



## Markets Committee

**Date:** WEDNESDAY, 11 JULY 2018  
**Time:** 11.30 am  
**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

**Members:**

James Tumbridge (Chairman)	Deputy Edward Lord
John Chapman (Deputy Chairman)	Alderman Nicholas Lyons
Rehana Ameer	Alderman Professor Michael Mainelli
Tom Anderson	Wendy Mead
Adrian Bastow	Deputy Robert Merrett
Matthew Bell	Andrien Meyers
Peter Bennett	Deputy Brian Mooney
Nicholas Bensted-Smith	Benjamin Murphy
Mark Bostock	Deputy Joyce Nash
Richard Crossan	John Petrie
Deputy Kevin Everett	Stephen Quilter
Sophie Anne Fernandes	John Scott (Chief Commoner)
Michael Hudson	Ian Seaton
Deputy Henry Jones	Deputy Dr Giles Shilson
Angus Knowles-Cutler	Deputy Tom Sleigh
Gregory Lawrence	Mark Wheatley
Tim Levene	

**Enquiries:** Martin Newton  
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Lunch will be served in the Guildhall Club at 1pm  
N.B. Part of this meeting could be the subject of audio or visual recording

John Barradell  
Town Clerk and Chief Executive

# **AGENDA**

## **Part 1 - Public Agenda**

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **PUBLIC MINUTES**  
To agree the public minutes of the meeting held on 9 May 2018.  
**For Decision**  
(Pages 1 - 8)
4. **SUPERINTENDENTS' ORAL UPDATES**  
The Superintendents to be heard.  
**For Information**
5. **MARKETS COMMITTEE RISK**  
Report by the Director of Markets and Consumer Protection.  
**For Information**  
(Pages 9 - 14)
6. **REVENUE OUTTURN**  
Joint report by the Chamberlain and the Director of Markets and Consumer Protection.  
**For Information**  
(Pages 15 - 38)
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **EXCLUSION OF THE PUBLIC**  
**MOTION** - That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

## **Part 2 - Non-Public Agenda**

10. **NON-PUBLIC MINUTES**  
To agree the non-public minutes of the meeting held on 9 May 2018.  
**For Decision**  
(Pages 39 - 42)

11. **POLICY AND RESOURCES COMMITTEE RESOLUTION**  
To consider the resolution from the Policy and Resources Committee on the Strategic Review of Markets.  
**For Decision**  
(Pages 43 - 44)
12. **WORKING PARTY TERMS OF REFERENCE**  
To consider and approve the terms of reference of the Working Party established at the last Committee meeting.  
**For Decision**  
(Pages 45 - 46)
13. **URGENT ACTION**  
Report by the Town Clerk.  
**For Information**  
(Pages 47 - 56)
14. **NON PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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## MARKETS COMMITTEE

Wednesday, 9 May 2018

Minutes of the meeting of the Markets Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Wednesday, 9 May 2018 at 11.30 am

### Present

#### Members:

Peter Bennett	Wendy Mead
Nicholas Bensted-Smith	Deputy Robert Merrett
Mark Bostock	Deputy Brian Mooney
John Chapman	Benjamin Murphy
Michael Hudson	Deputy Joyce Nash
Deputy Henry Jones	Stephen Quilter
Gregory Lawrence	Deputy Dr Giles Shilson
Deputy Edward Lord	Deputy Tom Sleigh
Alderman Professor Michael Mainelli	James Tumbridge

#### Officers:

Sufina Ahmad	- Town Clerk's Department
Jon Averbs	- Markets and Consumer Protection Department
Steven Chandler	- City Surveyor's Department
Leyla Dervish	- Chamberlain's Department
Amelia Ehren	- Town Clerk's Department
Paul Hickson	- Comptroller and City Solicitor's Department
Malcolm Macleod	- Superintendent, Billingsgate Market
Ben Milligan	- Superintendent, New Spitalfields Market
Martin Newton	- Town Clerk's Department
Mark Sherlock	- Superintendent, Smithfield Market
David Smith	- Director of Markets and Consumer Protection
Julie Smith	- Chamberlain's Department

#### 1. CHAIR

Deputy Nash moved, it was duly seconded and

**RESOLVED** – That Alderman Mainelli takes 'the chair' until the election of a Chairman for the ensuing year is concluded.

#### 2. APOLOGIES

Apologies were received from Matthew Bell, Sophie Fernandes, Angus Knowles-Cutler, Tim Levene, Alderman Nicholas Lyons, Andrien Meyers, John Petrie, Ian Seaton, John Scott and Mark Wheatley.

3. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

Gregory Lawrence declared a direct pecuniary interest in item 22 (Poultry Market), with regard to his previously declared employment and corporate tenancy interests in London Central Markets, and said that he would not take part in the decision on this item.

4. **ORDER OF THE COURT OF COMMON COUNCIL**

The Committee noted the circulated order of the Court of Common Council.

RECEIVED.

5. **ELECTION OF CHAIRMAN**

The Committee proceeded to elect a Chairman in accordance with Standing Order No. 29.

The Town Clerk read out a list of Members eligible to stand as Chairman. James Tumbridge being the only Member indicating his willingness to stand it was

**RESOLVED** – That James Tumbridge be duly elected as Chairman for the ensuing year.

Mr Tumbridge thanked the Committee for their support. He went on to welcome, on behalf of the Committee, Mark Bostock, Benjamin Murphy and John Petrie as new members of the Committee.

6. **ELECTION OF DEPUTY CHAIRMAN**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No. 30.

The Town Clerk read out a list of Members eligible to stand as Deputy Chairman and John Chapman and Deputy Robert Merrett put themselves forward for this position. A ballot then took place to elect the Deputy Chairman and there was found to be 9 votes for each candidate. A second ballot was then held and there was found to be 10 votes for John Chapman and 8 votes for Deputy Robert Merrett and it was

**RESOLVED** – That John Chapman be duly elected as Deputy Chairman for the ensuing year.

Mr Chapman thanked the Committee for their support.

7. **PUBLIC MINUTES**

**RESOLVED** – That the public minutes of the meeting held on 7 March 2018 be approved as a correct record.

There were no matters arising.

8. **APPOINTMENT OF REFERENCE SUB COMMITTEE**

The Committee considered a report of the Town Clerk and proceeded to appoint a Reference Sub Committee for the ensuing year.

**RESOLVED** – That the terms of reference of the Reference Sub Committee be agreed, with a revised composition of 10 members (Chairman, Deputy Chairman and 8 other members) and a membership for the ensuing year as follows:-

- James Tumbridge (Chairman)
- John Chapman (Deputy Chairman)
- Peter Bennett
- Mark Bostock
- Michael Hudson
- Deputy Edward Lord
- Alderman Professor Michael Mainelli
- Wendy Mead
- Deputy Joyce Nash
- Stephen Quilter

9. **SUPERINTENDENTS ORAL UPDATES**

Having been informed by the Director of Markets and Consumer Protection (DMCP) that the new superintendent for Billingsgate Market would shortly be taking up his position, the Committee received oral updates from each of the Market Superintendents as follows:

Smithfield

- The HGV unloading operations at Smithfield was still considered a Amber risk following an April audit across 4 nights.
- There had been a reduced car parking uptake on the 2 concessionary Easter nights / days of up to 20% compared to the 2 non concession comparable nights for Easter 2017. There were fewer reported traffic issues and generally the market was quieter than the previous Easter.
- The market is undertaking a litter campaign in consultation with the SMTA. 2 months of education and guidance to market users in conjunction with the CoL environment enforcement team with fixed penalty notices to be issued to continuing offenders thereafter. The Superintendent reported that a high percentage of rubbish was generated by buyers and distributors not necessarily market workers. The market needed to demonstrate its commitment to reducing litter in the area and improving its image as a responsible neighbour to the wider community.

