Shrewsbury Town Council

Medium-Term Financial Plan 2026/27 to 2028/29

July 2026

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Medium Term Financial Plan

1. Foreword

Shrewsbury Town Council's Medium-Term Financial Plan (MTFP) sets out the Council's financial strategy for the period 2026/27 to 2028/29. This period represents a significant stage in the development of the Council, characterised by a step-change in responsibility, service delivery and investment ambition.

The Plan has been prepared against a backdrop of continued economic uncertainty, ongoing cost pressures within local government, and sustained financial instability within the wider local government sector. However, it also reflects a period in which Shrewsbury Town Council has deliberately chosen to expand its role in order to protect valued services, safeguard community assets, and respond to resident expectations for decisions to be taken at the most local level possible.

In recent years, the Council has moved beyond a traditional town council role. It has significantly increased its direct operational delivery, including the assumption of streetscene services, an expanded role in the management and support of markets, increased stewardship of land and built assets, and further investment in community infrastructure, climate action and the public realm. While these developments have been influenced by financial pressures within Shropshire Council, they are also the result of a clear community mandate, demonstrated through extensive consultation and engagement, to "step up" locally.

This evolving role has clear financial implications. Inflation remains volatile for several key cost drivers including energy, insurance, service contracts and supplies. Staffing costs continue to rise due to increases in the National Living Wage and ongoing pressures on the local government pay framework. At the same time, the Council faces increasing medium- and long-term capital commitments linked to its growing asset base, climate commitments, and the need to invest in service resilience and quality.

The Medium-Term Financial Plan therefore seeks to strike a careful balance between:

- recognising the continued impact of the cost-of-living crisis on residents;
- sustaining and improving the quality of local services and community assets; and
- maintaining a financially resilient, well-governed and sustainable organisation.

The Plan sets out a prudent and transparent framework for managing these pressures. It assesses the key financial risks facing the Council, forecasts future revenue and capital commitments, and explains how the Council will make informed decisions on annual budgets, use of reserves and future precept levels.

Shrewsbury Town Council enters this planning period from a position of relative financial strength, with sound governance, healthy reserves and a strong track record of effective financial management. This Plan builds on those foundations to ensure that the Council remains capable of meeting the needs of its residents, protecting local services and assets, and delivering value for money throughout the medium term.

Section 1 – Introduction and Background

Purpose of the Medium-Term Financial Plan

1.1 This Medium-Term Financial Plan (MTFP) covers the three-year period from 2026/27 2028/29 and provides a structured and forward-looking assessment of the Council's financial position, risks and priorities over that period.

1.2 The primary purpose of the MTFP is to establish a clear, robust and sustainable financial strategy that supports the Council in delivering its strategic ambitions, responding to community priorities, and managing increasing responsibilities, within the resources locally raised and democratically agreed by residents of Shrewsbury.

1.3 Strategic financial planning is particularly important in the current climate. While national inflation has reduced from previous peaks, cost pressures remain elevated in key areas such as staffing, energy, insurance, technology and contracted services. Uncertainty around future public sector funding and local government reform continues to create an unpredictable financial environment.

1.4 The MTFP plays a crucial role in linking the Council's Corporate Plan and strategic objectives with its financial decision-making. It ensures that revenue and capital resources are aligned with clearly defined priorities, and that decisions to invest in services, assets and initiatives are supported by a realistic assessment of affordability and financial risk.

1.5 The Plan describes the national and local financial context in which the Council will operate, identifies the key influences and challenges likely to affect its finances, and sets out how these pressures will be managed over the medium term.

1.6 Indicative Revenue and Capital Budget forecasts are included, alongside projections for council tax levels, balances and reserves. These forecasts are based on prudent assumptions and are intended to inform decision-making, rather than predetermine future budget outcomes.

1.7 Producing and updating the MTFP annually enables the Council to:

- take a strategic and planned approach to future spending and investment;
- strengthen the link between community priorities and financial decisions;
- provide a clear and understandable framework for budget setting;
- ensure transparency in how financial decisions are made and monitored;
- regularly review service costs, income generation and value for money; and
- maintain financial resilience while responding flexibly to changing circumstances.

1.8 As part of the annual budget process, the Council has:

- reviewed its strategic objectives and governance priorities;
- considered ongoing feedback from residents through surveys, engagement activity and ward representation;
- assessed the resources required to sustain existing services and meet unavoidable cost pressures;
- considered the implications of new or expanded services already approved by the Council;
- reviewed likely resources available from precept, council tax base movement, income and reserves; and
- maintained a strong focus on financial sustainability, proportionality and prudent risk management.

Key Stakeholders

1.9 The MTFP is intended for use by all key stakeholders, including councillors, officers, residents, community organisations and partner bodies, and is designed to support understanding of:

- the Council's overall financial strategy;
- the pressures and risks affecting its finances; and
- the link between financial planning, service delivery and community outcomes.

1.10 The Senior Management Team, under the professional guidance of the Responsible Financial Officer (RFO), is responsible for preparing annual Revenue and Capital Budgets in accordance with this Plan and for ensuring effective budget management throughout the year.

1.11 The RFO is responsible for maintaining and updating the MTFP, advising Members on financial matters, ensuring statutory compliance, and reporting financial performance to the Council and the public.

1.12 Members of the Council are responsible for approving the MTFP, setting the annual budgets and precept, monitoring performance, and making informed decisions on investment, service changes and use of reserves.

Links with Other Strategies and Plans

1.13 The MTFP is closely linked to the Council's Corporate Plan, Capital Programme, Climate Strategy, Asset Management arrangements and Risk Management Framework. These documents collectively shape the Council's strategic and financial direction.

