

Merton Council

Overview and Scrutiny Commission - financial monitoring task group

Task group members

Councillors:

Hamish Badenoch (Chair)
Mike Brunt
Stephen Crowe
Suzanne Grocott
Jeff Hanna
Dennis Pearce
Peter Southgate
David Williams

Thursday 10 November 2016 at 7.15 pm
Committee room B - Merton Civic Centre, London Road,
Morden SM4 5DX

Agenda

- | | | |
|---|--|---------|
| 1 | Apologies for absence – Councillor Dennis Pearce | |
| 2 | Minutes of meeting held on 26 July 2016 | 1 - 6 |
| 3 | 2016/17 Quarter 2 monitoring report
To follow | |
| 4 | Savings | 7 - 14 |
| 5 | Transport service - budget deepdive
To follow | |
| 6 | Greenspaces - update on budget deepdive | 15 - 26 |
| 7 | Draft deepdive template | 27 - 28 |
| 8 | Date and agenda for next meeting | |

Contact for further information about the task group meeting:

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Agenda Item 2

All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at www.merton.gov.uk/committee.

OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

26 JULY 2016

(7.15 pm - 9.35 pm)

PRESENT: Councillor Hamish Badenoch (in the Chair),
Councillor Mike Brunt, Councillor Stephen Crowe,
Councillor Suzanne Grocott, Councillor Jeff Hanna,
Councillor Dennis Pearce, Councillor Peter Southgate and
Councillor David Williams

ALSO PRESENT: Councillors Nick Draper

Kim Brown (HR Lead), Zoe Church (Head of Business Planning),
Sophie Ellis (Assistant Director of Business Improvement),
Caroline Holland (Director of Corporate Services), Bindi Lakhani
(Head of Accountancy), James McGinlay (Head of Sustainable
Communities), Doug Napier (Leisure and Culture Greenspaces
Manager) and Julia Regan (Head of Democracy Services)

1 ELECTION OF CHAIR (Agenda Item 1)

Councillor Hamish Badenoch was elected as Chair.

2 APOLOGIES FOR ABSENCE (Agenda Item 2)

There were no apologies for absence.

It was confirmed that Councillors Stephen Crowe and Suzanne Grocott had joined the task group.

3 MINUTES OF MEETING HELD ON 5 JULY 2016 (Agenda Item 3)

AGREED subject to addition of an action point at the end of the item on estate management, to read "ACTION: Task group requested an update report to a future meeting that would categorise assets as discussed and provide detail of yield".

4 2016/17 QUARTER 1 MONITORING REPORT (Agenda Item 4)

Caroline Holland, Director of Corporate Services, provided a brief overview of the report contents. She said that, as the report is still to be presented to Cabinet, there are some items (such as recommendation B) that are subject to Cabinet's approval at its meeting in September. Caroline Holland drew the task group's attention to the overspend that was forecast particularly in adult social care and children's social care.

Members expressed concern at the ongoing overspends in SEN transport and repeated the task group's request for a deepdive report on this service area.
ACTION: Report on SEN transport costs to be received at meeting on 10 November that will be of sufficient quality and detail to explain what is driving the ongoing overspends and what is being done to address this.

Members commented on the shortfall in the delivery of savings and asked why these savings were not being achieved. Caroline Holland said she was not happy with the current position and would continue to track delivery and follow this up with Directors. In response to a specific question about why the Community and Housing savings were not for a full year, Caroline Holland said this was due to the delay in submitting the business case for consultation with staff and the consequent knock-on impact on start date.

In response to a question about under-provision in the budget for unaccompanied asylum seeking children, Caroline Holland said that this was dependent on government funding and that the government was being lobbied to provide funding.

In response to a question about inflation assumptions, Caroline Holland said that some funds had already been released in relation to the corporate cleaning contract, that she had received other requests for release, that this was being reviewed on a monthly basis and that funds would be released at various points during the year.

ACTION: Caroline Holland undertook to provide information on whether the level of debt has increased in proportion to the increased amount of payments due.

ACTION: Members requested that the HR metrics in Appendix 12A be provided on A3 paper in future

5 CUSTOMER CONTACT PROGRAMME - ANALYSIS OF SAVINGS (Agenda Item 5)

Sophie Ellis, Assistant Director of Business Improvement, introduced the report, briefly explaining the purpose of the customer contact programme and outlining progress to date. She drew the task group's attention to the savings information set out in the appendix, as had been requested by the Overview and Scrutiny Commission.

Task group members asked a number of questions about the causes and consequences of the delay that had been experienced. Sophie Ellis said that the delay was chiefly related to technical challenges, difficulties and a degree of over-ambition by the supplier (General Dynamics IT). The impact on the council had been absorbed to date but would be more of a challenge if there were further delay as this may impact on services' ability to make savings and there may be an overspend on internal staff supporting the programme. Sophie Ellis assured the task group that the financial penalties that had been written into the contract had been activated appropriately whilst at the same time maintaining a constructive working relationship with the supplier.