### New Spitalfields

- Chris Hutchinson had stood down as chairman of the tenants' association after 14 years and had been replaced by Paul Walker.

The Chairman asked the DMCP / Superintendent to draft a letter for him to send thanking the previous chairman and welcoming the new chairman to his role.

- The possibility of leasing a replacement CCTV system was being considered with costs to be evaluated.

### Billingsgate

- There had been a visit to the market by the Fishmongers Company on 25 April.
- Support would be offered and forthcoming for the new superintendent as he took up his new role.

RECEIVED.

#### 10. **MARKETS BUSINESS PLAN UPDATE**

The Committee considered the report of the DMCP on the Markets Business Plan Update.

RECEIVED.

#### 11. **FINAL DEPARTMENTAL BUSINESS PLAN 2018/19**

The Committee considered the report of the DMCP on the final Departmental Business Plan 2018/19.

In welcoming the paper, the Chairman referred to comments received from some Members on the top line objectives set out on page 42 of the agenda pack and suggested the rewording of the first part of point 10 to alleviate these concerns, in the following terms:-

“10. Implement decisions based on findings of the Strategic Review of Markets and produce report for decision by Members.”

**RESOLVED** – That the Department of Markets and Consumer Protection final high-level business plan for 2018/19 be approved, subject to an amendment to the top line objectives set out on page 42 of the agenda pack and the rewording of the first part of point 10. in the following terms:-

“10. Implement decisions based on findings of the strategic review of markets and produce report for decision by Members.”



12. **CORPORATE RESPONSIBLE BUSINESS STRATEGY**

The Committee considered the report of the Chamberlain and Chief Grants Officer on the Corporate Responsible Business Strategy. The following matters were raised.

- In response to a question from a Member, an officer informed the Committee of proposals for employee engagement, including an internal communications campaign, work of the implementation group and plans for disseminating information across the organisation.
- A Member suggested that paragraph 16 could be strengthened in view of the aims of the Strategic Markets Review.
- The Chairman reminded Members that opportunity existed to contact the relevant officers with comments and views and that the Strategy remained a 'live document' that would be revisited and updated during its lifetime.
- Noted that paragraph 4 contained a typographical error and should refer to September 2017.

RECEIVED.

13. **MARKETS COMMITTEE RISK**

The Committee had before them the report by the DMCP on Markets Committee Risk and the following matters were raised.

- In response to concerns expressed by a Member that there had been no change in reported risk relating to unloading operations at Smithfield, the DMCP commented that the market is in a congested area and the risk had been reduced from red to moderate amber. The DMCP confirmed his view that risk would be likely to remain in this area whatever measures were put in place, but was managed in an appropriate way. The Chairman asked that officers report back to the Committee with an 'ongoing thought process' to reduce this risk.

RECEIVED.

14. **FARRINGDON PAVEMENT WIDTH - SMITHFIELD MARKET IMPACT**

The Committee's attention then turned to the report of the Superintendent, Smithfield Market on the impact on market operations arising from proposed pavement width alterations as part of development of the Crossrail station at Farringdon.

- The Chairman referred to the difficulty for HGV turning movements from Charterhouse Street into Lindsey Street arising from the proposed pavement width change, which would create a pinch point and very little room for HGV vehicle manoeuvre, and the need for a 'better balance' to ensure these difficulties could be reduced.

The Superintendent confirmed that the revised design proposal for urban realm works at the north end of Lindsey Street would be available from the Department of the Built Environment in the latter part of 2019 following completion and opening of the Crossrail station. The Superintendent would continue to monitor progress of these works to ensure the operational concerns of the market are addressed. Following further discussion, it was

**RESOLVED** – That the Committee send a resolution to the Streets and Walkways Sub (Planning and Transportation) Committee to seek a reduction in the proposed pavement width sufficient to meet the concerns of Markets Committee and Smithfield Traders to ensure there are no problems for HGVs safely traversing the corner and accessing the market.

15. **SMITHFIELD 150TH ANNIVERSARY**

The Committee considered the report of the Superintendent, Smithfield Market on the market's 150 years anniversary arrangements and the following matters were raised:-

- Noted that the market has been present on the site since the 10<sup>th</sup> century and that the current anniversary commemorated the Victorian market.
- The Superintendent confirmed that the event is being organised by a Steering Group, led by the Director of the Museum of London, with the SMTA and the Market management being fully involved. An event company has been employed to undertake the detailed planning and implementation. A Member confirmed that a 'committed team' is in charge of arrangements. At the suggestion of the Chairman, the Member said that he would request the SMTA to inform Court of Common Council members of the details to ensure wide publicity of the anniversary.

RECEIVED.

16. **MARKETS COMMITTEE - 24 JANUARY 2018**

The Committee had before them the report of the Town Clerk on the vote on the Strategic Markets Review item at January's meeting. The Chairman informed the Committee that he had also received a personal email from the Member regarding the matter.

RECEIVED.

17. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

18. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

The Chairman agreed to a Member raising an urgent item relating to water condenser issues at Smithfield since the evening of 7 May.

The Superintendent, Smithfield Market confirmed he was unaware of these issues and the City Surveyor undertook to respond to the Chairman (with the Superintendent updating the SMTA) as soon as possible.

19. **EXCLUSION OF THE PUBLIC**

**RESOLVED** – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the remaining items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A of the Local Government Act.

20. **NON-PUBLIC MINUTES**

**RESOLVED** – That the non-public minutes of the meeting held on 7 March be approved as a correct record.

21. **TENANCIES AT WILL AND ASSIGNMENTS**

The Committee considered a report of the DMCP on tenancies at will and assignments.

RECEIVED.

22. **MARKETS DEBT ARREARS - PERIOD ENDING 31 MARCH 2018**

The Committee considered a report of the DMCP on markets debt arrears for the period ending 31 March 2018.

RECEIVED.

23. **POULTRY MARKET**

With the approval of the Chairman, the Committee considered a late report of the DMCP on the Poultry Market.

**RESOLVED** – That the recommendations set out in the report be approved.

24. **NON PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

25. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There were no urgent items.

**The meeting ended at 12.56 pm**

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Chairman

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# Agenda Item 5

<b>Committee:</b> Markets Committee	<b>Date:</b> 11 July 2018
<b>Subject:</b> Markets Committee Risk	<b>Public</b>
<b>Report of:</b> David Smith Director of Markets and Consumer Protection	<b>For Information</b>
<b>Report author:</b> Donald Perry Department of Markets and Consumer Protection	

## Summary

This report has been produced to provide the Markets Committee with assurance that risk management procedures in place within the Department of Markets and Consumer Protection are satisfactory and that they meet the requirements of the corporate Risk Management Framework.

Risk is reviewed regularly by the departmental Senior Management Team as part of the on-going management of operations within the Department of Markets and Consumer Protection. In addition to the flexibility for emerging risks to be raised as they are identified, a process exists for in-depth periodic review of the risk register.

The Department of Markets and Consumer Protection have identified a number of departmental risks. Of these, the most significant risks for this Committee to consider are:

- MCP-NS 001 – Workplace Traffic Management, New Spitalfields (Current Risk: AMBER)
- MCP-SM 001 – HGV Unloading Operations, Smithfield (Current Risk: AMBER)

## Recommendation(s)

Members are asked to:

- Note the report and the actions taken in the Department of Markets and Consumer Protection to monitor, and manage effectively, risks arising from our operations.

## Main Report

### Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department.

### Current Position

2. This report provides an update of the key risks that exist in relation to the operations of the wholesale markets within the Department of Markets and Consumer Protection.

The report also outlines the processes adopted for the on-going review of risk and mitigating actions.