Consultation with the Local Community

1.14 The MTFP has been developed with regard to extensive community feedback, including the 2025 and 2026 "Have Your Say" surveys, ward-level engagement by Members, and consultation undertaken as part of recent budget-setting exercises. This engagement has consistently demonstrated support for locally delivered services and for the Council taking a more active role where necessary.

Section 2 – Financial Principles and Financial Planning Framework

Introduction

2.1 This section sets out the financial principles that underpin the Medium-Term Financial Plan and establishes the planning framework through which annual budgets and investment decisions will be developed.

Financial Principles

2.2 The Council's financial strategy is guided by the overarching principle of value for money, ensuring that resources raised locally are used effectively to deliver tangible benefits for residents and the community.

2.3 Value for money is achieved not solely through cost control, but through informed decision-making, service quality, long-term sustainability and transparency. The Council recognises that maintaining and improving local services and assets may, at times, require planned investment and justified increases in council tax.

2.4 The Council's financial principles for the period of this MTFP are to:

- take a long-term and strategic view of finances, services and assets;
- ensure that levels of spending are affordable, proportionate and aligned with strategic priorities;
- base financial decisions on prudent and realistic assumptions;
- embed a strong culture of financial responsibility and continuous improvement;
- use reserves and precept growth as strategic tools, supporting both resilience and planned investment;
- maintain balances and reserves at levels appropriate to the Council's scale, risk exposure and capital commitments; and
- ensure that Members and officers have access to timely, accurate and understandable financial information.

Financial Planning Framework

2.5 The financial planning framework provides the structure through which the MTFP is translated into annual Revenue and Capital Budgets.

2.6 Key elements of the framework include:

- annual preparation of balanced Revenue and Capital Budgets;
- prioritisation of spending that supports the Corporate Plan and community outcomes;
- clear identification of unavoidable cost pressures and service commitments;
- proportionate review of services and budgets to ensure continued relevance and efficiency;
- alignment of the Capital Programme with asset condition, climate objectives and service needs;
- maintenance of prudent balances and earmarked reserves; and
- annual review and refresh of the MTFP to reflect changing circumstances.

Section 3 – National Context and Legislative Framework

Introduction

3.1 The Council's Medium-Term Financial Plan is developed within the context of the national economic and legislative environment. While many national factors are outside the Council's direct control, they influence cost pressures, staffing, income, and the wider local government landscape within which the Council operates.

3.2 This section highlights only those national issues that have a direct and material impact on Shrewsbury Town Council's financial planning over the medium term.

National Economic Environment

3.3 The UK economy continues to experience the after-effects of the Coronavirus pandemic, geopolitical instability, and the cost-of-living crisis experienced during 2022–2024. While headline inflation has reduced significantly from previous peaks, cost volatility remains evident across a number of key expenditure areas.

3.4 Shrewsbury Town Council continues to experience above-inflation pressures in relation to staffing, energy, insurance, service contracts and supplies. These pressures have been prudently reflected in the assumptions underpinning this Plan.

3.5 Interest rates remain higher than pre-pandemic levels, which has benefited the Council in the short term through increased investment income. However, reductions in the Bank of England Base Rate are anticipated over the life of this Plan, and investment income is forecast to fall accordingly.

Government Policy and Local Government Funding

3.6 The wider local government sector continues to face significant financial instability, driven by long-term funding reductions, increasing demand for statutory services, and rising costs. These pressures have been particularly acute for upper-tier authorities responsible for adult and children's social care.

3.7 There has been no indication of direct changes to the funding framework for town and parish councils over the period of this Plan. It is therefore assumed that the current council tax system, precepting arrangements and exemption from council tax referendum principles will remain in place.

3.8 However, continued pressure on principal authorities is likely to result in increasing expectations on town and parish councils to play a greater role in service delivery, asset management and community support.

Council Tax Referendum Principles

3.9 Council tax referendum principles currently apply only to principal authorities. Town and parish councils remain exempt, although Government has indicated that it continues to monitor precept levels.

3.10 The Council has assumed that referendum principles will not be extended to town and parish councils during the lifetime of this Plan, but recognises that this remains a longer-term financial risk.

Audit and Governance Arrangements

3.11 The Council is subject to the Local Audit and Accountability Act 2014 and Accounts and Audit Regulations 2015 and is classified as a “smaller relevant body”.**3.12** The increase in the audit threshold from £6.5 million to £15 million from 2025/26 provides greater certainty for the Council, whose budget now exceeds the previous threshold. External audit costs have been prudently reflected in the financial projections.

Localism and the General Power of Competence

3.13 The Localism Act 2011 provides the legislative framework that enables town councils to take a more active role in local service delivery and community leadership.

3.14 Shrewsbury Town Council adopted the General Power of Competence following the 2025 elections. This provides the legal capacity to act innovatively in the interests of the community, subject to affordability and prudent financial management.

3.15 While the General Power of Competence enables greater flexibility, it does not provide additional funding. All new activity must therefore be supported by sustainable financial resources.

Section 4 – Local Context and Strategic Direction

Introduction

4.1 In addition to national influences, the Council's medium-term financial planning must respond to local circumstances, particularly the financial position of Shropshire Council, evolving community expectations, and the Town Council's strategic ambitions.

Shropshire Council and Service Devolution

4.2 Shropshire Council continues to face severe and sustained financial challenges arising from reduced funding, escalating demand for statutory services and rising costs. These pressures have resulted in service reductions, financial emergency measures and requests for Emergency Financial Support from Government.

4.3 This situation has had a direct impact on Shrewsbury Town Council. Increasingly, the Town Council has been asked to consider taking on services, assets or responsibilities previously delivered by the principal authority.

4.4 The Council has adopted a clear and consistent approach to such requests, based on the principles that:

- any service transfer must be affordable and sustainable;
- risks must be understood and manageable; and
- local benefit must be clearly demonstrated.

4.5 This approach has already resulted in the Council assuming responsibility for streetscene services, with further delegation or joint working likely over the medium term.