Sophie Ellis said that the number of online transactions had increased since the introduction of the beta website and that feedback from users was being shared with the provider so that adjustments and improvements could be made.

The task group noted that the total of all savings set out in the appendix is round £600,000 and asked what proportion were dependent on delivery of the customer contact programme. Sophie Ellis said that they all had some level of dependency but that this varied - some relate to streamlining processes, others to efficiencies and different ways of working. She added that they are reported monthly to the Programme Board to monitor and to check the relationship to the customer contact programme.

AGREED to request a further update on savings associated with the customer contract programme, including indicative percentage figures showing dependency on the programme.

6 GREENSPACES - BUDGET DEEPDIVE (Agenda Item 6)

Doug Napier, Greenspaces Manager, introduced the report. Councillor Nick Draper, Cabinet Member for Community and Culture, and James McGinlay, Head of Sustainable Communities, were present to answer questions.

Doug Napier drew the task group's attention to the overspends of more than £200k relating to staff costs and service income in each of the last two financial years. He emphasised the seasonal and unpredictable nature of the work and the high proportion of the budget spent on staff. He said that total income from events was substantial and that cemeteries income, which had dipped last year, was increasing this year.

Members asked a number of questions about the benchmarking information that had been provided. Doug Napier said that no two boroughs have directly comparable services and that although he had done his best to adjust the data it was still an imperfect measurement. James McGinlay added that some of the additional expenditure in Merton compared to Sutton reflects income generation work in relation to sports and other events.

Members said that even though the benchmarking does not provide an exact comparison it raises questions about whether the service is providing value for money and whether some of the activities currently provided should continue. Councillor Nick Draper said that he genuinely believed that the service is value for money and that he would ask officers to work on the benchmarking data to provide more robust comparisons.

Members expressed concerns at differences between the 2016/17 budget and budget forecasts in the quarter 1 financial monitoring report. James McGinlay said that the overspend on overtime payments reflects unexpected additional work (for example that caused by rapidly growing grass verges following higher than average rainfall) that had not been included in the baseline budget. In relation to the underachievement of income, James McGinlay said that income fluctuates from year

to year and that the council is in competition with other providers. In response to a question, Doug Napier said that the report captures the main income streams but that there are many others.

James McGinlay said that the Classics in the Park event had made a loss last year and that ticket sales were being monitored against costs for this year's Live at Wimbledon Park event and would be reviewed so that the event would not go forward unless it would break even. Councillor Nick Draper said that he had taken a decision this week to not proceed with the event as he was not confident that it would break even. He said that it was right to be entrepreneurial and that he would be looking for alternative proposals.

Doug Napier said that there has been a decline in overall demand for provision of football pitches and other sport activities nationally as well as locally. He added that the Phase C procurement would enable assets to be sweated. Councillor Nick Draper said that the contract with Greenwich Leisure Limited was an example of what could be achieved.

Task group members discussed concerns that the data in this report and in the quarterly monitoring report do not support the assertion that the service is efficiently run and that, if there were efficiency savings to be made, this should ideally be done prior to outsourcing. In response, James McGinlay said that officers had received external expert support on pricing during the competitive dialogue phase to ensure that the council would get a good commercial deal; that safeguards in relation to profit share had been built into the contract; and that finetuning would take place before the final award of contract. Caroline Holland added that there may be further opportunity for savings when Kingston and Croydon join the contract.

AGREED to receive further report on Greenspaces budget at task group meeting on 10 November so that a clear understanding of the cost base and the benchmarking information could be achieved. The task group requested more detail of the service's revenue and commercialisation strategy.

7 BUDGET DEEPDIVE REPORT BACK TO COMMISSION - DISCUSSION (Agenda Item 7)

Members agreed that the Greenspaces report and data had provided less detail than they would wish to have for "deepdive" purposes. Members wish to strike a balance so that the right level of detail is given to enable them to provide challenge but not so much detail to obscure the overall picture.

AGREED that Councillors Hamish Badenoch and Jeff Hanna would meet with Julia Regan and Caroline Holland to identify a template for use for future deepdive scrutiny of service budgets. Also agreed that deepdive template should include three years of budget data to provide a trendline.

8 DATES AND AGENDAS FOR FUTURE MEETINGS (Agenda Item 8)

AGREED the following agenda items for the meeting on 10 November:

- Quarter 2 monitoring report
- Late delivery of savings – report on causes of delay (with categories) and what is being done to address delivery failure.
- Greenspaces follow up report
- Deepdive on SEN transport
- Proposal for future deep dive scrutiny of service budgets

Members also expressed interest in scrutinising scope for additional savings and pre-decision scrutiny on public consultation on level of council tax.

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Financial Monitoring Task Group

Date: 10th November 2016

Subject: Savings

Lead officer: Paul Dale

Lead member: Mark Allison

Recommendations:

- A. That the Financial Monitoring Task Group discuss and comment on the re-analysis of savings presented in this report..
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report reanalyses savings as requested by the Financial Monitoring Task Group. It reports them by subjective areas of spending.

