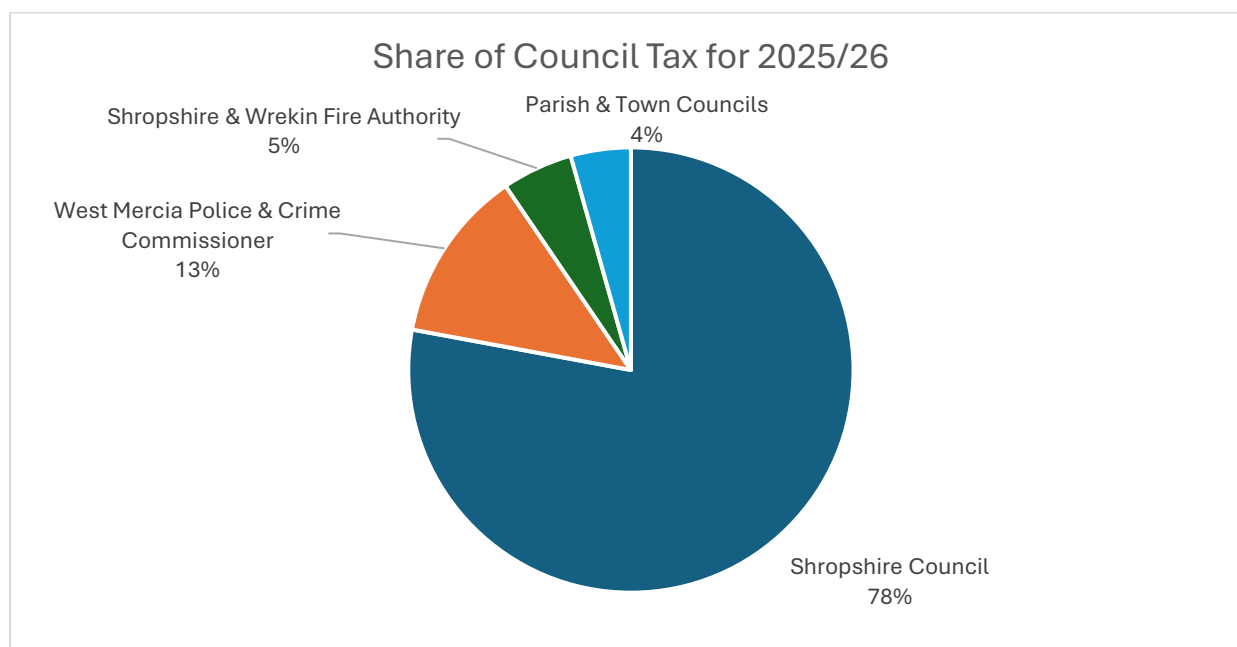
If you were to plan your finances in a similar way, your “revenue budget” would be for everyday expenses — like rent, food, or monthly subscriptions. These are regular costs you pay to keep things running smoothly. Your “capital budget” would be for big, one-off purchases — like buying a house or a car. These are investments that last a long time.

