

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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