2. THE SAVINGS PROCESS.

- 2.1 Identifying and delivering savings has become an increasingly important part of the budget process in recent years as resources available reduce. Over the last 2/3 years Merton has experienced difficulties in fully delivering savings or there have been delays in delivering them meaning that they have not been realised until future financial years.
- 2.2. The table below shows the sources of undelivered savings. Community and Housing is the main source of undelivered savings. They total £2,685K of £3,773K (71%). Client related spending in Communities and Housing: Placements, direct payments and contracts total £2,158K, 57% of the overall total.
- 2.3. The table below analyses the detailed pattern of non-achievement of savings and projected shortfall for 2016/17.

Unachieved savings projected shortfall in 2016/17

	14/15		15/16		16/17			TOTAL
	C&H	E&R	C&H	E&R	C&H	E&R	CS	
Expenditure								
Employees		100	14		81	310	138	643
Premises							150	150
Supplies and Services						90		90
Grant shortfall					56			56
Placements	608				691			1299
Direct payments					577			577
Contracts	50				232			282
GROSS EXPENDITURE	658	100	14	0	1,637	400	288	3,097
Income								
Customer and Client Receipts						70		70
MAE income	176							176
BCF Income					200			200
Greenspaces Income		25		28		107		160
Future Merton Income						70		70
GROSS INCOME	176	25	0	28	200	247	0	676
NET EXPENDITURE	834	125	14	28	1,837	647	288	3,773

3. COMMUNITY AND HOUSING

Prior to 2014/15 some savings were not being achieved but were being offset by underspends in other areas of the budget. Provider increases, the national living wage and increased complexity of needs have put pressure on placement related savings.

3.1 2016/17 Savings

3.1.1 Placements

For 5 years Merton have successfully negotiated nil provider increases. However, with the onset of national living wage legislation, nationally providers are now demanding an increase in fees thus putting pressure on the placements budget. Although the number of clients has not increased the cost of packages is increasing and the complexity of packages. The savings targets against placement budgets are now not considered to be achievable.

The forecast in the current year is a projected overspend of £6.6m on gross placements of which £1.3m (placements, and direct payments) is not expected to be achieved in the current year.

To reduce this potential overspend the service has an action plan which includes the following for placements:

- Continue to work to reduce controllable admissions to long term residential and nursing care

- Renegotiate with providers where possible
- Look for frameworks and block purchase to get volume at lower cost and investigate opening new homes in Sutton

3.1.2 Salaries

Due to delays in the submissions of the business case and subsequent staff consultation this savings will not be full realised.

3.1.3 Contracts

This relates to the meals on wheels and crossroads contract. The delay in decommissioning the service has resulted in the saving not being delivered in the current year but is expected to be achieved in 2017/18.

3.1.4 Better Care Fund (BCF)

Merton CCG were expected to provide additional funding from via the BCF in 2016/17 but this has not materialised, due to their financial position.

3.1.5 Homelessness Prevention Grant

The demand for rent deposits has increased in the current year putting pressure on this budget. This is being closely monitored but is a demand led service.

3.2 2014/15 Savings

3.2.1 Placements

Approx. £270k of the placements savings were expected to be achieved through renegotiations with existing service providers. However, market pressures and increases in market prices made negotiating reductions difficult. Although the reduction was not achieved and the saving unmet a price increase was not agreed in 2014/15 which was through successful negotiations by Merton in a market demanding higher prices. As mentioned above this position was not sustainable and prices have increased in 2016/17.

£250k saving was expected from removing day care from residential clients. The number of clients eligible was subsequently found to be too low making this unachievable.

3.2.2 MAE Income

When the MAE service was provided in house this saving was expected through increased income from commercial courses. The demand was not achieved and the saving unmet. The service has now been outsourced and the new model is expected to break even from 2017/18.

4 CORPORATE SERVICES

4.1 2016/17 Savings

4.1.1 £118k of employee related savings are not expected to be achieved in the current year due to the delay in the implementation of projects SCIS (Social Care Information System) and Customer Contact. The business systems team saving of £88k was expected through efficiencies from new systems and cannot be delivered until the systems go live. The Customer contact programme was expected to deliver a £30k employee saving which will be delayed.

4.1.2 £150k savings in energy has not been achieved due to the invest to save capital investment being deferred to the following year.

5 ENVIRONMENT AND REGENERATION

5.1 2016/17 Savings

5.1.1 Greenspaces

Around half of the 2016/17 savings forecast to be unachieved relate to Greenspaces (£307k). £143k of this is associated with the ongoing work on Phase C, and it is fully expected to be achieved from 2017/18. £70k relates to the Live at Wimbledon Park event, which was unfortunately cancelled. A delay in implementing pay & display machines at certain car parks is also contributing the forecast shortfall, as is rental opportunities of the section's properties.

5.1.2 Future Merton

£70k of the expected shortfall relates to income savings within the section, which are not being achieved in full. The Head of Service is currently working on options to mitigate this pressure, including potential alternative savings proposals, which would be presented to Cabinet in due course.

