

ORIGINAL BUDGET 2019/20 TO LATEST BUDGET 2019/20				
Analysis of Service Expenditure	Original Budget 2019/20 £'000	Latest Budget 2019/20 £'000	Movement Better/(Worse) £'000	Para Reference
EXPENDITURE - LOCAL RISK				
Employment Costs	(5,957)	(6,150)	(193)	1
Premises Related Expenses	(5,189)	(4,761)	428	2
City Surveyor – Repairs & Maintenance	(1,063)	(1,964)	(901)	3
Transport Related Expenses	(56)	(57)	(1)	4
Supplies & Services	(1,021)	(1,167)	(146)	5
Waste & Cleaning Contract at New Spitalfields Mkt	(2,816)	(2,840)	(24)	6
Transfer to Reserves	0	0	0	
Committee Contingency	(25)	0	25	7
Total Expenditure	(16,127)	(16,939)	(812)	
INCOME - LOCAL RISK				
Other Grants, Reimbursements & Contributions	445	360	(85)	8
Customer, Client Receipts	13,046	12,851	(195)	9
Investment Income	2	2	0	
Transfer from Reserves	82	115	33	10
Total Income	13,575	13,328	(247)	
TOTAL NET LOCAL RISK (EXP)/ INC	(2,552)	(3,611)	(1,059)	
EXPENDITURE - CENTRAL RISK				
Premises Related Expenses	(171)	(171)	0	
Supplies & Services	(101)	(33)	68	11
Capital Charges/Depreciation	(216)	(216)	0	
Total Expenditure	(488)	(420)	68	
INCOME - CENTRAL RISK				
Customer, Client Receipts	1,517	1,523	6	12
Customer, Client Receipts (Rent)	4,866	4,794	(72)	13
Transfer from Reserves	31	31	0	
Total Income	6,414	6,348	(66)	
TOTAL NET CENTRAL RISK (EXP)/ INC	5,926	5,928	2	
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services	(2,008)	(1,961)	47	14
Capital Charges/Depreciation	(859)	(1,057)	(198)	15
Recharges within Committee	0	0	0	
Recharges within Fund	77	77	0	
Recharges across Fund	337	334	(3)	16
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,453)	(2,607)	(154)	
TOTAL NET (EXPENDITURE)/INCOME	921	(290)	(1,211)	

Original Budget 2019/20 to Latest Budget 2019/20 – Variance Notes

Local Risk

1. **Employment Costs** – increase of (£193k) is due to a 2.45% uplift on cost of living for grades A-C and a 2.00% uplift for grades D and above plus a 5.00% increase in London Weighting costs, together with centrally provided budgets for apprenticeship costs and contribution pay.
2. **Premises Related Expenses** – decrease of £428k is due to the following:
 - £200k reduction in service charge contributions to the Repainting and Repair reserve fund as a result of reduced anticipated income from the entry barrier at New Spitalfields Market;
 - £100k reduced service charge contributions at Billingsgate Market to the Repainting and Special Works Fund as some works will be funded by the reserves;
 - £63k reduction in repairs and maintenance costs;
 - £68k decrease in energy expenditure as a result of energy efficient measures being introduced;
 - £47k reduction in Carbon Reduction Commitment costs as a result of changes in the energy contract whereby carbon reduction levies are now included within electricity costs;
 - £23k reduction in cleaning and domestic supplies;
 - (£39k) agreed carry forwards from 2018/19 relating to various premises related costs at Smithfield Market;
 - (£28k) increase in water expenditure as a result of increased water consumption and price rises;
 - (£6k) increase in rates expenditure.
3. **City Surveyor – Repairs & Maintenance** – the (£901k) increase is due to the following:
 - (£734k) increase in costs due to the re-phasing of works as part of the Cyclical Works Programme at Smithfield Market and Smithfield Car Park;
 - (£110k) increase in costs relating to the Building Repairs and Maintenance contract managed by Skanska at Smithfield Market as a result of the asset verification process;
 - (£30k) increase in pest control contract costs;
 - (£17k) increase in costs relating to the Building Repairs and Maintenance contract managed by Skanska at New Spitalfields Market as a result of the asset verification process;
 - (£10k) increase in costs relating to the Building Repairs and Maintenance contract managed by Skanska at Billingsgate Market as a result of the asset verification process.
4. **Transport Related Expenses** – (£1k) increase in transport related expenditure across all Markets.
5. **Supplies & Services** – the (£146k) increase is due to the following:
 - (£109k) increase in fees and services costs which is largely due to changes in the recharging of internal legal fees which now is met by local risk budgets;

- (£12k) additional management fees relating to the running of Smithfield Car Park;
- (£7k) additional costs relating to credit card transaction fees and expenditure incurred for a virtual tour of Smithfield Car Park;
- (£11k) rise in equipment, furniture and materials costs;
- (£7k) increase in printing, stationery and subscriptions;
- (£6k) in extra communications and computing costs;
- (£2k) increase related to subsistence and conference expenditure;
- £7k reduction in clothing and uniform costs;
- £1k decrease in advertising costs.