4.6 The Council also continues to receive increased requests for financial support from community and voluntary organisations impacted by funding reductions elsewhere. While the Council seeks to support the local sector where possible, its ability to do so is constrained by finite resources.

Council Vision and Strategic Ambitions

4.7 The Council's Corporate Plan, refreshed following the 2025 elections, sets out a clear vision for Shrewsbury and provides the strategic framework for this Medium-Term Financial Plan.

4.8 The Council's strategic aims are to:

- build resilient communities in Shrewsbury;
- support residents to live active and healthy lives;
- preserve and enhance Shrewsbury's heritage;
- create a greener, better connected town;
- maintain a sustainable, resilient and efficient organisation; and
- take positive action to tackle climate change.

4.9 These ambitions reflect the Council's evolving role as a place-based leader and service provider and have direct financial implications for revenue expenditure, capital investment and use of reserves.

Community Mandate and Engagement

4.10 Extensive engagement with residents through surveys, consultation and ward-level activity has demonstrated strong support for:

- improved local service standards;
- increased Town Council involvement where services are at risk; and
- investment in the public realm, environment and community facilities.

4.11 Recent significant increases in the Council's precept were made following clear public support for the Council to "step up" locally. These decisions have placed the Council on a more sustainable footing to respond to future challenges.

Place, Assets and Growth

4.12 Shrewsbury continues to experience development pressure and population growth. Changes to parish boundaries and future housing delivery are expected to result in gradual council tax base growth over the medium term.

4.13 The Council is also responsible for an expanding portfolio of land, buildings and community assets. Maintaining and improving these assets, while meeting climate and accessibility objectives, represents a significant and ongoing financial commitment.

4.14 This Medium-Term Financial Plan therefore recognises that future financial sustainability will depend not only on revenue budget control, but on active asset management, planned capital investment and prudent use of reserves.

Section 5 – Community Priorities

Introduction

5.1 Understanding and responding to community priorities is a core function of Shrewsbury Town Council and a fundamental element of the Medium-Term Financial Plan.

5.2 The Council's financial planning is not undertaken in isolation, but is informed by ongoing engagement with residents, service users, businesses and community organisations, ensuring that resources are directed towards areas of greatest local value and impact.

Community Engagement and Evidence

5.3 Community priorities have been identified through a combination of:

- the 2025 and 2026 "Have Your Say" surveys, which attracted strong participation;
- consultation undertaken as part of recent budget-setting exercises;
- direct engagement by Members within their wards;
- service-level feedback and usage data; and
- ongoing dialogue with community and voluntary organisations.

5.4 This engagement has provided a clear and consistent picture of resident expectations and has directly informed major financial decisions taken by the Council in recent years.

Key Community Priorities

5.5 While individual priorities vary across neighbourhoods, consultation has consistently highlighted strong support for the following themes:

- visible, well-maintained public spaces, streets and paths;
- protection and improvement of valued local services where they are at risk;
- investment in parks, play areas, leisure facilities and community assets;
- action to address climate change and improve the local environment;
- preservation of Shrewsbury's historic character and heritage;
- support for community wellbeing, health and inclusion; and

- local decision-making that responds quickly to issues affecting the town.

5.6 Importantly, consultation has also indicated a willingness among residents to support higher levels of Town Council activity and investment, where this results in tangible improvements and protects services delivered locally.

Impact on Financial Planning

5.7 Community priorities have had a direct impact on the Council's Medium-Term Financial Strategy, including:

- decisions to significantly increase the Council's operational capacity and service delivery role;
- acceptance of higher short-term costs to achieve long-term service resilience;
- increased investment in assets, infrastructure and the public realm;
- creation of targeted funds, including measures to support residents affected by cost-of-living pressures.

5.8 Recent increases in the Town Council precept were informed by this engagement and reflect a clear local mandate for the Council to "step up" in response to service reduction elsewhere.

Managing Expectations and Affordability

5.9 The Council recognises that community priorities must be balanced against affordability and financial sustainability, particularly given continued cost-of-living pressures.

5.10 The Medium-Term Financial Plan therefore seeks to ensure that:

- resources are targeted where they deliver clear community benefit;
- future precept decisions are transparent, justified and proportionate;
- service improvements are sustainable over the medium term; and
- the Council remains financially resilient.

Ongoing Engagement

5.11 Community priorities are not static. The Council will continue to engage with residents and stakeholders and will review and refresh priorities annually through its budget-setting and service planning processes.

5.12 Feedback and engagement will remain central to shaping future investment decisions and ensuring that the Council's financial strategy continues to reflect the needs and aspirations of Shrewsbury's residents.

Section 6 – Key Financial Influences and Challenges

Introduction

6.1 This section summarises the key financial influences and challenges that are expected to impact Shrewsbury Town Council over the medium term and which underpin the assumptions and forecasts set out later in this Plan.

6.2 These challenges arise from a combination of external economic pressures, changes within the wider local government sector, and the Council's deliberate decision to expand its role in service delivery, asset stewardship and place-based leadership.

Key Financial Challenges

6.3 The principal financial challenges facing the Council over the period of this Medium-Term Financial Plan are:

- ongoing volatility in the national and global economic environment, particularly affecting energy, fuel, insurance, service contracts and supplies;
- sustained upward pressure on staffing costs resulting from increases in the National Living Wage and local government pay awards;
- the potential restructuring of the local government pay framework arising from wage compaction at the lower end of the pay scale;
- uncertainty over future interest rates and the consequential reduction in investment income over the medium term;
- the severe financial position of Shropshire Council and the resulting pressure on the Town Council to assume additional services, responsibilities or assets;
- increased demand for financial or operational support from community and voluntary organisations affected by funding reductions elsewhere;
- the financial and organisational risks associated with taking on devolved services, including legacy costs, future liabilities and capacity implications;
- the need to continue funding existing services while delivering the Council's strategic ambitions as set out in the Corporate Plan;
- maintaining service quality and visibility while remaining sensitive to the cost-of-living pressures faced by local taxpayers;
- the requirement to fund significant capital investment in buildings, land, infrastructure and equipment, including investment linked to climate commitments;

- ensuring that balances and reserves remain sufficient to manage financial risk while also supporting planned investment.