5.1.3 Waste Services

The section has a £100k employee related saving that is not being achieved at present as the saving is linked to new CRM project and Environmental asset Management Business case. GPS and vehicle tracking will not be delivered this year, meaning that the associated back-office restructure cannot yet be implemented.

5.2 2015/16 Savings

5.2.1 Greenspaces

The ongoing savings shortfall of £28k relates to income within Greenspaces, and is associated with the ongoing work on Phase C. It is fully expected to be achieved from 2017/18.

5.3 2014/15 Savings

5.3.1 Waste Services

£100k of the total relates to an unachieved agency usage related saving within Waste Services. Although improved management of the sickness monitoring was put in place, the saving was not achieved. This saving is associated with the ongoing work on Phase C, and it is fully expected to be achieved from 2017/18.

A commercial waste income saving of £250k was also unachievable. An alternative saving proposal was subsequently agreed by Cabinet, which fully mitigated this saving.

5.3.2 Greenspaces

The remaining shortfall of £25k relates to income within Greenspaces, and is associated with the on-going work on Phase C. It is fully expected to be achieved from 2017/18.

6 Children, Schools and Families

6.1 The department is meeting all savings for the past three years. Where savings became difficult to achieve they were replaced with more achievable options. Where possible proposing savings in areas under budget pressure are avoided, reducing the potential for non achievement. This has meant very large reductions in areas such as Early Years, Youth and other areas where we could reduce or cease services without substantial impact on the most vulnerable. Further options in these areas are now limited so deliverable savings options are much reduced.

6.2 Whilst there are pressures on budgets such as transport and placements, the department work hard to reduce expenditure and secure best value for money. Savings are being achieved in both these areas but, due to demographic growth, increased demand and additional burdens placed on the service through Central Government policy and legislation, there are still overspends in these services. However, the potential overspend has been reduced significantly.

7. CONSULTATION UNDERTAKEN OR PROPOSED

7.1 All relevant bodies have been consulted.

8. TIMETABLE

8.1 In accordance with current financial reporting timetables.

9. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. LEGAL AND STATUTORY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

11. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

11.1 Not applicable

12. CRIME AND DISORDER IMPLICATIONS

12.1 Not applicable

13. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

13.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2016/17, the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

14. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

Appendix 1 Savings Data from Period 6 Monitoring report

15. BACKGROUND PAPERS

15.1 Budgetary Control files held in the Corporate Services department.

16. REPORT AUTHOR

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Appendix 1 Savings Data from Period 6 Monitoring report

The period 6 monitoring report provides the detail on the savings not expected to be achieved in the current financial year and the progress on the unachieved savings in the last two financial years and the impact on the current year are shown below

Progress on savings 2016/17

Department	Target Savings 2016/17	Projected Savings 2016/17	Period 6 Forecast Shortfall	Period 6 Forecast Shortfall	Period 5 Forecast Shortfall	Period 5 Forecast Shortfall
	£000's	£000's	£000's	%	£000's	%
Corporate Services	2,316	2,028	288	12.4%	288	12.4%
Children Schools and Families	2,191	2,191	0	0.0%	0	0.0%
Community and Housing	5,379	3,542	1,837	34.2%	2,191	40.7%
Environment and Regeneration	4,771	4,124	647	13.6%	567	11.9%
Total	14,657	11,885	2,772	18.9%	3,046	20.8%

Progress on savings 2015/16

Department	Target Savings 2015/16	2015/16 shortfall	2016/17 projected shortfall
	£000's	£000's	£000's
Corporate Services	1,170	0	0
Children Schools and Families	781	0	0
Community and Housing	2,154	14	14
Environment and Regeneration	4,192	3,493	28
Total	8,297	3,507	42

Progress on savings 2014/15

Department	Target Savings 2014/15	2014/15 shortfall	2015/16 shortfall	2016/17 projected shortfall
	£000's	£000's	£000's	%
Corporate Services	1,650	0	0	0
Children Schools and Families	860	40	0	0
Community and Housing	2,465	1,339	1,339	834
Environment and Regeneration	3,338	129	125	125
Total	8,313	1,508	1,464	959

See Appendices 6-8 from Financial Report 2016/17 – September 2016 for progress on savings detail.

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Financial Monitoring Task Group

Date: 10 November 2016

Subject: Greenspaces - budget deepdive

Lead officer: Doug Napier, Greenspaces Manager

Lead member: Councillor Nick Draper

Recommendations:

A. That Members discuss and comment on the Greenspaces budget.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

This report outlines the pertinent details in terms of current and recent Greenspaces budgets as a result of scrutiny of financial monitoring reports. The report provides additional budget details as requested by the Financial Monitoring Task Group at its meeting of 26 July 2016.

2 INTRODUCTION

The broad, over-arching budget position covering the current and previous two financial years is summarised in Appendix 1.

This report focuses on the direct, controllable expenditure within the Greenspaces service, recent annual budget out-turns and budget mitigation measures. The figures presented in this report exclude all indirect service costs and also depreciation as these are non-controllable.

The year-end financial returns for 2014/15 and 2015/16 reveal annual budget over-spends of £204k and £223k respectively.