### **Risk Management Process**

3. The Department of Markets and Consumer Protection risk management is a standing agenda item at the regular Departmental Senior Management Group (SMG) meeting, over and above the suggested quarterly review. SMG receives the risk register for review, together with a briefing note highlighting any changes since the previous review. Consideration is also given as to whether any emerging risks exist for inclusion in the risk register as part of Divisional updates on key issues from each of the Superintendents and Assistant Directors, ensuring that adequate consideration is given to operational risk.
4. Between each SMG meeting, risk and control owners are consulted regarding the risks for which they are responsible, with updates captured accordingly.
5. Regular risk management update reports are provided to this Committee in accordance with the City's Risk Management Framework.

### **Identification of New Risks**

6. New and emerging risks are identified through a number of channels, the main being:
  - Directly by SMG as part of the regular review process.
  - In response to regular review of delivery of the departmental Business Plan; slippage against key deliverables, for example.
  - Annual, fundamental, risk register review, undertaken by the tier of management below SMG.

The risk register may be refreshed over and above the stated process for review and oversight, in response to emerging issues or changing circumstances.

### **Summary of Key Risks**

7. The Department of Markets and Consumer Protection's Risk Register for Markets, attached as Appendix 1 to this report, has two AMBER risks.

#### **MCP-NS 001 – Workplace Traffic Management New Spitalfields (Current Risk: AMBER constant)**

Over 200 forklift trucks are in operation on the New Spitalfields Market site.

An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.

As of these activities are undertaken in an area under the direct control of the City, an accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City.

#### **MCP-SM 001 – HGV Unloading Operations Smithfield (Current Risk: AMBER constant)**

A lack of suitable and sufficient training and adequate management controls in relation to Heavy Goods Vehicle banksman activities, undertaken by staff employed by Smithfield Market tenants, on an area under the overall control of the City, could result in a serious or life changing injury to pedestrians, caused by uncontrolled or unguided reversing vehicles.

An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.

## **Conclusion**

8. Members are asked to note that risk management processes within the Department of Markets and Consumer Protection adhere to the requirements of the City Corporation's Risk Management Framework. Risks identified within the operational and strategic responsibilities of the Department of Markets and Consumer Protection are proactively managed.

## **Appendices**

- Appendix A – Markets Risk Register Summary

## **Background Papers**

Department Business Plan  
Department Risk Review  
Department Business Plan Progress Report  
Risk Management Strategy

### **Contacts:**

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# MCP Markets Committee Risk Report Appendix A

Report Author: Donald Perry

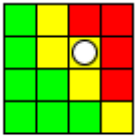
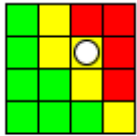

Generated on: 14 June 2018



Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>MCP-NS 001</b> <b>Workplace Traffic Management</b> <b>New Spitalfields Market</b> 24-Feb-2015 Ben Milligan	<b>Cause:</b> Over 200 forklift trucks operate on the New Spitalfields Market site. <b>Event:</b> There is a serious risk of life changing injury to a pedestrian if vehicle movements in this constrained space are not appropriately managed and controlled. <b>Effect:</b> An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.	 Likelihood Impact	12	With the increased levels of compliance by tenants fork lift truck operators through the enforcement of the fork lift truck policy and the success of the single fork lift training provider the number of fork lift truck incidents has reduced significantly  <b>14 Jun 2018</b>	 Likelihood Impact	8	31-Dec-2018	 Constant

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
MCP-NS 001i	A member of staff from all tenants to be nominated and trained in FLT safety procedures.	This action is in progress.	Ben Milligan	14-Jun-2018	31-Dec-2018
MCP-NS 001j	Artic Time Segregation and No Tolerance in market hall.	A parking policy has now been implemented that encompasses HGV parking. Penalty charge notices have been implemented to ensure that vehicles park in their respective areas. Curtain side trucks now have special provision for their parking and unloading. An offence has been created for forklift drivers unloading HGVs outside loading times allowable around the market. HGVs onsite must not unload around the market beyond 3am up until 8am. Once the car park at the far end of the market has been reviewed and the parking changed, as required, these HGVs will not be allowed to unload around the market between 12 midnight and 8am. This is the next step in the process.	Ben Milligan	14-Jun-2018	31-Dec-2018
MCP-NS 001k	Controlled barriers entry system for pedestrians and vehicles.	This action is in progress	Ben Milligan	14-Jun-2018	31-Dec-2018



Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>MCP-SM 001</b> <b>HGV Unloading Operations</b> <b>Smithfield Market</b>  24 Feb-2015 Mark Sherlock	<b>Cause:</b> A lack of suitable and sufficient training and adequate management controls in relation to Heavy Goods Vehicle banksman activities undertaken by staff employed by Smithfield Market tenants. <b>Event:</b> Serious or life changing injury to members of the public, market staff and other service users caused by uncontrolled or unguided reversing vehicles. <b>Effect:</b> Realisation of this risk could result in a prosecution, fine and reputational damage for the City.	Likelihood  Impact	12	Regular monitoring of HGV Loading is observed on the market by the constabulary. A loading audit was conducted between 22-25 April 18 and all misconduct has been dealt with. 3 incidents of unmanned unloading was observed and advisory notices have gone out to those involved. The SMTA are aware of the incidents and those involved. Audits are updated and reviewed and saved on the shared drive.  <b>14 Jun 2018</b>	Likelihood  Impact	12	28-Sep-2018	  Constant

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
MCP-SM 001f	Work with the Market Tenants' Association to review sender delivery practices.	This action is progressing.	Mark Sherlock	14-Jun-2018	31-Aug-2018
MCP-SM 001i	Work with the Market Tenants' Association to review unloading practices.	This action is progressing.	Mark Sherlock	14-Jun-2018	31-Aug-2018

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# Agenda Item 6

<b>Committee(s):</b>	<b>Dated:</b>
Markets	11 July 2018
<b>Subject:</b> Revenue Outturn 2017/18	<b>Public</b>
<b>Report of:</b> Chamberlain Director of Markets and Consumer Protection	<b>For Information</b>
<b>Report author:</b> Leyla Dervish, Chamberlain's Department	

## Summary

This report compares the 2017/18 revenue outturn for the services overseen by your Committee with the final budget for the year. Overall total net outturn for the year was £831,000, whereas the total agreed final budget was £641,000, representing an underspend of £190,000 as summarised below.

<b>Table 1 - Summary Comparison of 2017/18 Revenue Outturn with Final Budget</b>					
	<b>Original Budget</b>	<b>Latest Approved Budget</b>	<b>Final Budget</b>	<b>Revenue Outturn</b>	<b>Variance (Increase)/ Decrease</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(D)</b>	<b>(D-C)</b>
<b>Local and Central Risk</b>					
Director of Markets & Consumer Protection	4,533	4,354	4,352	4,479	127
City Surveyor	(2,254)	(1,635)	(1,635)	(1,372)	263
<b>Total Direct Net (Expenditure) / Income</b>	<b>2,279</b>	<b>2,719</b>	<b>2,717</b>	<b>3,107</b>	<b>390</b>
<b>Capital and Support Costs</b>	<b>(2,081)</b>	<b>(2,066)</b>	<b>(2,076)</b>	<b>(2,276)</b>	<b>(200)</b>
<b>Overall Total</b>	<b>198</b>	<b>653</b>	<b>641</b>	<b>831</b>	<b>190</b>

The Director of Markets and Consumer Protection had a net underspend of £127,000 on his local and central risk budgets within Markets Committee, which mainly related to savings on employment, utilities, professional and legal costs.

Chief Officers submitted requests to carry forward underspends and these requests have been considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee. The Director of Markets and Consumer Protection has agreement to carry forward £320,000 for all the Committees within his remit, of which £193,000 relates to services supporting Markets Committee.