### Why is this important?

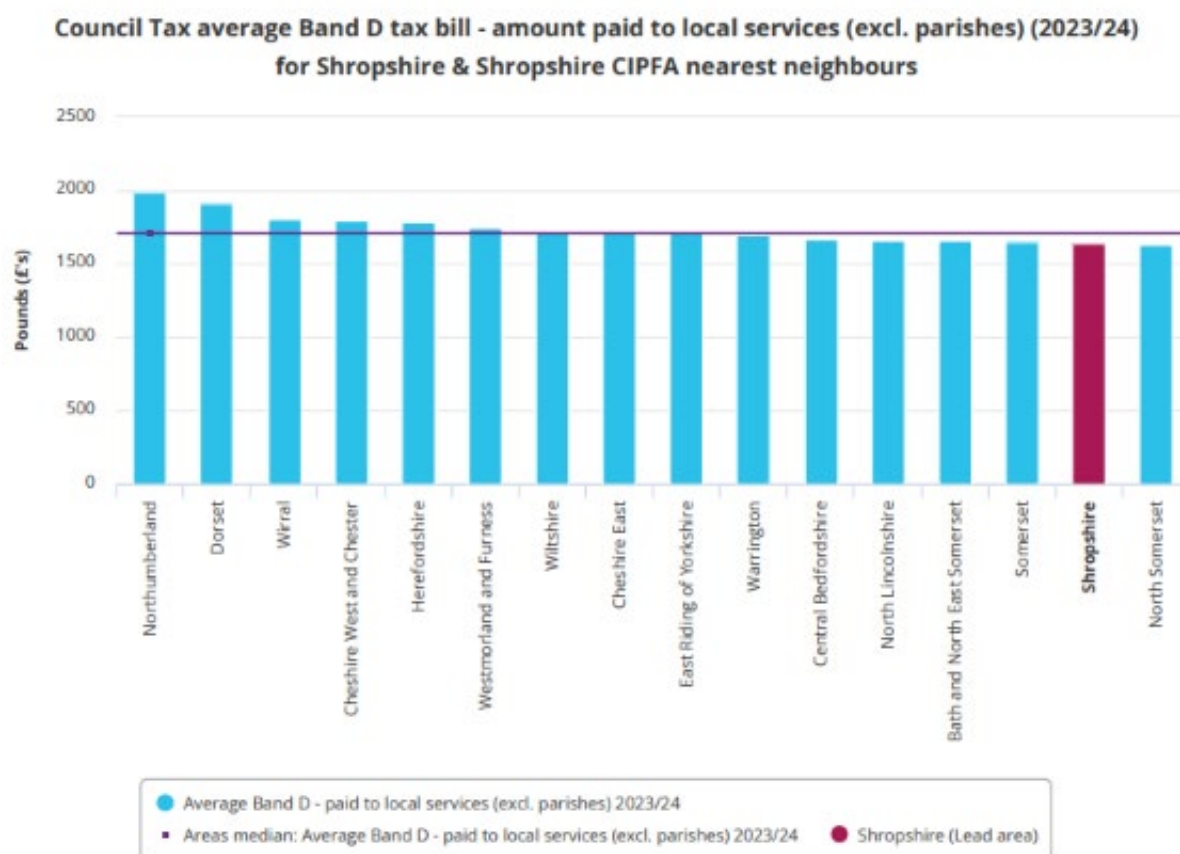
Capital funds are ringfenced. **Money set aside for capital projects can’t be used to pay for services.** For example, funds allocated to build a new road cannot be used to pay for social care staff salaries **and we can’t sell the things we own to pay for cleaning our streets.** Revenue funds keep services running. Without enough revenue, councils like us struggle to deliver essential services that you rely on every day.

## Council tax and council income

Council tax is collected by us and used to support local public services. The chart below shows how council tax was spent in 2025/26.



