



**COUNCIL: Wednesday, 16 October 2024**

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**Report of: Director of Finance & Corporate Resources**

**Relevant Lead Member: Councillor Mark Anderson - Lead Member for Finance**

**Contact for further information:**

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**SUBJECT: SAVINGS OPTIONS AND MTFS UPDATE**

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Wards affected: (All Wards);

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To present savings and efficiency options for Member approval prior to 2025/26 budget setting.

## **2.0 RECOMMENDATIONS TO COUNCIL**

- 2.1 That the current MTFS position be noted.
- 2.2 That the Director of Finance & Corporate Resources be given delegated authority to take all necessary steps to implement the savings identified in Appendix A and Table 1.
- 2.3 That the Director of Finance & Corporate Resources be given delegated authority to take all necessary steps (including the procurement of external support) to identify projected savings and efficiency proposals from the areas identified in Section 4 and Table 2 of this report following which a further report be brought back to full Council for determination.

### **3.0 BACKGROUND**

- 3.1 Members approved a balanced budget for 2024/25 in February 2024. To ensure a balanced budget, the use of £1.1m of reserves was anticipated.
- 3.2 The February 2024 report also provided a Medium-Term Financial Strategy (MTFS) update that showed a budget gap for 2025/26 of £1.766m with a further shortfall of £1.495m in 2026/27.
- 3.3 In year budget monitoring for 2024/25 showed at Q1 a position of additional pressures. The Q1 GRA forecast outturn was a projected shortfall of £1.72m. This is in addition the £1.1m planned use of reserves, a total of £2.82m reserves required.
- 3.4 Officers reported at Q1 that they have implemented a vacancy and agency staff freeze in-year, requiring every new recruitment to have a clear business case to justify it at this time. A moratorium on non-essential expenditure has also been put in place.
- 3.5 Early intervention by managers and officers has had a positive impact with the forecast shortfall reducing to around £1.35m in period 5. Work continues to further reduce this in-year pressure.
- 3.6 In this context, it is essential that the savings and efficiency proposals are delivered to mitigate the known shortfall in 2025/26 of £1.766m; the underlying budget pressure identified in 2024/25 of £1.35m; and any follow-on pressure from delayed activities in 2024/25 due to the moratorium on spend. The low level of reserves also means that funding needs to be identified to increase them over the medium-term. As such the proposed savings identified in this report represent the absolute minimum requirement and further work will be required to identify additional savings.
- 3.7 The timings of savings achievable in the respective years will depend upon the ability to capitalise transformational redundancy costs (statutory and pension strain elements) under the policy for the flexible use of capital receipts. The timing of these receipts therefore plays an important part in determining the year in which the costs can be offset. This will require further consideration and may impact on the savings achieved in 2025/26 and 2026/27 respectively.
- 3.8 Delivery of the required planned savings will also help demonstrate to the external auditors that the Council is a going concern with strong governance in place.

### **4.0 SAVINGS, EFFICIENCIES AND FEE INCREASES RECOMMENDED**

- 4.1 In light of the significant pressures highlighted above and the planned delivery of savings and efficiencies in 2025/26, all Council operations have been reviewed. This has been a strategic evaluation which took account of statutory or non-statutory requirements and regulations, the Council's vision and priorities and whether services operate on a commercial or break-even basis.

- 4.2 The tables below summarise, by each directorate, the total efficiency proposals identified along with their estimated effect on the current MTFS providing they are implemented by 31 March 2025. Further work, including service reviews, is required to confirm the forecasted efficiencies. Pending the outcome of this work there may still be a requirement for savings and efficiencies to be identified over the MTFS period given the current uncertainty of Local Government Finance Settlements.
- 4.3 It is important to emphasise that these figures are indicative at this stage, so are subject to change as proposals are refined, finalised and agreed. Many proposals have staffing resource implications and these will be subject to full HR input and Trade Union consultation in addition to consultation with all relevant staff and teams involved. In some cases, due to the complexity of the work to be undertaken it will be necessary to bring a further report back to Council for decisions, see table 2 below.
- 4.4 In addition to the provision of outplacement support, the Council will also endeavour to seek expressions of interest in voluntary redundancy, voluntary reduced hours and flexible retirement, across areas not directly affected by these proposed efficiency savings. This is to engage the wider workforce in considering how other areas may be reshaped to assist with the financial position, so as to maximise redeployment opportunities for staff placed 'at risk', through the provision of 'bump' redundancy options.
- 4.5 Work continues on the review of Leisure Services provision to establish the potential savings which are expected to be significant. An indicative figure is included in table 2 below, but this will be subject to change as the options are refined and worked through.