The City Surveyor's net under spend of £263,000 mainly related to savings and re-phasing on the three 3 year cyclical works programmes and historical repair work at Smithfield Market.

**Recommendation(s)**

It is recommended that this revenue outturn report for 2017/18 and the carry forward of underspending to 2018/19 are noted.

## Main Report

### Revenue Outturn for 2017/18

- The net outturn position for your Committee's services during 2017/18 totalled £831,000, an underspend of £190,000 compared to the final budget of £641,000. A summary comparison with the final budget for the year is tabulated below. In this and subsequent tables, figures in brackets indicate expenditure, decreases in income or increases in expenditure. Figures without brackets represent income, increases in income or decreases in expenditure.

**Table 2 - Detailed Summary Comparison of 2017/18 Revenue Outturn with Final Budget**

		<b>Original Budget £'000</b>	<b>Latest Agreed Budget £'000</b>	<b>Final Budget £'000</b>	<b>Revenue Outturn £'000</b>	<b>Variance Favourable/ (Adverse) £'000</b>	<b>Variance Favourable/ (Adverse) %</b>
<b>Local Risk</b>							
Director of Markets & Consumer Protection	<b>A</b>	(1,262)	(1,464)	(1,467)	(1,329)	138	9.4%
City Surveyor							
- Repairs and Maintenance		(701)	(802)	(802)	(635)	167	20.8%
- Cyclical Works Programme		(1,553)	(833)	(833)	(737)	96	11.5%
City Surveyor's Total		(2,254)	(1,635)	(1,635)	(1,372)	263	16.1%
<b>Total Local Risk</b>		<b>(3,516)</b>	<b>(3,099)</b>	<b>(3,102)</b>	<b>(2,701)</b>	<b>401</b>	<b>12.9%</b>
<b>Central Risk</b>							
Director of Markets & Consumer Protection	<b>B</b>	5,795	5,818	5,819	5,808	(11)	(0.2%)
<b>Total Local and Central Risk</b>		<b>2,279</b>	<b>2,719</b>	<b>2,717</b>	<b>3,107</b>	<b>390</b>	<b>14.4%</b>
<b>Capital and Support Services</b>		<b>(2,081)</b>	<b>(2,066)</b>	<b>(2,076)</b>	<b>(2,276)</b>	<b>(200)</b>	<b>(9.6%)</b>
<b>Overall Total</b>		<b>198</b>	<b>653</b>	<b>641</b>	<b>831</b>	<b>190</b>	<b>29.6%</b>
<b>Total Local &amp; Central Risk exc City Surveyor</b>	<b>C</b>	<b>4,533</b>	<b>4,354</b>	<b>4,352</b>	<b>4,479</b>	<b>127</b>	<b>2.9%</b>

**Note:** Local Risk line A and Central Risk line B = line C, which is the 1<sup>st</sup> row of Table 1, the summary comparison table.

2. The local risk under spend of £401,000 comprises the following main variations:

**Director of Markets and Consumer Protection £138,000 underspend:**

**i. Smithfield Market £124,000 underspend:**

- Rotunda car park generated additional income of £142,000;
- employment costs were lower by £119,000 due to security, maintenance and support staff positions being vacant for part of the year;
- a works provision of £72,000 created at Smithfield Market. Due to time constraints, these works were not feasible in 2017/18 and hence have been included as part of their carry forward requests for 2018/19 (see paragraph 8);
- locally managed repairs & maintenance breakdown works were £5,000 lower;
- service charge income was (£136,000) lower, primarily due to additional units in the Poultry Market not being let;
- energy costs were (£107,000) higher due to increased usage and higher unit prices for heating, chilled water and electricity costs. This was partly offset by increased income for the recovery of energy costs £36,000;
- management fees payable to Indigo Park Services UK Ltd for the running of the Rotunda car park were (£7,000) higher than budgeted.

**ii. Billingsgate Market £4,000 underspend:**

- additional filming income £24,000, due to increased filming;
- general supplies and services expenditure savings £5,000;
- increased administrative staff costs (£12,000) due to agency staff expenditure;
- unrecoverable breakdown and contract servicing expenditure (£8,000);
- reduced public car parking income (£4,000);
- reduced casual rent income (£1,000).

**iii. Spitalfields Market £15,000 underspend:**

- service charge voids for empty premises £15,000 lower than anticipated.

**iv. Markets Directorate (£5,000) overspend:**

- increased consultant fees for the Strategic Review of Markets (£12,000);
- communications and computing costs (£6,000) higher due to the introduction of the MICAD property maintenance software;
- training courses and conference expenses underspend £8,000;
- general office expenditure underspend £5,000.

**City Surveyor £263,000 underspend:** this reduction mainly relates to re-phased projects at Smithfield Market, savings and re-phasing on the three 3 year cyclical works programmes and historical repair work at Smithfield Market. These projects have been reviewed under the Forward Maintenance Plan between the Superintendent and the City Surveyor to ensure assets are extended in service for as long as possible. As part of the planned 3 year programme of works any projects not required immediately are rolled over to future years.

- i. **Smithfield Market £243,000 underspend** – was due to savings on completed projects of approximately £75,000 and re-phased works on the Additional Works Programme and historical work programme resulting in a total underspend of £346,000. This was partly offset by an overspend of (£103,000) relating to higher than anticipated general breakdown and contract servicing costs;
- ii. **Billingsgate Market £17,000 underspend** - lower general breakdown and contract servicing costs;
- iii. **Spitalfields Market £3,000 underspend** - lower general breakdown and contract servicing costs.

3. The central risk overspend (£11,000) comprises the following main variations:

i. **Spitalfields Market (£133,000) overspend:**

- income for rent was (£196,000) less than budgeted;
- income was reduced by (£11,000) due to lower than expected City Surveyor's employee recharges which resulted in less service charge income and transfer from reserves being required;
- underspend of £74,000 relating to professional fees for external surveyors due to a delay in lease renewal negotiations for tenants whose leases expire on different dates compared to the majority of the bulk leases which have recently been completed.

ii. **Smithfield Market £85,000 underspend:**

- professional and inspection fees underspend £167,000 due to delays in rent review negotiations being completed and changes in billing process, whereby the Food Standards Agency (FSA) now invoice tenants directly for inspection fees;
- rental income (£57,000) under accrued for 2017/18 due to errors in year end billing. This will be compensated by additional rental income for 2018/19;
- additional professional fees (£13,000) relating to the Crossrail project;
- additional costs for electrical boards and cabling (£6,000);

- increased bad debt provision (£6,000) for irrecoverable debts for outside properties.

iii. **Billingsgate Market £37,000 underspend:**

- release of a £90,000 bad debt provision held for the Billingsgate Cold Store. The Superintendent confirmed this debt was settled in full;
- additional rent income £13,000;
- lease renewal negotiation budget £10,000 relating to the advertising hoardings was not required in 2017/18;
- reduced service charge income (£34,000) due to lower than anticipated central support costs;
- reduced public car parking income (£14,000);
- additional service charge voids (£9,000) for vacant premises;
- reduced transfer from reserves for the Repainting and Special Works Fund due to lower City Surveyor's employee recharges (£7,000);
- additional bank charges and computer consumables (£7,000);
- reduced income for toll charges (£5,000).

4. The capital and support services overspend of (£200,000) is mainly due to increase in costs and changes in time allocations of central departments, the most significant of which are:

- Comptroller and City Solicitor (£120,000)
- Chamberlain (including IT, City Procurement) (£75,000)
- City Surveyors employment recharges (£49,000)
- Town Clerk's (£5,000)
- Reduced insurance costs £30,000
- Additional Directorate recharges charged to Port Health £19,000.

5. Appendix A1 and A2 provides a more detailed comparison of the local and central risk outturn against the final budget, including detailed explanations of variances.