Funding and Affordability

6.4 The Council remains primarily reliant on the Town Council Precept to fund its activities. While the current exemption from council tax referendum principles provides flexibility, the Council's ability to raise additional resources is nonetheless constrained by affordability considerations and public acceptability.

6.5 Balancing the Revenue Budget in future years will require a combination of prudent precept decisions, council tax base growth, efficiency savings, careful use of reserves, and where appropriate, increases in income from fees and charges.

Service Continuity and Financial Sustainability

6.6 This Medium-Term Financial Plan has been prepared on the assumption that existing services will continue to be delivered, and that the Council will seek to maintain current service standards wherever possible.

6.7 At the same time, the Council recognises that financial sustainability cannot be achieved solely through incremental savings. Managing future pressures will require ongoing service review, active asset management, and careful prioritisation of investment aligned with community outcomes.

6.8 The assumptions underlying this Plan therefore reflect a realistic assessment of risk, cost pressures and income trends, rather than an expectation that financial challenges can be fully absorbed without change.

Summary

6.9 The medium-term financial outlook for Shrewsbury Town Council remains challenging, but manageable. The Council enters this planning period from a position of strength, supported by sound governance, an engaged community, and healthy levels of reserves.

6.10 The key challenge for the period 2026/27 to 2028/29 will be to safely manage growth in responsibility and ambition, while maintaining financial resilience, protecting local taxpayers and ensuring that Shrewsbury continues to benefit from strong, locally delivered services.

Section 7 – Key Financial Assumptions

Introduction

7.1 This section sets out the key financial assumptions that underpin the Revenue and Capital Budget forecasts contained within this Medium-Term Financial Plan.

7.2 The assumptions have been developed to respond directly to the financial challenges identified in Section 6 and are intended to be prudent, realistic and transparent, rather than optimistic or risk-seeking.

7.3 All assumptions will be reviewed annually as part of the budget-setting process and updated to reflect changes in economic conditions, service delivery, legislation, or Council priorities.

Inflation Assumptions

7.4 Provision has been made for unavoidable inflationary increases where the Council has a contractual obligation or where costs cannot reasonably be absorbed within existing budgets.

7.5 While national inflation has reduced from previous peaks, cost volatility remains in several key expenditure areas. The following assumptions have therefore been applied:

- energy, fuel and utilities budgets reflect current contract rates with cautious allowance for volatility;
- insurance costs are assumed to increase annually, reflecting continued market pressures affecting town and parish councils;
- service contracts, IT systems, licences and rentals are assumed to increase at or above general inflation;
- discretionary budgets (e.g. supplies, training, publicity) have generally been cash-limited, with inflation expected to be managed within existing allocations.

7.6 This approach supports value for money by encouraging active budget management and procurement, while ensuring unavoidable pressures are properly recognised.

Staffing Costs and Pay Assumptions

7.7 Staffing costs represent a significant proportion of the Council's expenditure and are therefore a key driver of the medium-term financial position.

7.8 The Revenue Budget forecast assumes:

- continued increases in the National Living Wage over the life of the Plan;
- above-inflation local government pay awards to mitigate pay erosion and maintain recruitment and retention;
- no structural changes to the national pay framework unless nationally agreed.

7.9 Full provision has been made for known salary increments linked to progression or qualification requirements.

7.10 No assumption has been made for savings from staff turnover, vacancies or flexible retirements unless such savings have already been formally approved by the Council. Any in-year staffing savings will be treated as one-off and not permanently removed from budgets.

Pension Contributions

7.11 Pension costs have been calculated based on the 2025 actuarial valuation of the Shropshire County Pension Fund.

7.12 The employer contribution rate of 14% of pensionable pay is assumed to remain constant for the period 2026/27 to 2028/29.

7.13 It is assumed that all new employees will join the Local Government Pension Scheme and that existing opt-outs will remain unchanged.

Premises and Asset-Related Costs

7.14 Premises costs reflect the Council's expanding property and asset portfolio and include provision for:

- utilities based on latest contract and usage data;
- maintenance budgets broadly cash-limited, reflecting historic spend patterns;
- non-domestic rates based on current exemptions and revised rateable values.

7.15 Capital investment assumptions reflect planned maintenance, energy efficiency improvements and asset replacement in line with the Capital Programme.

Vehicles, Plant and Equipment

7.16 Assumptions for vehicle and plant costs reflect:

- stabilised but volatile fuel prices;
- increasing use of electric vehicles and equipment;
- higher operational demands arising from delivery of streetscene and related services.

7.17 Repair and maintenance budgets have been maintained at existing levels, reflecting investment in newer fleet assets.

Income Assumptions

Shropshire Council Service Delegation

7.18 Income from Shropshire Council relating to delegated services has been assumed in line with current agreements, with staged reductions reflected over the life of the Plan.

7.19 No assumption has been made for additional services or income unless formally agreed.

Markets and Trading Income

7.20 Market-related income assumptions reflect current trading performance, full occupancy levels where applicable, and cautious projections where income remains volatile.

Fees and Charges

7.21 Fees and charges are assumed to increase annually in line with approved schedules and inflation, where appropriate. Overall contribution to the Revenue Budget is assumed to remain modest.

Investment Income

7.22 Investment income forecasts are based on projected balances and a gradual reduction in interest rates over the life of the Plan.