**Table 1 – Proposals for officers to implement, with indicative savings**

| <b>Savings &amp; Efficiencies Proposals with indicative values</b>        | <b>2025/26<br/>£000's</b> | <b>2026/27<br/>£000's</b> |
|---|---------------------------|---------------------------|
| Officer actions to be taken under delegated authority<br>(see appendix A) | (407)                     | (407)                     |
|   |                           |                           |
| <u>Proposals requiring further review, with indicative savings:</u>       |                           |                           |
| <b>Environmental Services</b>   |                           |                           |
| Terminate Public Realm agreement  | (124)                     | (124)                     |
|   |                           |                           |
| <b>Corporate &amp; Customer Services</b>                                  |                           |                           |
| Review of HROD team   | 18                        | (40)                      |
| Review of Communications & Engagement                                     | (50)                      | (50)                      |
|   |                           |                           |
| <b>Legal &amp; Democratic Services</b>                                    |                           |                           |
| Review of Legal & Democratic Services                                     | 39                        | (175)                     |
|   |                           |                           |
| <b>Total Savings &amp; Efficiencies Proposed</b>                          | <b>(524)</b>              | <b>(796)</b>              |

**Table 2 – Proposals requiring a further report, with indicative savings**

| <b>Savings &amp; Efficiencies Proposals with indicative values</b>    | <b>2025/26<br/>£000's</b> | <b>2026/27<br/>£000's</b> |
|---|---------------------------|---------------------------|
|   |                           |                           |
| <u>Proposals requiring a further report, with indicative savings:</u> |                           |                           |
| <b>Environmental Services</b>   |                           |                           |
| Increase pest control charges   | (15)                      | (15)                      |
| Increase bulky waste collection charges                               | (13)                      | (13)                      |
|   |                           |                           |
| <b>Housing Services</b>   |                           |                           |
| Review of Public Toilets Management                                   | (30)                      | (30)                      |
|   |                           |                           |
| <b>Wellbeing &amp; Place</b>  |                           |                           |
| Review of the Ranger Service  | (140)                     | (140)                     |
| Review of car parking   | (126)                     | (126)                     |
| Review of Leisure Services  | (700)                     | (700)                     |
|   |                           |                           |
| <b>Planning &amp; Regulatory Services</b>                             |                           |                           |
| Community Safety Review   | (112)                     | (232)                     |
| Review of Building Control  | (30)                      | (30)                      |
|   |                           |                           |
| <b>Legal &amp; Democratic Services</b>                                |                           |                           |
| Removal of Mayoral civic duties                                       | -                         | (34)                      |
|   |                           |                           |
| <b>Total Savings &amp; Efficiencies Proposed</b>                      | <b>(1,166)</b>            | <b>(1,320)</b>            |

- 4.6 It is anticipated that the items identified in **Appendix A** (attached) will be implemented as soon as practicable. The items in **table 1** above, require further officer review but will also be implemented as soon as possible.
- 4.7 The items in **table 2** above, will have further reports brought to Council after further review.
- 4.8 Delegated authority is sought for the Director of Finance & Corporate Resources to take all necessary steps (including the procurement of external support) to identify and deliver the projected saving and efficiency proposals set out above.

## **5.0 SUSTAINABILITY IMPLICATIONS**

- 5.1 Sustainability impacts associated with some of the proposals in this report will be considered as part of their review and finalisation.

**6.0 FINANCIAL AND RESOURCE IMPLICATIONS**

6.1 This financial report identifies the urgent need to deliver savings and efficiencies in order to address the shortfall identified in the MTFs and to enable a legally balanced budget to be set for 2025/26 and beyond. The use of capital receipts may be required to offset elements of the costs of any compulsory redundancy eligible for offset under the flexible use of capital receipts policy.

**7.0 RISK ASSESSMENT**

7.1 The actions referred to in this report are covered by the scheme of delegation to officers and any necessary changes have been made in the relevant risk registers. Uncertainty around financial settlements from Government and assumptions around inflation and grant funding levels also play an important factor and will require close monitoring. Tackling the overspend in 2024/25 will also be a key factor in reducing the use of reserves required to set a balanced budget in 2025/26.

**8.0 HEALTH AND WELLBEING IMPLICATIONS**

8.1 There are no health and wellbeing implications arising from this report. Health & Wellbeing implications will be considered as part of the individual reviews and finalisation.

**Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

**Equality Impact Assessment**

EIA assessments will be completed for each savings proposal if appropriate.

**Appendices**

Appendix A - Officer actions to be taken under delegated authority

**Appendix A**

| <b>Officer actions to be taken under delegated authority</b>        | <b>2025/26<br/>£000's</b> | <b>2026/27<br/>£000's</b> |
|---|---------------------------|---------------------------|
| Reduce agency staff usage in Planning                               | (172)                     | (172)                     |
| Review of Skelmersdale Town Centre Management Cost Budgets          | (65)                      | (65)                      |
| Amend HROD salary budget to reflect establishment                   | (50)                      | (50)                      |
| Adjust DFG admin fee income budget to reflect the size of the grant | (16)                      | (16)                      |

|  |              |              |
|--|--------------|--------------|
| Remove water coolers                               | (8)          | (8)          |
| Disestablish vacant 0.2fte post in Creditors       | (8)          | (8)          |
| Reduce Creditors overtime budget                   | (4)          | (4)          |
| Reduce Customer Services overtime & agency budgets | (39)         | (39)         |
| Reduce benefits team overtime budget               | (25)         | (25)         |
| Reduce council tax and NNDR team overtime budget   | (20)         | (20)         |
|  |              |              |
| <b>Total</b>                                       | <b>(407)</b> | <b>(407)</b> |