6. Members have asked for clarification on the changes in budgets during the year and it has been agreed that a reconciliation of movement be prepared detailing the variations. Appendix A3 shows the movement from the 2017/18 original budget and the latest approved budget (as reported to your Committee in November 2017) to the final budget.



## **Local Risk Carry Forward to 2018/19**

7. Chief Officers can request up to 10% or £500,000 of underspend (whichever is the lesser) of the final local risk budget to be carried forward, as long as it is not fortuitous, and the resources are required for a planned purpose. Such requests are considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee.
8. The Director of Markets and Consumer Protection had local risk underspends of £138,000 (excluding City Surveyors) on the activities overseen by your Committee. The Director also had local risk underspending totalling £189,000 on activities overseen by other Committees. Agreement has been reached to carry forward £320,000 for all the Committees within his remit, of which £119,000 relates to local risk services supporting Markets Committee for the following purchases:
  - Smithfield Market – four aqua vacuums £5,000 for the use in case of floods, leaks and blockages. These replace the current models which are past their useful economic life;
  - Smithfield Market – 40 euro bins £9,000 which replace the current euro bins in the East and West Markets which are now beyond repair;
  - Smithfield Market – four rail system elevator motors £12,000 to replace the existing motors in the East and West Market which have now past their useful economic life;
  - Smithfield Market - matting for refrigeration deck £6,000 to help improve the safety resulting from water leaks and spillages;
  - Smithfield Market - generator plug-in connections for the East, West and Poultry Markets £78,000 which will provide a quick connection for a portable generator should the power supply to the Market be cut;
  - Smithfield Market - loading arm for the East Market £9,000 required as a result of the design of the loading bay installation.

In addition, the below central risk carry forward has been agreed:

- Spitalfields Market - professional fees for the completion of lease negotiations £74,000.

## **Financial Performance of the Markets**

9. Members have requested a breakdown of financial performance of individual Wholesale Markets (i.e. excluding the car park and outside properties at Smithfield). This is set out in Appendix B1 which shows the net operating costs for each Market. An apportionment of the Directorate costs and other central support costs are included below the net operating line.

10. For 2017/18 there was a net operating surplus of £2.237m at Spitalfields Market and £1.496m at Billingsgate Market which was partly offset by an operating deficit of (£0.213m) at Smithfield Market which has produced a combined surplus of £3.520m for the three Wholesale Markets. When capital charges of (£0.950m) and central support costs of (£1.869m) are added, there is a consolidated surplus to the City of London Corporation of £0.701m.
11. The difference between Total Market Income £0.701m (shown on Appendix B1) and Revenue Outturn £0.831m (shown on Table 1 in the main report) is the £0.130m surplus generated for outside properties at Smithfield, including the Rotunda car park, which are not included in Appendix B1. Details of variances for Appendix B1 are attached on Appendix B2.

## **Appendices**

- **Appendix A1** - Comparison of 2017/18 Local Risk Outturn with Final Budget
- **Appendix A2** - Comparison of 2017/18 Central Risk Outturn with Final Budget
- **Appendix A3** – Movement from Latest Approved Budget to Final Budget
- **Appendix B1** - Comparison of 2017/18 Operating Statement with Operating Budget
- **Appendix B2** – Variance details for appendix B1

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**Markets Committee - Comparison of 2017/18 Local Risk Outturn with Final Budget**

	Original Approved Budget	Latest Approved Budget	Final Budget	Revenue Outturn	Variance Favourable/ (Adverse)	Variance	Reasons
	£'000	£'000	£'000	£'000	£'000	%	
<b>LOCAL RISK</b>							
<b>Director of Markets &amp; Consumer</b>							
City Fund							
Spitalfields Market Service Charge	(27)	(27)	(27)	(12)	15	55.6%	1
Spitalfields Market Non Service Charge	(21)	(21)	(21)	(21)	0	0.0%	
<b>Total City Fund</b>	<b>(48)</b>	<b>(48)</b>	<b>(48)</b>	<b>(33)</b>	<b>15</b>	<b>31.3%</b>	
City Cash							
Smithfield Market Service Charge	(680)	(575)	(578)	(609)	(31)	(5.4%)	2
Smithfield Market Non Service Charge	(76)	(201)	(201)	(170)	31	15.4%	3
Smithfield Market Other Services	127	104	104	228	124	119.2%	4
Billingsgate Market Service Charge	0	0	0	0	0	0.0%	
Billingsgate Market Non Service Charge	(136)	(140)	(140)	(136)	4	2.9%	5
Markets Directorate	(449)	(604)	(604)	(609)	(5)	(0.8%)	6
<b>Total City Cash</b>	<b>(1,214)</b>	<b>(1,416)</b>	<b>(1,419)</b>	<b>(1,296)</b>	<b>123</b>	<b>8.7%</b>	
<b>Total Director of Markets &amp; Consumer Protection</b>	<b>(1,262)</b>	<b>(1,464)</b>	<b>(1,467)</b>	<b>(1,329)</b>	<b>138</b>	<b>9.4%</b>	
<b>City Surveyor</b>							
City Fund							
Spitalfields Market Service Charge	(54)	(54)	(54)	(54)	0	0.0%	
Spitalfields Market Non Service Charge	0	(37)	(37)	(34)	3	8.1%	7
<b>Total City Fund</b>	<b>(54)</b>	<b>(91)</b>	<b>(91)</b>	<b>(88)</b>	<b>3</b>	<b>3.3%</b>	
City Cash							
Smithfield Market Service Charge	(393)	(450)	(450)	(418)	32	7.1%	8
Smithfield Market Non Service Charge	(1,503)	(806)	(806)	(629)	177	22.0%	8
Smithfield Market Other Services	(133)	(110)	(110)	(76)	34	30.9%	8
Billingsgate Market Service Charge	(164)	(171)	(171)	(147)	24	14.0%	9
Billingsgate Market Non Service	(7)	(7)	(7)	(14)	(7)	(100.0%)	9
<b>Total City Cash</b>	<b>(2,200)</b>	<b>(1,544)</b>	<b>(1,544)</b>	<b>(1,284)</b>	<b>260</b>	<b>16.8%</b>	
<b>Total City Surveyor</b>	<b>(2,254)</b>	<b>(1,635)</b>	<b>(1,635)</b>	<b>(1,372)</b>	<b>263</b>	<b>16.1%</b>	
<b>TOTAL LOCAL RISK</b>	<b>(3,516)</b>	<b>(3,099)</b>	<b>(3,102)</b>	<b>(2,701)</b>	<b>401</b>	<b>13.0%</b>	

## **Explanations for Local Risk Variances**

1. **Spitalfields Market Service Charge** - underspend of £15,000 was due to the vacant premises for 2017/18 being lower than anticipated, resulting in the liability for service charge apportionment on empty premises being lower.
2. **Smithfield Market Service Charge** - overspend (£31,000) due to the following:
  - service charge income was (£136,000) less than budgeted which was primarily due to the additional units in the Poultry Market not being let;
  - premises related costs were higher than anticipated by (£13,000) due to overspends in energy costs primarily relating to chilled water, heating and electricity costs. This was partly offset by locally managed repairs and maintenance works being lower than budgeted;
  - (£10,000) less income for reimbursable works at the Poultry Market and service charge sundries;
  - employment costs were underspent by £123,000 due to security, maintenance and support staff positions being vacant for part of the year;
  - total underspends of £5,000 relating to transport, equipment, staff uniforms and communications and computing.
3. **Smithfield Market Non-Service Charge** – underspend £31,000 due to the following:
  - a works provision of £72,000 created at Smithfield Market. Due to time constraints, these works were not feasible in 2017/18 and hence have been included as part of their carry forward requests for 2018/19;
  - chilled water income recharged to tenants was £67,000 higher as a result of increased consumption levels;
  - increased energy costs (£58,000) due to higher chilled water and heating costs;
  - electricity income recharged to tenants was (£40,000) lower due to reduced consumption levels;
  - additional costs (£6,000) for the purchase of a rotary bin washer for the Animal By-Product facility and the installation of electricity meters;
  - additional employment costs (£4,000).
4. **Smithfield Market Other Services** - underspend of £124,000 was due to £142,000 in additional income generated from the Rotunda car park. This was partly offset by (£18,000) in additional expenditure incurred relating to repairs and maintenance, energy and car park management fees.
5. **Billingsgate Market Non-Service Charge** – underspend of £4,000 due to higher than anticipated income from filming and lower than anticipated supplies and services expenditure.
6. **Markets Directorate** – overspend of (£5,000) was primarily attributable to costs incurred for the MICAD software and additional costs for the Strategic Review of

Markets. This was partly offset by underspends with training and general administrative costs. The increase in expenditure was recharged to all budgets under the remit of the Director of Markets and Consumer Protection on a proportionate basis, through the recharging policy of the City of London.