7.23 Investment returns are therefore expected to decline significantly from recent historically high levels.

Grant Funding

7.24 Grant income has only been assumed where funding is already secured or formally approved. No reliance has been placed on speculative or competitive funding streams.

Council Tax and Tax Base Assumptions

7.25 The Revenue Budget forecast assumes that future precept decisions will strike a balance between affordability for residents and the financial sustainability of the Council.

7.26 Council Tax Base growth has been assumed at 1.55% per annum, reflecting anticipated housing growth, boundary changes and potential fluctuations in local council tax support.

7.27 It is assumed that town and parish councils will remain exempt from council tax referendum principles during the life of this Plan.

7.28 Inflation utilising Bank of England target of 2% has been applied to future precept increases with following figures included in revenue forecast 8.5:

	Budget Year 1 26/27	**Estimate Year 2 27/28**	**Estimate Year 3 28/29**	**Estimate Year 4 29/30**	**Estimate Year 5 30/31**
Precept	**4,772,978**	**4,945,760**	**5,124,797**	**5,310,315**	**5,502,548**
Tax base - 1.55% inc	27713.12	28142.67	28578.88	29021.86	29471.70
Band D	172.23	175.74	179.32	182.98	186.71
Increase £		3.51	3.58	3.66	3.73
Increase %		2.00%	2.00%	2.00%	2.00%

Balances and Reserves

7.29 The Council's approach to balances and reserves is based on:

- maintaining a minimum General Reserve equivalent to 5% of the precept;

- using earmarked reserves strategically to support capital investment and one-off commitments;
- making regular contributions to reserves from the Revenue Budget where affordable.

7.30 Reserves are recognised not solely as risk protection, but as a key enabler of planned investment, service resilience and long-term sustainability.

Capital Programme Assumptions

7.31 Capital Programme forecasts reflect known commitments and priorities linked to the Corporate Plan, asset condition, service delivery and climate objectives.

7.32 No assumption has been made for borrowing during the life of this Plan. Capital investment is assumed to be funded from earmarked reserves unless otherwise approved.

7.33 External capital funding, including CIL, S106 or grant income, has not been assumed unless already secured.

Summary

7.34 The financial assumptions underpinning this Medium-Term Financial Plan are considered to be prudent, proportionate and appropriate to the Council's scale, role and ambitions.

7.35 They recognise the Council's expanding responsibilities, the ongoing pressures affecting local government, and the need to safeguard financial resilience while continuing to invest in Shrewsbury's services, assets and communities.

Section 8 – Revenue Budget Forecast

Introduction

8.1 This section summarises the Revenue for the period 2026/27 to 2028/29, based on the assumptions set out in Section 7 and the financial challenges identified in Section 6.

8.2 The first year of the Plan (2026/27) reflects the approved Revenue budget, while the forecasts for subsequent years are indicative and intended to support forward planning and decision-making.

8.3 The forecasts demonstrate the financial impact of maintaining existing services, managing growth in responsibilities, and delivering the Council's strategic ambitions, while safeguarding resilience and affordability.

Revenue Budget Forecast – Overview

8.4 The Revenue Budget forecasts have been prepared on the basis of the following principles:

1. Maintaining existing services, facilities and events and protecting service standards.
2. Recognising unavoidable cost pressures arising from staffing, inflation and service delivery.
3. Aligning revenue resources with delivery of the Corporate Plan.
4. Making prudent use of efficiency savings, income generation and council tax base growth.
5. Ensuring balances and reserves remain at prudent and sustainable levels.
6. Taking account of continued cost-of-living pressures faced by residents.

8.5 The forecasts reflect the Council's evolution into a more operational and asset-led organisation and the financial consequences of assuming responsibility for additional local services (Appendix 1 Detailed subjective Budget)

	Budget Year 1 26/27	Estimate Year 2 27/28	Estimate Year 3 28/29	Estimate Year 4 29/30	Estimate Year 5 30/31
Income					
Precept	4,772,978	4,945,760	5,124,797	5,310,315	5,502,548
Interest received	172,000	137,600	110,080	88,064	70,451
Devolved Services	1,252,271	1,277,316	1,302,862	1,328,918	1,355,496
Commercial incl markets	468,048	477,410	486,957	496,696	506,630
Sporting, concessions etc	448,096	456,623	465,314	474,177	483,213
	7,113,393	7,294,709	7,490,010	7,698,170	7,918,338
Expenditure					
Mayoralty and grants	233,994	236,391	238,853	241,382	243,980
Central costs	1,265,118	1,298,302	1,332,387	1,367,398	1,403,360
Youth	232,862	239,422	246,166	253,106	260,247
Commercial	149,624	153,143	156,751	160,445	164,228
New incl CCTV and Street Scene	1,507,340	1,543,314	1,580,225	1,618,091	1,656,942
Horticultural incl devolved	2,038,602	2,093,835	2,150,510	2,211,657	2,268,326
Quarry, play, rec's and allotment	771,580	790,267	809,486	829,250	849,577
Toilets, lights, shelters, etc	453,897	465,791	478,006	490,555	503,440
Capital	610,000	619,500	629,190	636,074	649,155
	7,113,393	7,286,822	7,464,823	7,647,513	7,835,027
Flex for overspend	-	7,887	25,187	50,657	83,311

2026/27 Revenue Budget (Approved)

8.6 A balanced Revenue Budget has been set for 2026/27, incorporating:

- increased staffing and operational costs linked to delivery of streetscene and related services;
- provision for known pay awards, pension contributions and inflationary pressures;
- reduced reliance on investment income compared with previous years;
- a significant increase in precept to provide long-term sustainability and capacity.

8.7 The decisions taken for 2026/27 followed extensive public engagement and have placed the Council on a more resilient financial footing, enabling it to respond to future uncertainty and service risk.

