

### **Wholesale Markets Operating Statement Variance Notes - 2018/19**

The tables below analyse the variances for the wholesale markets as reported on the operating statement which is attached at Appendix B1. The statement compares the 2018/19 final budget to the actual outturn for 2018/19.

The operating statement has not been prepared in accordance with the conventional public sector financial reporting format. Brackets signify an expenditure item and/or an adverse position and non-brackets signify an income item and/or a favourable position. All adverse variances between final budget and actual figures and favourable variances of £50,000 or more have been detailed below.

<b>New Spitalfields Market</b>		
<b>Notes</b>	<b>Description</b>	<b>2018/19 Final Budget to Actual Outturn</b>
<b>Operating Expenditure</b>		
1	Employment Costs	£169,000, 10% staff savings was due to vacant positions in maintenance and security roles.
2	Premises	<p>(£39,000), (3%) overspend was due to:</p> <ul style="list-style-type: none"> <li>• (£40,000) energy costs as a result of the introduction of the new corporate energy contract delivered by Total Gas &amp; Power Limited. This was offset by energy efficient measures introduced at the market;</li> <li>• (£19,000) minor improvement works managed by City Surveyor's relating to fixed wire testing;</li> <li>• (£10,000) building, repairs and maintenance contract costs delivered by Skanska Construction UK Ltd and managed by City Surveyor's;</li> <li>• (£4,000) water expenditure as a result of increased water consumption;</li> <li>• (£1,000) rates expenditure relating to office space occupied by the Superintendent and administrative staff.</li> </ul> <p>This was partly offset by the following underspends:</p> <ul style="list-style-type: none"> <li>• £20,000 locally managed repairs and maintenance works as a result of lower than anticipated breakdown general and breakdown electrical costs;</li> <li>• £12,000 cleaning and pest control materials;</li> </ul>

		<ul style="list-style-type: none"> <li>£3,000 insurance costs.</li> </ul>
3	Supplies and Services	<p>£52,000, 22% underspend was due to:</p> <ul style="list-style-type: none"> <li>£60,000 professional fees savings due to lower than anticipated lease renewal costs.</li> </ul> <p>This was partly offset by the following overspends:</p> <ul style="list-style-type: none"> <li>(£7,000) firefighting safety equipment which was recharged to the tenants;</li> <li>(£1,000) general supplies and services expenditure.</li> </ul>
4	Waste and Recycling Contract	<p>(£43,000), (2%) overall overspend relating to the waste and recycling contract delivered by Countrystyle Recycling Ltd. This was due to a CPI increase in contract costs and higher than anticipated recycling levels at the market.</p>
<b>Operating Income</b>		
5	Charges for Services	<p>(£78,000), (1%) less income than budgeted was due to:</p> <ul style="list-style-type: none"> <li>(£100,000) budgeted income from the entry barrier was not achieved due to delays in the planning and installation of the barrier. Planning permission has since been granted and the barrier is due to be installed early in 2019/20;</li> <li>(£38,000) recharge of general waste at the market;</li> <li>(£8,000) undeclared waste income;</li> <li>(£2,000) overtrading infringement income.</li> </ul> <p>This was partly offset by additional income in the following areas:</p> <ul style="list-style-type: none"> <li>£25,000 recycling rebate received from Countrystyle Recycling Ltd;</li> <li>£11,000 electricity and gas recharged to the tenants as a result of higher utility prices;</li> <li>£9,000 reimbursable works recharged to tenants;</li> <li>£8,000 recharged firefighting remedial works;</li> </ul>

		<ul style="list-style-type: none"> <li>• £8,000 declared waste income;</li> <li>• £5,000 compliance inspection fees;</li> <li>• £4,000 car parking permits.</li> </ul>
<b>Central Costs</b>		
6	Other Central Costs	(£2,000), (1%) overspend due to higher than anticipated support costs.

<b>Billingsgate Market</b>		
<b>Notes</b>	<b>Description</b>	<b>2018/19 Final Budget to Actual Outturn</b>
<b>Operating Expenditure</b>		
7	Employment Costs	(£14,000), (1%) overspend was primarily due to higher than anticipated security overtime costs.
8	Premises	<p>£198,000, 15% underspend was due to:</p> <ul style="list-style-type: none"> <li>• £130,000 lower than budgeted service charge contribution to the Repainting and Special Works account as a result of the overall level of works being less than anticipated. This was in addition to the reserves being used to fund the cost of part of the works;</li> <li>• £84,000 locally managed repairs and maintenance works due to lower than anticipated breakdown general costs;</li> <li>• £23,000 minor improvement works managed by City Surveyor's;</li> <li>• £7,000 cleaning materials;</li> <li>• £5,000 water expenditure as a result of lower than anticipated usage levels.</li> </ul> <p>This was partly offset by the following overspends:</p> <ul style="list-style-type: none"> <li>• (£26,000) energy expenditure as a result of the introduction of the new corporate energy contract delivered by Total Gas &amp; Power Limited;</li> <li>• (£23,000) building, repairs and maintenance contract costs delivered by Skanska Construction UK Ltd and managed by City Surveyor's;</li> <li>• (£2,000) service charge voids on vacant premises.</li> </ul>
9	Supplies and Services	<p>(£5,000), (3%) overspend was due to:</p> <ul style="list-style-type: none"> <li>• (£7,000) equipment purchases;</li> <li>• (£6,000) refuse collection costs;</li> <li>• (£2,000) cash collection fees and computer consumables.</li> </ul> <p>This was partly offset by the following underspends:</p> <ul style="list-style-type: none"> <li>• £6,000 clothing and uniforms;</li> </ul>