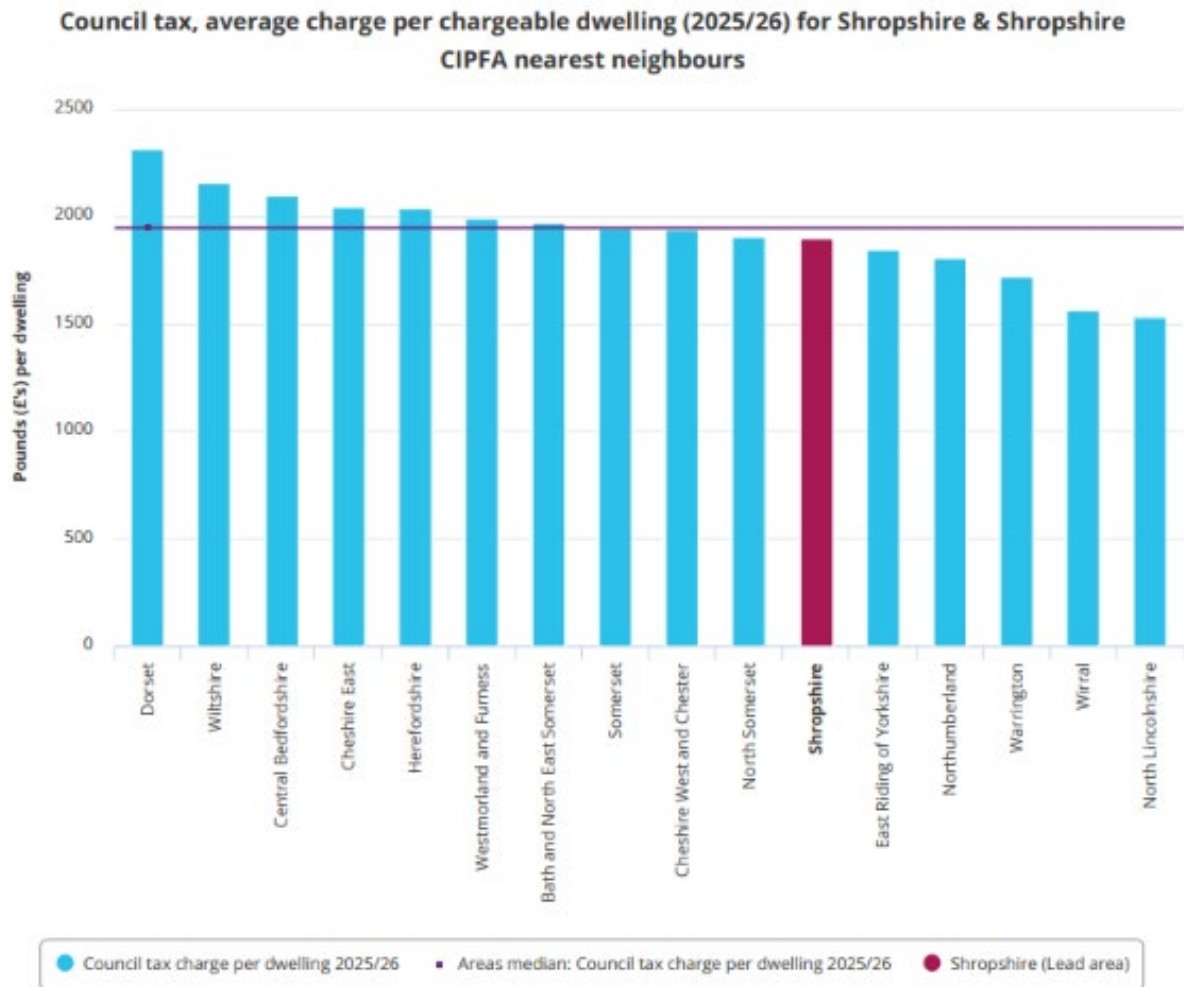
Benchmarking data for 2023/24 shows that the average council tax band D for Shropshire was £1,639.01. This is below the median for other similar local authorities at £1707.39 (using Chartered Institute of Public Finance and Accountancy (CIPFA) data).



**Source:**

Ministry of Housing, Communities and Local Government, Council Tax levels set by local authorities, [Council tax average Band D tax bill - amount paid to local services \(excl. parishes\)](#) , **Data updated:** 30 Apr 2025

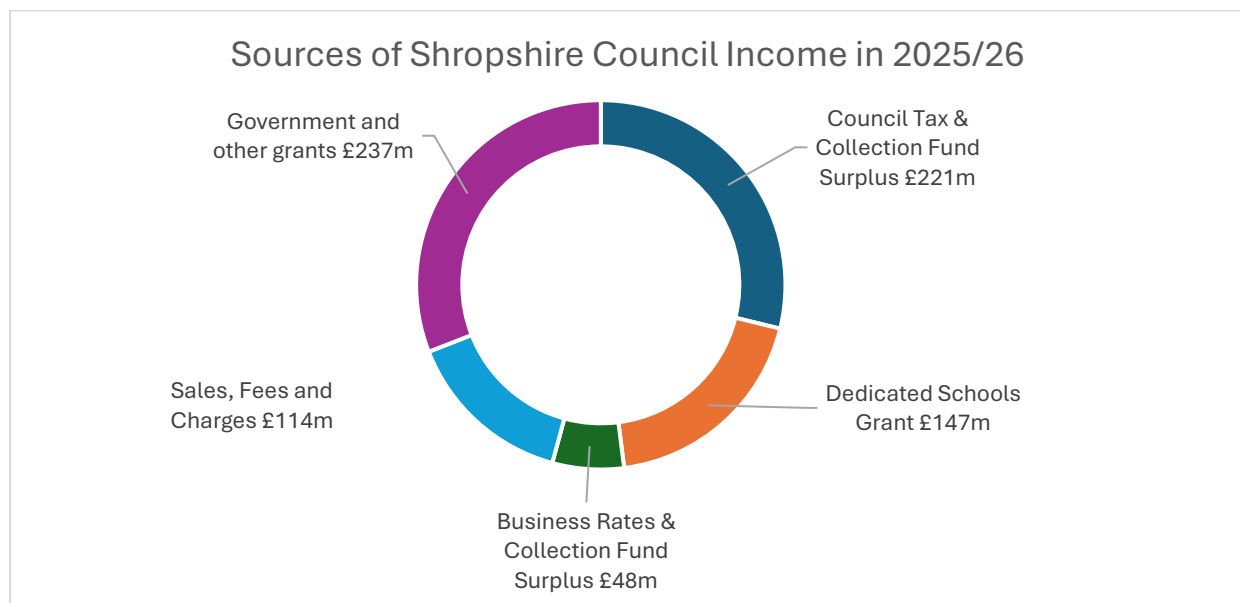
In 2023/24 the average council tax a resident pays before local discounts and council tax support in Shropshire was £1,701.78. This was below the CIPFA nearest local authority neighbours' median of £1,703.49.