There are two principle reasons for these annual out-turns exceeding budget and these, staff costs and service income, are covered in greater detail within this report - as opposed to one-off unplanned-for costs such as occurred in 2014/15 when above-the-norm levels of wear and tear and vandalism across the service's 40 children's playgrounds imposed costs in excess of £20k above budget in order to remedy and make these features safe and useable.

3 BACKGROUND

The Council's Greenspaces service is a relatively large and diverse service area that encompasses parks & open spaces (arboriculture, allotments, outdoor sport facilities, highways verge maintenance, nature conservation, playgrounds & water play features), cemeteries, and outdoor community events.

The service is enjoyed by a very wide cross-section of the community and is a popular service, supported by a variety of customers and stakeholder groups who invest both directly and indirectly in the front-line service provisions.

Customer satisfaction levels have consistently been in the range of 70-72% during the past 5 years.

The service is a discretionary one and been the subject of on-going budget pressures, and savings requirements over the course of the past 5 financial years (as summarised in Table 1 below).

Financial Year	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Parks & Open spaces	290	101	96	39	247
Cemeteries	135	3	0	0	0
Events	49	0	0	0	70
TOTAL	474	104	96	39	317

The following table is an extract from the 'Progress on Savings' information provided on a monthly basis to Cabinet, and provides an insight in to the difficulty in achieving the more recent agreed savings. Current and planned mitigation measures designed to address the savings target shortfalls are outlined in sections 5 & 6 of the report below.

Financial Year	2014/15		2015/16		2016/17	
	TARGET	% MET	TARGET	% MET	TARGET	% MET*
Parks & Open spaces	96	70%	39	28%	247	4%
Cemeteries	0	n/a	0	n/a	0	n/a
Events	0	n/a	0	n/a	70	0%
TOTAL	96	70%	39	28%	317	3%

* Forecast as at Period 5

Benchmarking data is acknowledged to be weak within the London-based parks industry due to a combination of factors, not least amongst these being the disparities between the range of services offered by the different authorities, and up-to-date information cannot readily be provided for the London area. Nevertheless, data provided by the London boroughs via Parks for London for the financial year 2013/14, indicate that Merton's expenditure on parks was ranked 16th highest of the 33 London boroughs based upon total expenditure per head of population; and ranked 24th highest of the 33 London boroughs based upon expenditure per hectare of accessible space.

4 SERVICE STAFFING

Approximately 58% of the annual, controllable expenditure is allocated to directly employed, mostly front-line staff, supplemented by temporary or seasonal employees whose requirement and numbers reflect the seasonal

nature of the service and the types of services currently offered, typically covering grounds maintenance and children's play needs.

Ongoing budget pressures have seen the overall staff establishment decline over the past 6 years to the extent that relatively few parks and open spaces, for example, have dedicated staff and there has been no parks police service in Merton for many years now. Grounds maintenance tasks are carried out predominantly by mobile staff that operate between clusters of sites or borough-wide.

Overall, the service, generally copes with the typical demands of a 7 day week/365 days per year with extended opening hours during the spring and summer period, but there are exceptional times, generally coinciding with the prevailing weather (both good and bad), staff holidays and staff sickness where additional cover is required in order to maintain standards and safeguard the reputation of the Council. Examples include additional evening litter collections in parks at times of favourable weather and pay-to-play services. These additional duties are covered by a combination of core staff undertaking additional hours at an overtime rate or by agency staff.

These additional requirements incurred an overspend on salaries of c.£70k in 2015/16.

5 BUDGET MITIGATION MEASURES

5.1 General

In the context that Greenspaces relies substantially upon the delivery of services by operatives in the front-line undertaking predominantly gardening and landscape maintenance tasks, there are some natural limitations to the extent to which efficiencies can be achieved, in contrast to, say, administration requirements and the benefits derived from technological developments.

Recognising that further staff reductions could be counter-productive in terms of service quality and the expectations of customers and park users, especially during the summer season, Greenspaces has adopted a combined strategy of reducing expenditure across a range of non-staff cost areas whilst continuing to review staff expenditure at times of lower service demand and minimize costs insofar as possible. These measures include an emphasis upon utility costs in particular (see summary table below), an increased rigor in terms of customer recharges, aided by recent investment in sub-meters and smart meters, and via the commercialisation and diversification of its leisure offer where practical, including the re-use and reconfiguration of some key service assets, principally parks buildings and pavilions.

There are a number of existing parks property leases currently under review, with rents anticipated to increase, plus some new or upgraded facilities that have recently or will soon come on-stream. These - the new pavilion in Dundonald Recreation Ground and the new refreshment kiosk at South Park

Gardens are two examples - are already attracting new, regular customers, including new anchor tenants, thereby increasing customer receipts by sums measured in several thousands of pounds each and contributing to the 2016/17 savings target that is currently showing as not being achieved, as outlined in section 3 above.

