Agenda No

7i+ii

SHREWSBURY TOWN COUNCIL
FINANCE AND GENERAL PURPOSES COMMITTEE
8th December 2025

Officer: Andy Watkin – Head of Resources (RFO)

BUDGET PROPOSALS

Purpose of the Report

The Council annually in January must set its budget for the following financial period (2026/27) along with the precept. The forecast for the current year (2025/26) is also prepared.

This process commenced following the September P&R committee to start compiling information from various sources and gathering thoughts and ideas on services ahead of future meetings, and other impacts to the budget and forecast.

General Principles, implications and assumptions

In order to predict the outturn forecast, the current run rate is used along with experience and current market conditions to arrive at a forecast. The forecast leads to the production of the budget and assumptions applied increasing or decreasing revenue items. Factors to consider are:

a) Forecast Outturn of the 2025/26 budget

Apply current run rate and factor in seasonal variances and trends.

Pay award agreed and applied flat rate 3.2%

Lower interest rates will lead to lower returns for balances held

Confirmation needed on value of SLA, Q3 paid on same basis as previous two.

b) Impact of Spending Review and local budgetary pressures

From the recent spending review, the main implication was in relation to Non Domestic Rates (business rates) the multiplier was reduced to 43.2p from 49.9p. But, a revaluation has taken place with Rateable value increasing so anticipated increase in costs will be £7,611

Last year National Insurance Employer contributions increased. Town and Parishes still do not benefit from rebate/exemptions afforded to Shropshire Council.

There appears no substantial additional funding, therefore a real terms reduction for the sector which will impact Shropshire Council and trickledown to STC. More unitary councils are making comments they are perilously close to issuing a section 114 notice.

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c) Inflationary pressures and impacts on the revenue budget

Inflation per ONS statistics after increasing last year are now decreasing and currently stands at 3.6% but considerably higher than the Bank of England target 2%. It will remain sticky and expected to end 2026 at 2.7% before settling back around the target in 2027 Q3.

The Council's basket of goods is different, and comparison of prices over the past year is as follows when compared to last year:

- Diesel/oil +5 %
- Petrol -3%
- Waste +12%
- Seeds/ferts 3.13% (average)
- Maintenance 1.78% (average)

Apply3% for seeds/ferts, 2% increase in maintenance and repair costs and 0% change for fuel and 2% across the other costs unless an external provider has more accurate figures such as WME for gas 3.9 % and electricity 12.4%.

The pay award is agreed nationally by the unions, no indication given as current year only agreed but general estimate of 3% should be included.

d) Interest rates

The Bank of England base rate is falling although not as quickly as expected and stands at 4%. Rates are expected to be 3.25% by end of 2026 and falling to 3% by March 2027.
The Bank of England has indicated they will be gradual to make sure inflation stays closer to its target.

Bond yields are decreasing, and a lower rate should be expected and factored in and applied to investment returns.

e) Tax base calculations

The tax base for 26/27 if ratified by Shropshire Council cabinet on 11th December 2025 would increase from 27,453.97 to 27,713.12 a 0. 95% increase, considerably less than the 3% typical increase. The current band D rate is £87.04 and was increased by 31% last year a £20.62pa increase.

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Revenue expenditure items from committees, members and officers for consideration

Ideas for changes, improvements and reductions to services sought from the member, committee chairs and officers suggestions received to date are:

- Members
    i) Whilst no specific suggestions some members asked to see continuation of projects around footpaths and lighting
    ii) Bunds to prevent illegal campers at radbrook, land not owned by STC
    iii) Street zoning to prevent overnight camping along Sydney avenue in motorhomes, SC have insufficient budget estimate £5k
    iv) Reinstate litterbins Castlewalk Rec

- Committee Chairs
    v) Planning committee £5k pa for annual consultation local plan etc
    vi) Communities & Environment £41k pa to contribute to street rangers (current budget £79k-£120k)
    vii) Apprentice scheme
    viii) Castlefields community centre
    ix) Play area enhancements –2 per year £120k

- Officers including SMT
    x) Transformation manager £56k – 2 year contract
    xi) Increase in seasonal watering assistance £10k pa
    xii) PT personnel officer £20k pa
    xiii) Admin officer £32.5k pa
    xiv) Senior officer to expand capacity £56k pa
    xv) Increase in professional fees for new legislation audits £19k pa
    xvi) Increase in building maintenance costs to meet new legislation £20k pa est also using EMR
    xvii) Additional email access for staff £5k pa

Funding options

- A sum of £150k was allocated for future projects which meet vision objectives annually which can be utilised for one off projects
- Earmarked funds could be utilised if one held
- Revenue budgets if relatively small and non recurring
- Neighbourhood fund if criteria met
- Precept, add to core costs

RECOMMENDED:

(i) General principles implications are noted and agreed and applied to forecast and budget

(ii) Revenue items proposed by committee chair and members to be discussed and confirmation of additions for 26/27 plan with funding stream

(iii) Suggestions from officers and SMT added to budget and financed by savings or increase in precept