**Source:**

Ministry of Housing, Communities and Local Government, Council tax, Council tax, average charge per chargeable dwelling, Data updated: 30 Apr 2025

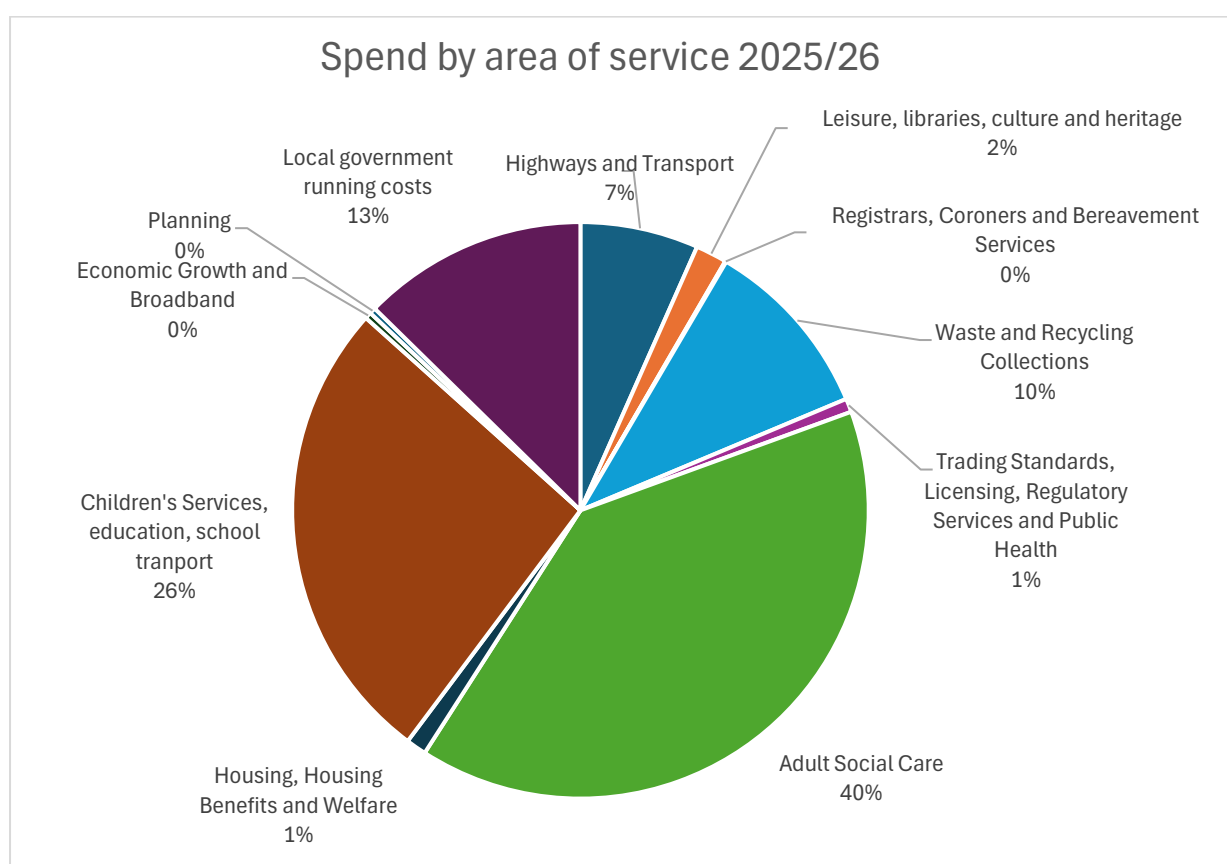
In addition to council tax, we have other sources of income, and these are shown in the following chart for 2025/26.