Financial Year	2013/14	2014/15	2015/16
Annual cost - Electricity (£)	68,811	59,097	74,229
Annual cost - Gas (£)	67,435	29,953	29,012
Annual cost - Water (£)	77,023	79,562	75,140
Utilities recharges - all (£)	0	(21,586)	(39,183)
TOTAL	213,269	147,026	139,198

5.2 Events

The provision of and support for outdoor community events has been a core part of Greenspaces for many years. More than 100 separate events are hosted within the borough's parks & open spaces on an annual basis, events such as the Mitcham Carnival, Filipino Festival and Mitcham Status Fair are now established events that have occurred within the borough for many years.

The number and diversity of events has been rising steadily in recent times and whilst the returns remain mostly gained from the long-established larger scale productions such as the annual fireworks events and support for the Wimbledon Championships which create some substantial surpluses, the service has sought to expand this service by partnering with others in the industry to increase, for example, the number of fairs hosted in the borough and to attract and help to develop new events such as the annual Wimbledon Food Festival, held at Wimbledon Park, established in 2014.

Echoing the situation across many parks providers in London, the service has also embraced the more commercially focused outdoor event opportunities, often promoted in the vein of "music-in-the park" as it did with its two-day *Classics in the Park* event held at Wimbledon Park in 2015.

Whilst not yet generating a surplus at this stage in their development, it is broadly recognized that such events take time to become firmly established on any annual events calendar and so financial losses in the early years of a new event are not entirely unexpected in this industry.

On the plus side, and from a production perspective, *Classics* was an excellent event and received many favourable reviews by those who attended. It proved the production capabilities of the team and the suitability of the venue to host high-quality outdoor music and arts-focused events in a secure environment. It was disappointing, therefore, that the 4-day “Live at Wimbledon Park” music festival scheduled for August 2016 was cancelled due to lower-than-expected pre-event ticket sales, but the service is currently exploring options for alternative arts and cultural events in parks for the 2017 summer season and is speaking to industry professionals about the opportunities and possible partnerships.

Events Income

Events Income*	2013/14 £000			2014/15 £000			2015/16 £000		
	Budget	Actuals	Var.	Budget	Actuals	Var.	Budget	Actuals	Var.
Fireworks event	(110)	(72)	38	(102)	(73)	29	(87)	(104)	(17)
Wimbledon Tennis C'ships (car park)	(133)	(70)	63	(107)	(75)	32	(107)	(82)	25
Classics/LAWP	n/a	n/a	n/a	n/a	n/a	n/a	0	55	55
Misc.**	(65)	(37)	28	(68)	(60)	8	(68)	(49)	19
TOTAL	(308)	(179)	129	(277)	(208)	69	(262)	(180)	82

* Income Net of delivery costs (except for 1FTE events officer)

** Circuses, fairs, Mitcham Carnival, etc.

5.3 Sport

The provision of a range of sports services and facilities across the borough remains a cornerstone of the borough’s leisure offer and is a substantial income earner for the local authority. Participation in traditional sports such as tennis, football and cricket remains high overall, but the service has diversified in recent years to support minority sports such as softball, lacrosse and beach volleyball in order to cater for local demands and in order to protect and enhance revenue streams too.

Whereas the total income from tennis, seasonal weather issues apart, has remained relatively static in the region of £100k per annum, receipts from football and cricket have proven to be more fluid in recent times (see table below) and this has adversely affected annual income levels. Football income continues to show a progressive recovery from a low-point in 2013-14.

Sports Income	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Football	(115)	(103)	(63)	(69)	(80)
Cricket	(43)	(33)	(41)	(61)	(51)
Tennis	(104)	(96)	(123)	(115)	(109)

Misc.*	(138)	(132)	(131)	(144)	(147)
TOTAL	(400)	(364)	(358)	(389)	(387)

* e.g. rugby, crazy golf, beach volleyball, running track etc.

5.4 Cemeteries

Income secured through the range of services linked the boroughs' burials service are substantial in comparison with most other services and is mostly achieved through interment charges that, overall, generate an annual surplus. Burial numbers at our main two cemeteries at Gap Road and London Road are generally in the region of 200 per annum. However, numbers can and do vary from year to year due to factors generally beyond the service's direct control. Consequently, variances in the number of burials compared to the norm, can have a significant impact upon income totals owing to the scale of the charges levied, as outlined in table below. (Note that burials numbers at the Merton & Sutton Joint Cemetery which are also managed by Greenspaces, increased to 262 in 2015/16, compared to 208 in 2014/15 and 217 in 2013/14).

Cemeteries Income	2013/14 £000	2014/15 £000	2015/16 £000
Total income	(526)	(499)	(395)
Total number of burials	204	174	149

A promotional brochure highlighting the borough's cemeteries services was produced and distributed to undertakers throughout the south London area during the spring of 2016 in order to stimulate business and raise awareness of the service as a whole. It may be no coincidence, therefore, that interment income has shown a significant upturn during the first 6 months of 2016/17, compared to the same period during 2015/16 at both Merton's cemeteries.