7. **City Surveyor Spitalfields Market** - underspend of £3,000 due to lower than anticipated general breakdown and contract servicing costs.
8. **City Surveyor Smithfield Market** - net underspend of £243,000 due to the AWP being re-phased £346,000, which was partly offset by a net increase in general breakdown works of (£103,000).
9. **City Surveyor Billingsgate Market** - net underspend of £17,000 due to contract servicing costs being £20,000 lower. This was partly offset by breakdown maintenance cost increases (£3,000).

**Markets Committee - Comparison of 2017/18 Central Risk Outturn with Final Budget**

	Original Approved Budget  £'000	Latest Approved Budget  £'000	Final Budget  £'000	Revenue Outturn  £'000	Variance Favourable / (Adverse)  £'000	Variance  %	Reasons
<b>CENTRAL RISK</b>							
<b>Director of Markets</b>							
City Fund							
Spitalfields Market Service Charge	368	392	392	395	3	0.8%	10
Spitalfields Market Non Charge	2,046	2,154	2,154	2,032	(122)	(5.7%)	11
Spitalfields Market Tenants Repairs	21	22	22	8	(14)	(63.6%)	12
<b>Total City Fund</b>	<b>2,435</b>	<b>2,568</b>	<b>2,568</b>	<b>2,435</b>	<b>(133)</b>	<b>(5.2%)</b>	
City Cash							
Smithfield Market Service Charge	(5)	(4)	(4)	(3)	1	25.0%	13
Smithfield Market Non Service Charge	1,497	1,408	1,409	1,502	93	6.6%	14
Smithfield Market Other Services	0	83	83	74	(9)	(10.8%)	15
Billingsgate Market Service Charge	315	347	347	313	(34)	(9.8%)	16
Billingsgate Market Non Service Charge	1,524	1,408	1,408	1,486	78	5.5%	17
Billingsgate Market Special Works	29	8	8	1	(7)	(87.5%)	18
<b>Total City Cash</b>	<b>3,360</b>	<b>3,250</b>	<b>3,251</b>	<b>3,373</b>	<b>122</b>	<b>3.8%</b>	
<b>TOTAL CENTRAL RISK</b>	<b>5,795</b>	<b>5,818</b>	<b>5,819</b>	<b>5,808</b>	<b>(11)</b>	<b>(0.2%)</b>	

**Explanations for Central Risk Variances**

10. **Spitalfields Market Service Charge** – net income was higher by £3,000 to fund increased City Surveyor employee recharge costs, resulting in additional funds required from tenants' contributions.
11. **Spitalfields Market Non-Service Charge** – overspend of (£122,000) was due to actual rent income being (£196,000) lower than budgeted. This was partly offset by professional fees for external surveyor costs being £74,000 lower due to delays in the completion of the lease renewal process.
12. **Spitalfields Market Tenants Repairs** – net income/expenditure on this account is transferred to/from the Spitalfields Reserve Account to fund works and projects. Fewer works were completed in 2017/18 which resulted in less funds being required from the Spitalfields Market Reserve Account of (£14,000).
13. **Smithfield Service Charge** – underspend of £1,000 due to lower Food Standards Agency (FSA) inspection fees.

14. **Smithfield Market Non-Service Charge** – underspend of £93,000 due to professional fees budget for rent review being underspent by £86,000 as a result of delays in negotiations. In addition, the £80,000 budget for FSA inspection fees was not required due to a change in the billing process. This was partly offset by rent income being (£61,000) lower and additional breakdown costs and a bad debt provision totalling (£12,000).
15. **Smithfield Other Services** – overspend of (£9,000) due to higher legal fees for the Crossrail project (£13,000). This was partly offset by additional rent income for outside properties £4,000.
16. **Billingsgate Market Service Charge** – net income was (£34,000) lower due to fewer funds required from tenants' contributions as a result of City Surveyors breakdown and contract servicing costs, central support costs and insurance costs being less than anticipated.
17. **Billingsgate Market Non-Service Charge** – underspend of £78,000 due to the cancellation of a £90,000 bad debt provision held, additional rental income of £13,000 and £10,000 budget for lease renewal negotiations relating to the advertising hoarding not being required in 2017/18. This was partly offset by (£19,000) less income received for public car parking and toll charges and (£16,000) in additional expenditure relating to service charge voids, bank charges and computer consumables.
18. **Billingsgate Market Special Works** – City Surveyors employee recharges were less than budgeted which resulted in less income (£7,000) required from the market reserves.

## Markets Committee – Movement in 2017/18 Latest Approved Budget to Final Budget

Analysis by Service Managed	Original Budget 2017-18 £'000	Latest Approved Budget* 2017-18 £'000	Final Budget 2017-18 £'000	Movement £'000	Notes
<b>CITY FUND</b>					
Spitalfields Market Service Charge	(27)	(27)	(27)	0	
Spitalfields Market Non Service Charge	1,220	1,292	1,292	0	
Spitalfields Market Repainting & Repair	0	0	0	0	
<b>TOTAL CITY FUND</b>	<b>1,193</b>	<b>1,265</b>	<b>1,265</b>	<b>0</b>	
<b>CITY CASH</b>					
Smithfield Market Service Charge	(1,586)	(1,422)	(1,425)	(3)	(a)
Smithfield Market Non Service Charge	(376)	(79)	(78)	1	(b)
Smithfield Other Services	(133)	(24)	(24)	0	
<b>TOTAL SMITHFIELD MARKET</b>	<b>(2,095)</b>	<b>(1,525)</b>	<b>(1,527)</b>	<b>(2)</b>	
Billingsgate Market Service Charge	0	0	0	0	
Billingsgate Market Non Service Charge	1,100	913	903	(10)	(c)
Billingsgate Market Repainting & Repair	0	0	0	0	
<b>TOTAL BILLINGSGATE MARKET</b>	<b>1,100</b>	<b>913</b>	<b>903</b>	<b>(10)</b>	
<b>DIRECTORATE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL CITY CASH</b>	<b>(995)</b>	<b>(612)</b>	<b>(624)</b>	<b>(12)</b>	
<b>TOTAL</b>	<b>198</b>	<b>653</b>	<b>641</b>	<b>(12)</b>	

\*Latest Approved Budget as reported to your Committee on 29th November 2017

**Notes:**

- (a) (£3,000) additional budget provided to cover two months of salary costs for an apprentice role  
 (b) £1,000 reduction in capital depreciation budgets  
 (c) (£10,000) budget added to cover central costs relating to filming