2027/28 Revenue Budget (Indicative)

8.8 The Council is expected to continue facing revenue pressures in 2027/28, particularly from:

- staffing cost increases linked to the National Living Wage and pay awards;
- further inflation on contracted services, insurance and utilities;
- reductions in income from Shropshire Council relating to delegated services.

8.9 These pressures are expected to be partially offset by:

- council tax base growth;
- modest increases in fees and charges;
- efficiency savings as new services bed in.

8.10 The forecast assumes that any required increase in the Town Council precept will be measured, justified and proportionate, reflecting affordability concerns while maintaining service integrity.

2028/29 Revenue Budget (Indicative)

8.11 For 2028/29, it is assumed that general inflationary pressures will moderate, although staffing costs are expected to remain a key pressure point.

8.12 Income from Shropshire Council is assumed to reduce to its lowest projected level, with the Council absorbing the full operational responsibility for services already undertaken.

8.13 As in earlier years, pressures are expected to be mitigated through a combination of council tax base growth, income management and efficiency savings.

Medium-Term Outlook 2029/30 and beyond

8.14 Looking beyond the formal life of this Plan, pay pressures, service expectations and capital maintenance requirements are expected to continue to exert pressure on the Revenue Budget.

8.15 While council tax base growth may provide some mitigation, this cannot be relied upon in isolation. Ongoing review of service delivery models, asset use and financial sustainability will therefore remain essential.

Overall Revenue Budget Summary

8.16 The Council remains in a sound financial position at the start of this Plan period, with a balanced budget, strengthened revenue capacity and healthy reserves.

8.17 The medium-term outlook remains challenging but manageable. Previous precept decisions have significantly improved resilience and reduced the need for reactive financial measures.

8.18 Future precept decisions will need to balance affordability for residents with the need to maintain service quality, invest in assets and protect financial stability.

Section 9 – Capital Budget

9.1 This section summarises the Capital and Reserves available for the period 2026/27 to 2028/29, fund the ambitions of the Council.

Capital Programme

9.2 The Capital Programme supports investment in the Council's buildings, land, vehicles, equipment and community infrastructure and plays a critical role in sustaining service delivery and asset condition.

9.4 Provision is made in the 2026/27 budget for the following capital expenditure:

	£
Replacement Bins	100,000
2 x Replacement play areas	150,000
Freehold property improvements	125,000
Machines and equipment	135,000
Sports Depot	100,000

9.3 Key areas of capital investment include:

- planned maintenance and replacement of buildings and infrastructure;
- fleet and machinery replacement linked to operational services;
- investment in parks, play areas, allotments and public realm assets;
- energy efficiency and climate-related improvements;
- ICT systems and security infrastructure.

9.4 The Capital Programme is funded primarily from earmarked reserves, neighbourhood Fund or Usable Capital receipts with no borrowing assumed during the life of this Plan.

9.5 External funding, including Community Infrastructure Levy, developer contributions and grants, has only been included where already secured. Any additional funding obtained will be used to supplement the Programme and reduce pressure on reserves.

9.6 Continued delivery of the Capital Programme will result in a planned reduction in reserves over the medium term. This is recognised as an intentional and justified use of resources to protect assets and service quality.

Earmarked Reserves

9.7 Since inception any unspent expenditure budget or surplus income has been earmarked for future projects identified and liabilities in the future.

9.8 The current earmarked sums for specific and general projects for use over the period of this plan at 31st March 2026 is £2,934,503 and allocated as follows:

Election cost reserve	18,604
Equipment and vehicle replacement	425,175
Children's play areas	728,177
Quarry greenhouse	250,000
Allotments *	36,339
Visioning and Future projects	398,000
Recreation (astroturf & floodlights)	70,000
River banks incl fishing	125,447
IT upgrade and infrastructure	23,359
Splashpark	32,773
Youth and Community Centre upgrades	33,730
Dana footpath	70,000
Planned countryside works	5,000
Climate Change Fund	84,572
Lower Quarry Toilets	45,000
Toilets improvements	10,000
Bus Shelters - final phase	55,000
Ash die back	36,342
Public Safety incl Quarry	55,360
Ukraine Support Fund	25,000
Wall repairs	44,000
Greenhouse Eco heating and venting	30,000
Solar lights	50,000
Health and Safety Works	20,000
Sundorne Depot Works	20,000
CRM, Automation & digitisation	40,000
Quarry Management Plan	45,828
Million hours project	41,797
Shorncliffe wheeled track improvememnts	20,000
Weeping Cross improvememts	95,000

Neighbourhood Fund

9.9 The Council receives funds annually from Shropshire Council from new developments in Shrewsbury which can be utilised for capital projects which meet the funding criteria

9.10 The balance at 31st March 2026 is £1,921,955

Usable Capital Receipts

9.11 Proceeds of any capital sale are held to be used for future capital projects.

9.12 The balance at 31st March 2026 is £67,073

Capital Programme Governance and Review

9.13 All capital projects are subject to individual approval, business case development and affordability testing.

9.14 The Capital Programme remains indicative and will be reviewed annually to reflect changing priorities, asset condition, funding availability and financial capacity.

Conclusion

9.15 The Capital forecasts within this Medium-Term Financial Plan demonstrate that Shrewsbury Town Council can sustain its expanded role and ambitions over the medium term, provided that financial discipline, active monitoring and strategic prioritisation are maintained.

9.16 The Plan confirms that the Council is well placed to manage uncertainty, safeguard essential local services, and continue investing in the town's future, while remaining accountable to residents and mindful of affordability.

Section 10 – Treasury Management

Introduction

10.1 Shrewsbury Town Council has in place an approved Treasury Management Policy which governs the management of the Council's borrowing, investments and cash flow.

10.2 The Revenue and Capital forecasts set out in this Medium-Term Financial Plan have clear treasury management implications, particularly in relation to the planned use of reserves, declining investment income and the funding of capital investment.