6 PHASE C

The Greenspaces service forms an integral component of the current Phase C procurement exercise within the Environment & Regeneration Department, a major service procurement that also encompasses the local authority's waste and street cleansing services, amongst others. It is currently anticipated that some substantial savings will be secured overall as a direct consequence of out-sourcing the majority of the services within this portfolio and delivering these in partnership with neighbouring boroughs, initially with the London Borough of Sutton from early in 2017, and possibly other neighbouring local authorities in the medium term.

At the outset of this exercise, this procurement was targeted to deliver annual savings of the order of £160k for Greenspaces. However, this target was subsequently increased to £390k and is fully expected to be achieved.

It is also anticipated that the implementation of Phase C will mitigate the service savings targets not currently being achieved in 2016/17, outlined in section 3 above.

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SERVICE AREA -**Description of service****GREENSPACES**

This section details expenditure & income for the Greenspaces service overall, including parks, cemeteries & outdoor events, but excluding those core services delivered by the Greenspaces team for the Merton & Sutton Joint Cemetery Board and Mitcham Common Conservators

STAFFING

Number of FTE Staff
 Number of Fixed term Contract
Total FTE

2014/15

70.75
0
70.75

2015/16

71.85
0
71.85

2016/17

67.85
0
67.85

BUDGET ***Expenditure**

Employees
 Premises
 Transport
 Supplies and Services
 Third Party Payment

GROSS EXPENDITURE**Income**

Government Grants
 Other Reimbursements & Contributions
 Customer and Client Receipts
 Reserves

GROSS INCOME**NET EXPENDITURE**

	2014/15 Current Budget £000	2014/15 Outturn £000	2014/15 O/turn Variance £000	2015/16 Current Budget £000	2015/16 O/turn £000	2015/16 Outturn Variance £000	2016/17 Original Budget £000	2016/17 Forecast Variance (as at P6) £000
Employees	2,273	2,414	141	2,371	2,450	79	2,231	67
Premises	736	814	78	742	678	-64	741	7
Transport	246	265	19	272	274	2	274	22
Supplies and Services	496	487	-9	575	557	-18	556	-55
Third Party Payment	32	48	16	40	48	8	40	8
GROSS EXPENDITURE	3,783	4,028	245	4,000	4,007	7	3,842	49
Income								
Government Grants	(60)	(22)	38	(8)	(9)	-1	(8)	(1)
Other Reimbursements & Contributions	(97)	(256)	-159	(173)	(234)	-61	(94)	(115)
Customer and Client Receipts	(1,792)	(1,712)	80	(1,979)	(1,701)	278	(2,158)	231
Reserves	0	0	0	0	0	0	0	0
GROSS INCOME	-1,949	-1,990	-41	-2,160	-1,944	216	-2,260	115
NET EXPENDITURE	1,834	2,038	204	1,840	2,063	223	1,582	164

* These figures exclude indirect costs and depreciation, as these are non-controllable.

SERVICE AREA -

Description of service

PARKS & OPENSACES

This service area comprises the core parks & open spaces operational areas, including: parks & gardens maintenance (including parks litter & waste collection), outdoor sport & pavilion use, allotments, arboriculture, highways verge maintenance, nature conservation management & play provisions, including children's playgrounds & water play features. (Note: the Events Manager salary costs are included here).

STAFFING

Number of FTE Staff
Number of Fixed term Contract
Total FTE

	2014/15	2015/16	2016/17
Number of FTE Staff	62.5	63.6	59.6
Number of Fixed term Contract	0	0	0
Total FTE	62.5	63.6	59.6

BUDGET

Page 24
Expenditure

	2014/15 Current Budget £000	2014/15 Outturn £000	2014/15 O/turn Variance £000	2015/16 Current Budget £000	2015/16 O/turn £000	2015/16 Outturn Variance £000	2016/17 Original Budget £000	2016/17 Forecast Variance (as at P6) £000
Employees	2,022	2,134	112	2,122	2,154	32	1,979	53
Premises	697	788	91	703	644	-59	702	13
Transport	238	254	16	269	271	2	271	22
Supplies and Services	430	420	-10	397	406	9	377	-63
Third Party Payment	32	48	16	40	48	8	40	8
GROSS EXPENDITURE	3,419	3,644	225	3,531	3,523	-8	3,369	33
Income								
Government Grants	(60)	(22)	38	(8)	(9)	-1	(8)	(1)
Other Reimbursements & Contributions	(87)	(130)	-43	(163)	(175)	-12	(84)	(75)
Sports Income	(422)	(388)	34	(461)	(387)	74	(467)	85
Other Customer and Client Receipts	(501)	(516)	-15	(541)	(518)	23	(645)	125
Reserves	0	0	0	0	0	0	0	0
GROSS INCOME	-1,070	-1,056	14	-1,173	-1,089	84	-1,204	134
NET EXPENDITURE	2,349	2,588	239	2,358	2,434	76	2,165	167

SERVICE AREA -**Description of service****CEMETERIES**

This service area comprises the two main Merton cemeteries at London Road, Mitcham & Gap Road, Wimbledon. It also includes the maintenance of the borough's war memorials and two churchyards. Merton & Sutton Joint Cemetery income & expenditure is not included here.