6. Waste & Cleaning Contract at New Spitalfields Market - the increase of (£24k) relates to increases in the rebate element of the waste collection contract due to increased levels of recyclable waste.

7. Committee Contingency – the £25k reduction is due to £2k being transferred to the Markets Directorate budget and the remaining £23k saving will offset necessary budget increases at Smithfield Market.

8. Other Grants, Reimbursements and Contributions – the (£85k) decrease is due to a (£100k) contribution reduction from the Billingsgate Market service charge to the Repainting and Special Works account due to reduced works taking place in 2019/20. This is partly offset by £15k grant income to fund 75% of the expenditure for the purchase of a cherry picker truck.

9. Customer, Client Receipts – the (£195k) reduction in income is due to the following:

- (£580k) decreased income due to delays in the installation of the entry barrier at New Spitalfields Market;
- (£124k) reduced service charge income at Billingsgate Market as a result of lower service charge expenditure and increases in sundry income;
- (£123k) reduction in income from chilled water and heating as a result of operational changes of heating and cooling equipment which has led to reduced consumption levels at Smithfield Market;
- (£50k) reduced waste collection income recharged to tenants at New Spitalfields Market;
- (£46k) decreased income at New Spitalfields Market from Carbon Reduction Commitment recharges to tenants;
- (£4k) reduction in casual rent income at Billingsgate Market;
- (£4k) decrease in public car parking at Billingsgate Market due to reduced occupancy levels and increased levels of competition;
- (£3k) reduction in service charge sundry income at Smithfield Market;
- £401k additional service charge income at New Spitalfields Market to offset increased service charge expenditure and reduced sundry income;
- £96k extra electricity and gas income as a result of increased energy price rises recharged to tenants at Smithfield Market;
- £74k increase in income from electricity and gas recharged to tenants at Billingsgate Market as a result of energy price rises;
- £33k in additional filming income at Billingsgate Market due to a large one-off filming project;
- £31k additional income from the rebate element of the waste collection contract at New Spitalfields Market due to increased levels of recyclable waste;

- £27k increase in income from water recharged to tenants as a result of water price rises at Billingsgate Market;
- £20k additional pallet income at New Spitalfields Market;
- £15k increase in refuse collection income at Billingsgate Market;
- £15k increase in income from trade car parking at Billingsgate Market;
- £13k extra income at the Rotunda Car Park at Smithfield Market;
- £12k increases in other sources of sundry income at New Spitalfields Market;
- £2k additional income from the Animal By-Product facility at Smithfield Market.

10. Transfer from Reserves – the £33k increase is to fund repairs and maintenance works on the Repairs and Special Works account at Billingsgate Market as a result of reduced service charge contributions.

Central Risk

11. Supplies & Services – the £68k decrease in expenditure is due to:

- £80k reduction in professional fees at Smithfield Market as the Food Standards Agency (FSA) now invoices tenants directly;
- (£10k) additional professional fees at New Spitalfields Market relating to advice for rent reviews;
- (£2k) increase in professional fees at Billingsgate Market relating to the advertising hoardings.

12. Customer, Client Receipts – the £6k increase in income is due to:

- £19k increase in service charge income at Billingsgate Market;
- £8k increase in service charge income at New Spitalfields Market;
- (£16k) decrease in public car parking at Billingsgate Market due to reduced occupancy levels and increased levels of competition;
- (£5k) reduction in income from wayleaves and tolls at Billingsgate Market.

13. Customer, Client Receipts (Rent) – the net decrease of (£72k) is due to the following:

- (£108k) reduction in income due to rent reviews not taking place at Smithfield Market and reduced income as a result of agreed rent-free periods at the Poultry Market;
- £18k increase in rent income at Billingsgate Market due to the additional lettings of outdoor container units;
- £18k additional rent income for the Smithfield Outside Properties relating to a rent review at the Oriole Bar and additional rent from letting out part of the Rotunda Car Park.

Support Services and Capital Charges

14. Central Support Services – the net decrease of £47k is due to the following:

- £99k decrease in recharges from the Comptrollers and City Solicitors Department;
- £23k reduction in insurance recharges;
- £6k lower recharges from the Town Clerk's Department;
- (£49k) increase in recharges from the Chamberlain's Department;
- (£17k) additional IT recharges;
- (£7k) increase in City Procurement recharges;
- (£4k) rise in City Surveyor's recharges;
- (£4k) increased Administration Buildings recharges.

15. Capital Charges and Depreciation – the increase of (£198k) is due to additional depreciation charges at New Spitalfields Market primarily relating to the installation of the entry barrier.

16. Recharges Across Fund – the net decrease of (£3k) is due to reduced Directorate recharges to other areas of the Department of Markets & Consumer Protection.