Each year, we divide our available budget between different service areas. For 2025/26, a large part of our spending went towards supporting children, families, and adults who need social care.

- **Social care accounts for about 66% of our total spending.**
- This means two-thirds of every pound we spend goes to helping people who need extra support.
- The remaining budget is shared between other services, such as maintaining roads, collecting waste, running libraries and leisure centres, and supporting local communities.

The chart below shows that most of our money is dedicated to social care, with smaller portions allocated to other services.



## Our plans to improve and become sustainable

We know that we need to improve.

To do this, we need robust plans in place to stabilise our finances now and create a sustainable council in the future.

Since declaring a financial emergency in September, we have:

- Introduced several measures to stop and reduce our spending.
- Asked the Ministry of Housing, Communities and Local Government (MCHLG), the government department responsible for funding local councils, to borrow money to help us to continue to deliver services until the end of this financial year, and over the following year. We will make sure that we only borrow what we need as this will need to be paid back over time.
- Received free help and guidance from the Local Government Association (LGA) following a Corporate Peer Review in July.
- Established an Improvement Board to oversee and support our improvement journey, led by an Independent Chair.

While these will help us to stabilise, we are also planning for the future.

A big part of this is improving what we do and how we do it to become sustainable, eventually without the need for further financial support from the government.

The main ways we plan to do this will include:

- Our Improvement Plan which will help us to get better at managing our finances, be clearer on our priorities, and continue to support our workforce to excel.
- Our People Plan, which will address workforce development and organisational culture.
- Getting the basics right. This includes addressing six years of limited assurance as identified by internal audit and the statutory recommendation which was outlined in a recent external audit by Grant Thornton.
- Investing in the right people and places. In the past, we've made some savings in the wrong places. We will build capacity where it's needed, allowing us to reduce our risk and bring money into the council where possible. We plan to do this using some of the money we borrow from the government.
- Increasing our income. This could include things like increasing fees and charges where appropriate to do so, selling the things that we own, investing in things that return a profit and increasing council tax, all of which are yet to be decided.
- Making difficult decisions on spending and service delivery.
- Looking carefully at our contracts as one organisation and getting best value for money.
- Asking the government for financial help and fairer calculations for funding allocations.

## **We want to hear from you**

We have some very difficult decisions to make to set a balanced budget for the financial year ahead. It is therefore very important that we hear from those of you who live, work and visit Shropshire, to help us to better understand the things that matter most to you.

Please complete the survey provided to share your comments. Alternatively, you may email: [TellUs@shropshire.gov.uk](mailto:TellUs@shropshire.gov.uk) or write to: Tell Us, Feedback and Insight Team, Shropshire Council, PO Box 4826, Shrewsbury SY1 9LJ.



If you, or a family member, need an alternative format of the budget consultation materials please contact Customer Services on **0345 678 9000** and explain any support you need to allow you to respond.

You may also visit your local library to request support completing the budget consultation.

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- Ellesmere Library
- Gobowen Library
- Highley Library
- Library at the Lantern
- Ludlow Library
- Market Drayton Library
- Much Wenlock Library
- Oswestry Library
- Pontesbury Library
- Shifnal Library
- Shrewsbury Library
- Wem Library
- Whitchurch Library

The survey will close on **Friday 16 January 2026**.

#### **Sources:**

- Shropshire Council's Council Tax Guide 2025-26
- Shropshire Council's Improvement Plan
- Auditor's Annual Report 19 11 205
- ADASS and Local Government Association – Adult Social Care Efficiency Programme
- Corporate Peer Challenge Position Statement, Shropshire Council July 2025
- Local Government Association – Are you being served? Benchmarking residents' perceptions of local government.
- Local Government Association – Must Know Capital Expenditure
- A New Direction for Shropshire Council