			<ul style="list-style-type: none"> <li>£4,000 hospitality and advertising expenses.</li> </ul>
<b>Operating Income</b>			
10	Charges for Services		<p>(£271,000), (7%) less income than budgeted was due to:</p> <ul style="list-style-type: none"> <li>(£208,000) service charge income as a result of reduced levels of service charge expenditure;</li> <li>(£130,000) reduced contribution to the Repainting and Special Works account as a result of lower than anticipated levels of works;</li> <li>(£28,000) less public car parking income as a result of reduced occupancy levels;</li> <li>(£8,000) casual rent, wayleaves and tolls.</li> </ul> <p>This was partly offset by additional income in the following areas:</p> <ul style="list-style-type: none"> <li>£26,000 utilities income as a result of energy price rises recharged to tenants following the introduction of the new corporate energy contract delivered by Total Gas &amp; Power Limited;</li> <li>£25,000 retail and trade car parking as a result of higher than expected customer usage;</li> <li>£25,000 additional filming income;</li> <li>£23,000 refuse collection income as a result of increased levels of polystyrene collected at the market;</li> <li>£3,000 derived from interest charged on the late payment of rent and service charge invoices;</li> <li>£1,000 interest earned on the Repainting and Special Works Fund.</li> </ul>
<b>Central Costs</b>			
11	Other Central Costs		<p>£83,000, 17%, underspend was due to:</p> <ul style="list-style-type: none"> <li>£53,000 transfers from reserves to fund works allocated to the Repainting and Special Works account;</li> <li>£28,000 central support recharges;</li> </ul>

		<ul style="list-style-type: none"> <li>• £6,000 Directorate recharges;</li> <li>• £2,000 City Procurement recharges.</li> </ul> <p>This was partly offset by overspends in the following areas:</p> <ul style="list-style-type: none"> <li>• (£3,000) in IT staff recharges;</li> <li>• (£2,000) in City Surveyor's employee recharges;</li> <li>• (£1,000) less grant income than budgeted.</li> </ul>
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<b>Smithfield Market</b>		
<b>Notes</b>	<b>Description</b>	<b>2018/19 Final Budget to Actual Outturn</b>
<b>Operating Expenditure</b>		
12	Employment Costs	£78,000, 4% staff savings due to vacant positions in maintenance and support staff roles.
13	Premises	<p>£131,000, 3% underspend was due to:</p> <ul style="list-style-type: none"> <li>• £206,000 relating to the re-phasing of cyclical works expenditure managed by City Surveyor's;</li> <li>• £94,000 of the approved 2017/18 carry forward bids were not spent due to large increases in costs for the generator plug-in connection works which prevented the works continuing;</li> <li>• £64,000 minor improvement works managed by City Surveyor's for the replacement of electricity meters was delayed in 2018/19 and will now take place in 2019/20;</li> <li>• £18,000 water expenditure as a result of lower levels of usage at the market;</li> <li>• £11,000 pest control and cleaning materials costs;</li> <li>• £4,000 building, repairs and maintenance contract costs delivered by Skanska Construction UK Ltd and managed by City Surveyor's.</li> </ul> <p>This was partly offset by overspends in the following areas:</p> <ul style="list-style-type: none"> <li>• (£264,000) in additional energy expenditure as a result of the introduction of the new corporate energy contract delivered by Total Gas &amp; Power Limited;</li> <li>• (£1,000) locally managed repairs and maintenance works;</li> <li>• (£1,000) insurance costs.</li> </ul>
14	Supplies and Services	<p>£90,000, 19% underspend was due to:</p> <ul style="list-style-type: none"> <li>• £86,000 consultancy, professional and legal fees not required due to a change in billing process whereby the Foods Standards Agency now invoices tenants directly;</li> <li>• £4,000 refuse collection for the Animal By-Product</li> </ul>

		(ABP) facility, communications, computing, clothing and provisions.
<b>Operating Income</b>		
15	Charges for Services	<p>£136,000, 4% additional income was due to:</p> <ul style="list-style-type: none"> <li>• £127,000 energy income as a result of energy price rises recharged to tenants following the introduction of the new corporate energy contract delivered by Total Gas &amp; Power Limited;</li> <li>• £15,000 chilled water income recharged to tenants as a result of increased usage over the summer period;</li> <li>• £2,000 income from the ABP facility relating to higher levels of unfit meat surrendered at the market.</li> </ul> <p>This was partly offset by (£8,000) in reduced income relating to reimbursable works and service charge sundries.</p>