Wholesale Markets Operating Statement 2017/18

APPENDIX B1

	Spitalfields Market							Billingsgate Market							Smithfield Market							Total Wholesale Markets					
	Original Budget	Latest Budget LAB	Final Budget	Actual	Variance	Percentage Increase/decrease	Notes	Original Budget	Latest Budget LAB	Final Budget	Actual	Variance	Percentage Increase/decrease	Notes	Original Budget	Latest Budget LAB	Final Budget	Actual	Variance	Percentage Increase/decrease	Notes	Original Budget	Latest Budget LAB	Final Budget	Actual	Variance	Percentage Increase/decrease
	£'000	£'000	£'000	£'000	£'000	%		£'000	£'000	£'000	£'000	£'000	%		£'000	£'000	£'000	£'000	£'000	%		£'000	£'000	£'000	£'000	£'000	%
Operating Expenditure:																											
Employees (basic pay, NI, pension, overtime, training and recruitment advertising)	(1,562)	(1,560)	(1,560)	(1,424)	136	0	1	(1,745)	(1,756)	(1,756)	(1,751)	5	0		(1,860)	(1,936)	(1,939)	(1,820)	119	0	14	(5,167)	(5,252)	(5,255)	(4,995)	260	0
Premises (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials)	(1,758)	(1,478)	(1,477)	(1,192)	285	0	2	(1,240)	(1,049)	(1,049)	(1,096)	(47)	(0)	9	(4,003)	(3,310)	(3,310)	(3,182)	128	0	15	(7,001)	(5,837)	(5,836)	(5,470)	366	0
Transport (Vehicle running costs, congestion charge and travel costs)	(4)	(4)	(4)	(3)	1	0		(52)	(52)	(52)	(73)	(21)	(0)	10	(3)	(3)	(3)	(2)	1	0		(59)	(59)	(59)	(79)	(20)	(0)
Supplies and Services (Refuse collection, Equipment and CCTV hire/maintenance and purchase, uniforms and clothing, communication and office expenses)	(158)	(239)	(241)	(148)	93	0	3	(117)	(161)	(161)	(72)	89	1	11	(424)	(543)	(543)	(385)	158	0	16	(699)	(943)	(945)	(604)	341	0
Waste and Cleaning contract	(1,900)	(1,995)	(2,181)	(2,196)	(15)	(0)	4	0	0	0	0	0	0		0	0	0	0	0	0		(1,900)	(1,995)	(2,181)	(2,196)	(15)	(0)
Works Provisions	0	0	0	0	0	0		0	0	0	0	0	0		0	0	(72)	0	72	1	17	0	0	(72)	0	72	1
Total Operating Expenditure	(5,382)	(5,276)	(5,463)	(4,963)	500	0		(3,154)	(3,018)	(3,018)	(2,993)	25	0		(6,290)	(5,792)	(5,867)	(5,389)	478	0		(14,826)	(14,086)	(14,348)	(13,344)	1,004	0
Operating Income:																											
Rent	2,029	2,244	2,244	2,048	(196)	0	5	910	966	966	979	13	0		1,729	1,729	1,729	1,667	(62)	(0)	18	4,668	4,939	4,939	4,694	(245)	(0)
Charges for Services (Service charge income, filming, car parking, insurance, advertising, guarding, wayleaves and tolls, reimbursement if correct recovered costs)	4,992	5,153	5,340	5,152	(188)	(0)	6	3,901	3,523	3,523	3,509	(14)	0	12	3,580	3,622	3,622	3,508	(114)	(0)	19	12,473	12,298	12,485	12,170	(315)	(0)
Total Operating Income	7,021	7,397	7,584	7,200	(384)	(0)		4,811	4,489	4,489	4,489	(0)	(0)		5,309	5,351	5,351	5,176	(175)	(0)		17,141	17,237	17,424	16,864	(560)	(0)
Net Operating Surplus/(Deficit)	1,639	2,121	2,121	2,237	116	0		1,657	1,471	1,471	1,496	25	0		(981)	(441)	(516)	(213)	303	(1)		2,315	3,151	3,076	3,520	444	0
Central Costs:																											
Capital Charges and Depreciation	(652)	(676)	(676)	(677)	(1)	(0)	7	(159)	(159)	(159)	(159)	(0)	(0)		(146)	(115)	(114)	(115)	(1)	0	20	(957)	(950)	(949)	(950)	(1)	(0)
Other Central Costs (Transfer to and from reserves to fund repairs and works including non-government grants, support costs and Directorate apportionment)	206	(180)	(180)	(491)	(311)	(2)	8	(398)	(399)	(409)	(481)	(72)	(0)	13	(803)	(872)	(873)	(897)	(24)	(0)	21	(995)	(1,451)	(1,462)	(1,869)	(407)	(0)
Total Central Costs	(446)	(856)	(856)	(1,168)	(312)	0		(557)	(558)	(568)	(640)	(72)	0		(949)	(987)	(987)	(1,012)	(25)	0		(1,952)	(2,401)	(2,411)	(2,819)	(408)	0
Total Market (Expenditure)/Income	1,193	1,265	1,265	1,069	(196)	(0)		1,100	913	903	856	(47)	(0)		(1,930)	(1,428)	(1,503)	(1,225)	278	0		363	750	665	701	36	0

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## **Wholesale Markets Operating Statement 2017/18 - Notes**

The tables below analyse the variances for the Wholesale Markets as reported on the Operating Summary which is attached at Appendix B1. The summary compares the 2017-18 final budget to the actual outturn for 2017-18. The Operating Statement has not been prepared in accordance with conventional public sector financial reporting format. Brackets signify an expenditure item and/or deficit position and non-brackets signify an income item and/or a surplus position. All adverse variances between final budget and actual costs and favourable variances of £50,000 or more have been detailed below.

<b>Spitalfields Market</b>		
<b>Notes</b>	<b>Description</b>	<b>2017-18 Final Budget to Actual Outturn</b>
	<b>Expenditure</b>	
1	Employees	£136,000/9% decrease in employment costs due to vacant positions in maintenance, security and support staff roles.
2	Premises	<p>£285,000/19% decrease in costs was due to:</p> <ul style="list-style-type: none"> <li>• a decrease in repairs and maintenance costs of £234,000. This variance is primarily attributable to lower than budgeted works managed by the City Surveyor's on the Repainting and Special Works Fund. In addition, CCTV maintenance costs were not required due to delays in the installation of CCTV hardware;</li> <li>• a decrease in cleaning and domestic supply costs of £73,000. The budget set for cleaning services provided by Servest Group Ltd was based on the costs for a full year. However, the contract did not commence until October 2017;</li> <li>• a decrease in energy and water costs of £68,000. This was due to lower than anticipated usage and energy efficient lighting measures being installed at the Market;</li> <li>• a decrease in business rates of £8,000. This was due to the actual costs being less than was originally anticipated;</li> <li>• a decrease in costs of works managed by City Surveyor's of £3,000. This was due to the works costing less than budgeted.</li> </ul> <p>This was offset by an over recovery on the service charge of (£101,000) which was transferred to the Repainting and Special Works Fund at year end.</p>