STAFFING

Number of FTE Staff

Number of Fixed term Contract

Total FTE**2014/15**

7.25
0
7.25

2015/16

7.25
0
7.25

2016/17

7.25
0
7.25

BUDGET**Expenditure**

Employees

Premises

Transport

Supplies and Services

Third Party Payment

GROSS EXPENDITURE**Income**

Government Grants

Other Reimbursements & Contributions

Customer and Client Receipts

Reserves

GROSS INCOME**NET EXPENDITURE**

	2014/15 Current Budget £000	2014/15 Outturn £000	2014/15 O/turn Variance £000	2015/16 Current Budget £000	2015/16 O/turn £000	2015/16 Outturn Variance £000	2016/17 Original Budget £000	2016/17 Forecast Variance (as at P6) £000
Employees	250	238	-12	237	224	-13	228	-3
Premises	39	26	-13	39	30	-9	39	-11
Transport	8	11	3	3	3	0	3	0
Supplies and Services	3	8	5	3	6	3	3	-3
Third Party Payment	0	0	0	0	0	0	0	0
GROSS EXPENDITURE	300	283	-17	282	263	-19	273	-17
Income								
Government Grants	0	0	0	0	0	0	0	0
Other Reimbursements & Contributions	(10)	(126)	-116	(10)	(59)	-49	(10)	(40)
Customer and Client Receipts	(528)	(499)	29	(528)	(395)	133	(527)	(42)
Reserves	0	0	0	0	0	0	0	0
GROSS INCOME	-538	-625	-87	-538	-454	84	-537	-82
NET EXPENDITURE	-238	-342	-104	-256	-191	65	-264	-99

SERVICE AREA -

Description of service

EVENTS

This service area comprises the front-line delivery elements of Greenspaces' outdoor events functions & allied services, including Mitcham Carnival, and "Live at Wimbledon Park", for example. (Note: the Events Manager salary costs are included within the general Parks & Open Spaces service costs)

STAFFING

Number of FTE Staff
 Number of Fixed term Contract
Total FTE

	2014/15	2015/16	2016/17
Number of FTE Staff	1	1	1
Number of Fixed term Contract	0	0	0
Total FTE	1	1	1

BUDGET

Expenditure

Employees
 Premises
 Transport
 Supplies and Services
 Third Party Payment

GROSS EXPENDITURE

Income

Government Grants
 Other Reimbursements & Contributions
 Customer and Client Receipts
 Reserves

GROSS INCOME

NET EXPENDITURE

	2014/15 Current Budget £000	2014/15 Outturn £000	2014/15 O/turn Variance £000	2015/16 Current Budget £000	2015/16 O/turn £000	2015/16 Outturn Variance £000	2016/17 Original Budget £000	2016/17 Forecast Variance (as at P6) £000
Employees	1	42	41	12	72	60	24	17
Premises	0	0	0	0	4	4	0	5
Transport	0	0	0	0	0	0	0	0
Supplies and Services	63	59	-4	175	145	-30	176	11
Third Party Payment	0	0	0	0	0	0	0	0
GROSS EXPENDITURE	64	101	37	187	221	34	200	33
Government Grants	0	0	0	0	0	0	0	0
Other Reimbursements & Contributions	0	0	0	0	0	0	0	0
Customer and Client Receipts	(341)	(309)	32	(449)	(401)	48	(519)	63
Reserves	0	0	0	0	0	0	0	0
GROSS INCOME	-341	-309	32	-449	-401	48	-519	63
NET EXPENDITURE	-277	-208	69	-262	-180	82	-319	96

DRAFT DEEPDIVE TEMPLATE

NOTES

In covering report:

1. Outline main areas of overspend or underspend in past two years and reasons for this.
2. Outline key activities carried out by the service, reason provided and costs.
3. Details of savings related to this service (targets, achieved, RAG rating)
4. Set out any relevant benchmarking data in relation to performance, staffing and costs.

Amendments from July 2016 deep dive template

Overheads excluded as budget managers responsible for direct costs only

Outturn variance column added.

Page 27 Latest forecast variance column added

The new template has been used for the updated Greenspaces report

The figures have been provided for Greenspaces in total and at sub division of service level for clarity:

Parks and open spaces

Cemetries

Events

SERVICE NAME -
Description of service

STAFFING

Number of FTE Staff
Number of Fixed term Contract
Total FTE

2014/15

2015/16

2016/17

BUDGET

	2014/15 Budget £000	2014/15 Outturn £000	2014/15 Outturn Variance	2015/16 Budget £000	2015/16 Outturn £000	2015/16 Outturn Variance	2016/17 Budget £000	Forecast Variance (as at P6) £000
Expenditure								
Employees								
Premises								
Transport								
Supplies and Services								
Third Party Payment								
Support Services								
Depreciation & Impairment Losses								
GROSS EXPENDITURE								
Income								
Government Grants								
Other Reimbursements & Contributions								
Customer and Client Receipts								
Interest								
Recharges								
Reserves								
GROSS INCOME								
NET EXPENDITURE								

exclude overheads
exclude

exclude
exclude overheads
exclude