Investments

10.3 The Council currently invests surplus balances and earmarked reserves in approved institutions in accordance with its Treasury Management Policy, prioritising security and liquidity over yield.

10.4 Investment income has contributed significantly to the Revenue Budget in recent years due to elevated interest rates. However, as set out elsewhere in this Plan, interest rates are forecast to reduce over the medium term.

10.5 Investment income is therefore expected to fall steadily over the life of this Plan as:

- interest rates reduce; and
- reserves are utilised to fund capital investment.

10.6 The Revenue Budget forecasts reflect this anticipated decline, and no reliance has been placed on exceptional or historically high returns.

Borrowing

10.7 No borrowing is assumed within the life of this Medium-Term Financial Plan.

10.8 The Council's current approach is to fund capital expenditure from earmarked reserves wherever possible. Borrowing will only be considered where:

- capital investment cannot reasonably be deferred;
- reserves are insufficient or would be unreasonably depleted; and
- borrowing represents value for money over the life of the asset.

Cash Flow and Liquidity

10.9 The Council maintains sufficient liquidity to meet its operational requirements and capital commitments as they fall due.

10.10 Treasury management arrangements will continue to be kept under regular review, particularly as reserves reduce and capital expenditure increases.

Section 11 – Climate Emergency and Carbon Reduction

Introduction

11.1 The Council declared a Climate Emergency in September 2019 and formally committed to:

- achieving carbon neutrality in its operations by 2030; and
- supporting wider carbon reduction ambitions towards 2050.

11.2 These commitments have direct financial implications for both revenue expenditure and capital investment and are therefore integral to the Medium-Term Financial Plan.

Progress and Current Position

11.3 The Council has already made substantial progress in reducing its carbon footprint, including:

- conversion of lighting to LED technology;
- investment in electric vehicles and equipment;
- procurement of green electricity;
- improvements to building energy efficiency;
- sustainable land management and biodiversity initiatives; and
- reduced paper consumption and digital transformation.

11.4 These measures have been delivered alongside service expansion and asset growth, demonstrating that climate action and service delivery objectives can be aligned.

Financial Implications

11.5 The transition to lower-carbon operations carries both costs and long-term benefits. Up-front capital costs for vehicles, plant, heating systems and energy infrastructure are expected to remain higher than traditional alternatives but may deliver reduced running costs over time.

11.6 The Capital Programme includes provision for climate-related investment where affordable and aligned with service needs and asset life cycles.

11.7 Future updates of the Medium-Term Financial Plan will continue to assess the affordability, prioritisation and timing of climate-related investment, ensuring that delivery remains proportionate and financially sustainable.

Section 12 – Risk Assessment

Introduction

12.1 The Council has an approved Risk Management Strategy and maintains a Corporate Risk Register which is reviewed and updated annually.

12.2 Risk management is a fundamental component of financial planning and directly informs the assumptions, forecasts and safeguards contained within this Medium-Term Financial Plan.

Financial Risks and Planning Response

12.3 The Council faces a range of risks that could impact its financial position over the medium term. The most significant risks include:

- renewed economic instability or inflationary shocks;
- further increases in staffing costs linked to the National Living Wage and pay awards;
- restructuring of the local government pay framework;
- reduced investment income due to falling interest rates;
- increased pressure to accept additional services or assets from Shropshire Council;
- capital asset failure or unplanned maintenance liabilities;
- reduction in service income;
- extension of council tax referendum principles to large town councils.

12.4 These risks have been reflected in the assumptions underpinning this Plan through:

- prudent inflation and pay forecasts;
- conservative income assumptions;
- maintenance of contingency provision;
- retention of adequate balances and reserves; and
- avoidance of reliance on speculative funding.

Balances, Reserves and Resilience

12.5 The Council's approach to reserves is central to risk mitigation. While reserves are forecast to reduce as part of planned capital investment, they continue to provide:

- protection against unforeseen expenditure;
- flexibility to respond to service pressures; and
- capacity to manage transitions in service delivery.

12.6 levels will be reviewed annually, and actions to replenish reserves will be considered where necessary and affordable.

Governance and Monitoring

12.7 Financial performance, risks and assumptions are monitored throughout the year through budget monitoring, reporting to Members and review of the Corporate Risk Register.

12.8 Significant changes in risk exposure will be reflected through budget revisions, policy changes or updates to the Medium-Term Financial Plan.

Conclusion

12.9 This Medium-Term Financial Plan supports effective risk management by:

- identifying key financial risks;
- setting out how those risks are mitigated; and
- providing a structured framework for monitoring and response.

12.10 While the Council faces genuine challenges over the medium term, its financial position, governance arrangements and community mandate provide a strong foundation from which those risks can be managed.