3	Supplies & Services	<p>£93,000/39% decrease in costs was due to:</p> <ul style="list-style-type: none"> <li>• a decrease in professional fees costs of £74,000. This was due to delays in the completion of lease renewal negotiations;</li> <li>• a decrease in equipment and furniture costs of £8,000;</li> <li>• a decrease in uniforms and clothing costs of £6,000;</li> <li>• a decrease in other general costs of £5,000.</li> </ul>
4	Waste & Cleaning Contract	(£15,000)/-1% increase in costs due to the variable element of the waste collection contract delivered by Countrystyle Recycling Ltd.
	<b>Income</b>	
5	Rent	(£196,000)/-9% less income than budgeted.
6	Charges for Services	<p>(£188,000)/-4% decrease in income was due to:</p> <ul style="list-style-type: none"> <li>• service charge income being less than budgeted by (£261,000). This was due to total net service charge expenditure being less than anticipated and therefore less service charge income was required;</li> <li>• income from the recovery of Carbon Reduction Commitment costs was (£17,000) less than budgeted. This was due to the cost of the Carbon Reduction Commitment being less than expected;</li> <li>• income from licenses and certificates was (£9,000) less than budgeted.</li> </ul> <p>This was offset by the following:</p> <ul style="list-style-type: none"> <li>• an increase in overtrading notices and declared waste income of £68,000;</li> <li>• an increase in electricity income of £21,000 due to higher electricity prices;</li> <li>• an increase in other types of income such as filming, fixed penalty notices and waste related rebate income from Countrystyle Recycling Ltd of £10,000.</li> </ul>
	<b>Central Costs</b>	
7	Capital Charges & Depreciation	(£1,000)/<-1% increase in costs relating to depreciation charges for operational buildings and equipment.
8	Other Central Costs	<p>(£311,000)/-173% increase in costs due to:</p> <ul style="list-style-type: none"> <li>• a net transfer of (£233,000) to the reserve account from the revenue account;</li> </ul>

		<ul style="list-style-type: none"><li>• an increase of (£84,000) in central support and IT costs.</li></ul> <p>This was offset by a reduction in Directorate recharge costs of £4,000 and additional interest income of £2,000.</p>
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<b>Billingsgate Market</b>		
<b>Notes</b>	<b>Description</b>	<b>2017-18 Final Budget to Actual Outturn</b>
	<b>Expenditure</b>	
9	Premises	<p>(£47,000)/-4% increase in costs was due to:</p> <ul style="list-style-type: none"> <li>an increase in locally managed repairs and maintenance costs of (£76,000). This was due to higher than anticipated breakdown costs;</li> <li>an increase in the contribution from the service charge account to the Repainting and Special Works Fund of (£19,000); and</li> <li>an increase in service charge voids payable by the City of (£9,000).</li> </ul> <p>This was offset by the following:</p> <ul style="list-style-type: none"> <li>a decrease in energy costs of £37,000. This was due to lower than anticipated electricity usage and the costs of the carbon reduction commitment being less than budgeted;</li> <li>a decrease in works managed by the City Surveyor's of £17,000 due to lower than anticipated contract servicing and breakdown costs;</li> <li>a decrease in cleaning and domestic supplies of £3,000.</li> </ul>
10	Transport	<p>(£21,000)/-41% increase in costs was due to:</p> <ul style="list-style-type: none"> <li>(£19,000) spent on the purchase of a tow tractor. 75% of the costs were financed through a grant from European Structural and Investment Funds;</li> <li>an increase in hired transport costs of (£5,000).</li> </ul> <p>This was offset by a £3,000 decrease in expenditure relating to vehicle maintenance and running costs.</p>
11	Supplies & Services	£89,500/55% was written back into the Billingsgate Market Non-Service Charge Account as a result a bad debt provision that was no longer required.
	<b>Income</b>	
12	Charges for Services	<p>(£14,000)/-&lt;1% decrease in income was due to:</p> <ul style="list-style-type: none"> <li>(£41,000) decrease in electricity income recharged from tenants due to lower than expected electricity expenditure;</li> <li>(£35,000) decrease in service charge income. This was due to total net service charge expenditure being less than anticipated and therefore less service charge income was required;</li> </ul>

		<ul style="list-style-type: none"> <li>• (£17,000) decrease in public car parking income due to lower than anticipated usage;</li> <li>• (£8,000) decrease in casual rent income.</li> </ul> <p>This was offset by the following:</p> <ul style="list-style-type: none"> <li>• £35,000 additional income in retail and trade car parking;</li> <li>• £24,000 higher than anticipated income for filming;</li> <li>• £16,000 higher than expected income from refuse collection;</li> <li>• £12,000 in additional income recovered from tenants for water usage.</li> </ul>
	<b>Central Costs</b>	
13	Other Central Costs	<p>(£72,000)/-18% increase in costs was due to:</p> <ul style="list-style-type: none"> <li>• an increase of costs of (£105,000) in central support costs and Directorate recharges;</li> <li>• a net transfer of (£22,000) to the reserve account from the revenue account;</li> </ul> <p>This was offset by £55,000 in non-government grants to fund the purchase of non-current assets on the Repainting and Special Works Fund.</p>

<b>Smithfield Market</b>		
<b>Notes</b>	<b>Description</b>	<b>2017-18 Final Budget to Actual Outturn</b>
	<b>Expenditure</b>	
14	Employees	£119,000/6% decrease in employment costs was due to vacant positions in maintenance, security and support staff roles.
15	Premises	<p>£128,000/4% decrease in costs was due to:</p> <ul style="list-style-type: none"> <li>• £209,000 decrease in costs of works managed by City Surveyor's. This was due to the re-phasing of historical works as well as lower than anticipated costs for breakdown and contract servicing expenditure;</li> <li>• Water expenditure being £10,000 lower than budgeted. This was due to lower than anticipated consumption;</li> <li>• £6,000 decrease in costs of locally managed repairs and maintenance works;</li> <li>• £4,000 decrease in cleaning and domestic supplies.</li> </ul> <p>This was offset by (£101,000) in additional energy costs. This was due to the following:</p> <ul style="list-style-type: none"> <li>• Chilled water and heating costs were (£81,000) higher than budgeted due to higher than anticipated consumption levels;</li> <li>• Electricity costs were (£20,000) greater than anticipated due to an increase in the unit cost of electricity.</li> </ul>
16	Supplies & Services	<p>£158,000/29% decrease in costs was due to:</p> <ul style="list-style-type: none"> <li>• £86,000 decrease in professional fees. This was due to delays in the completion of rent review negotiations;</li> <li>• £80,000 decrease in inspection fees. This was due to a change in billing process whereby the Foods Standards Agency now invoices tenants directly;</li> <li>• A decrease in costs of £8,000 relating to other items of expenditure relating to equipment, clothing, printing and stationery and communications and computing.</li> </ul> <p>This was offset by a (£16,000) increase in other expenditure. This was primarily caused by refuse collection fees being higher than budgeted as well as a provision for bad and doubtful debts.</p>



17	Works Provisions	Provision of £72,000 created for works at Smithfield Market. Due to time constraints, these works were not feasible in 2017/18 and hence have been included as part of their carry forward requests for 2018/19.
	<b>Income</b>	
18	Rent	<p>(£61,000)/-4% decrease in income was due to the following:</p> <ul style="list-style-type: none"> <li>a year-end billing error which resulted in income for 2017/18 being under accrued by (£55,000). This will also affect rent income in 2018/19 as income for this year will also be overstated by the same amount;</li> <li>(£6,000) in rent income being lower than budgeted.</li> </ul>
19	Charges for Services	<p>(£114,000)/-3% decrease in income was due to the following:</p> <ul style="list-style-type: none"> <li>service charge income was (£136,000) less than budgeted. This was primarily due to additional units in the Poultry Market not being leased out;</li> <li>income from electricity and water costs recharged to tenants was (£40,000) less budgeted due to lower than anticipated usage;</li> <li>(£8,000) less income from service charge sundries and reimbursable works.</li> </ul> <p>This was offset by additional income from chilled water expenditure recharged to tenants of £70,000.</p>
	<b>Central Costs</b>	
20	Capital Charges & Depreciation	(£1,000)/-1% increase in costs due to higher than budgeted depreciation charges on operational buildings and equipment.
21	Other Central Costs	<p>(£24,000)/-3% increase in costs due to central support and IT costs being (£37,000) higher than budgeted.</p> <p>This was offset by the Directorate recharge being £13,000 less than budgeted.</p>

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