Appendix 1 - Detailed Revenue Budget 2026/27 - 2030/31

		Current Year Budget	Next Year Budget	Year 2 Budget	Year 3 Budget	Year 4 Budget
Budget Income						
1000	Residential	9,258	9,443	9,632	9,825	10,022
1010	Commercial	468,048	477,410	486,957	496,696	506,630
1020	Allotment	18,900	19,278	19,664	20,057	20,458
1100	Open space - events/fairs	215,500	219,810	224,206	228,690	233,264
1120	Sports lettings	60,578	61,790	63,026	64,287	65,573
1130	Countryside & Fishing rights	4,888	4,986	5,085	5,187	5,291
1400	Shropshire Council - SLA	923,771	942,246	961,091	980,312	999,918
1410	Shropshire Council - Other	328,500	335,070	341,771	348,606	355,578
1420	Other works	72,345	73,792	75,267	76,772	78,307
1430	Hanging Baskets	22,714	23,168	23,631	24,104	24,586
1800	Miscellaneous Income	400	408	416	424	432
1870	Interest received	172,000	137,600	110,080	88,064	70,451
1880	Investment income	43,513	43,948	44,387	44,831	45,280
1900	Precept Received	4,772,978	4,945,760	5,124,797	5,310,315	5,502,548
	Total Income	**7,113,393**	**7,294,709**	**7,490,010**	**7,698,170**	**7,918,338**
Budget Expenditure						
4000	Wages	2,811,965	2,896,324	2,983,214	3,072,714	3,164,896
4005	Overtime	110,400	113,718	117,130	120,647	124,267
4010	Employers National Insurance	353,852	364,464	375,400	386,660	398,259
4015	Employers Pension	396,848	408,756	421,019	433,650	446,659
4020	Casual/Temporary Staff	163,645	166,918	170,257	173,662	177,136
4030	Staff Training	32,288	32,933	33,592	34,264	34,950
4035	Staff Professional Fees	1,589	1,621	1,654	1,687	1,721
4040	Staff Expenses	4,687	4,779	4,875	4,971	5,069
4050	Staff recuiting and relocation	7,094	7,236	7,381	7,529	7,680
4060	Conference Fees	1,090	1,112	1,134	1,157	1,180
4070	Workwear	17,555	17,906	18,264	18,629	19,002
4080	Car allowances	3,710	3,784	3,859	3,936	4,014
4085	Car Mileage	4,650	4,743	4,837	4,933	5,030
4100	Rent	52,695	53,749	54,823	55,920	57,038
4110	Rates	81,378	83,006	84,666	86,359	88,086
4115	Water and sewerage	38,906	39,683	40,476	41,287	42,114
4120	Gas	7,358	7,505	7,655	7,808	7,964
4122	Oil	9,783	9,978	10,178	10,382	10,589
4125	Electricity	111,689	113,923	116,202	118,526	120,897
4130	Insurance	31,086	31,708	32,342	32,989	33,648
4140	Waste disposal	41,269	42,094	42,936	43,794	44,670
4155	Cleaning Materials/Contractors	39,330	40,116	40,918	41,736	42,570
4170	Building/Ground repairs+cont	295,159	301,060	307,084	313,224	319,490
4180	General Equipment	63,527	64,797	66,094	67,414	68,762
4220	Play Inspections	3,600	3,672	3,745	3,820	3,896
4235	Play Equipment	32,000	32,640	33,293	33,959	34,638
4240	Play Surfacing	21,000	21,420	21,848	22,285	22,731
4250	Tree / pruning	18,540	18,911	19,289	19,675	20,069
4252	Tree / pruning (SCH)	15,450	15,759	16,074	16,395	16,723
4260	Ferts / Chemicals	31,166	31,789	32,426	33,075	33,736
4265	Seeds	42,316	43,163	44,027	44,907	45,806
4270	Countryside expenses (Matt)	10,785	11,001	11,221	11,445	11,674

		Current Year Budget	Next Year Budget	Year 2 Budget	Year 3 Budget	Year 4 Budget
4300	Plant+mach	59,973	61,172	62,396	63,644	64,918
4400	Vehicle Maint & Repair Costs	56,997	58,139	59,301	60,487	61,698
4420	Vehicle + Plant Hire	144,513	147,403	150,351	153,357	156,424
4430	Fuel & Oil	132,542	135,192	137,893	140,651	143,462
4440	Road Fund Licence	7,988	8,149	8,312	8,476	8,642
4450	Vehicle Insurance	32,372	33,019	33,679	34,353	35,040
4500	Printing & Stationery	7,198	7,342	7,489	7,639	7,792
4510	Photocopying Costs + Hire	5,646	5,759	5,874	5,991	6,111
4540	Telephones	5,140	5,243	5,348	5,455	5,564
4545	Mobile Phones	8,828	9,005	9,185	9,369	9,556
4550	Radio	650	663	676	690	704
4555	Postage	4,359	4,446	4,535	4,626	4,719
4560	Subcriptions	6,438	6,567	6,698	6,832	6,969
4570	Insurance	98,198	100,162	102,165	104,208	106,292
4580	Computer/IT Costs	89,217	91,001	92,821	94,677	96,571
4600	Mayor's Allowance	6,500	6,500	6,500	6,500	6,500
4610	Members Allowances	17,000	17,000	17,000	17,000	17,000
4620	Members Travel &	300	306	312	318	324
4625	Members Training	750	765	780	796	812
4630	Civic Expenses+events	12,848	13,105	13,367	13,634	13,907
4650	Bank Charges	6,500	6,630	6,763	6,898	7,036
4660	Accounting Support	9,397	9,585	9,777	9,973	10,172
4670	Internal and external Audit	9,416	9,604	9,796	9,992	10,192
4685	Professional Fees	45,000	45,900	46,818	47,754	48,709
4700	Town promotions / Events	85,195	86,899	88,637	90,410	92,218
4755	Grant Fund	120,000	120,000	120,000	120,000	120,000
4930	SC service contribution	550,000	561,000	572,220	583,664	595,337
4935	Contingency	141,402	144,230	147,115	150,057	153,058
4940	Capital Projects	475,000	484,500	494,190	504,074	514,155
4950	Capital Purchases	135,000	135,000	135,000	135,000	135,000
4995	Cost Reallocation-Int recharge	(17,921)	(18,279)	(18,645)	(19,018)	(19,398)
4999	Miscellaneous Expenses	537	547	557	567	579
	Total Overhead Expenditure	**7,113,393**	**7,286,822**	**7,464,823**	**7,647,513**	**7,835,027**
	Total Budget Income	7,113,393	7,294,709	7,490,010	7,698,170	7,918,338
	Expenditure	7,113,393	7,286,822	7,464,823	7,647,513	7,835,027
	Movement to/(from) Gen Reserve	**0**	**7,887**	**25,187**	**50,657**	**83,311**