

ORIGINAL BUDGET 2020/21 TO ORIGINAL BUDGET 2021/22				
Analysis of Service Expenditure	Original Budget 2020/21 £'000	Original Budget 2021/22 £'000	Movement Better/(Worse) £'000	Para Reference
EXPENDITURE - LOCAL RISK				
Employment Costs	(6,156)	(6,224)	(68)	1
Premises Related Expenses	(4,643)	(4,515)	128	2
City Surveyor – Repairs & Maintenance	(1,791)	(1,243)	548	3
Transport Related Expenses	(40)	(36)	4	4
Supplies & Services	(1,140)	(1,172)	(32)	5
Waste & Cleaning Contract at New Spitalfields Mkt	(2,894)	(2,850)	44	6
Transfer to Reserves	0	(76)	(76)	7
Unidentified Efficiency Savings	0	246	246	8
Total Expenditure	(16,664)	(15,870)	794	
INCOME - LOCAL RISK				
Other Grants, Reimbursements & Contributions	352	510	158	9
Customer, Client Receipts	12,984	12,881	(103)	10
Investment Income	2	2	0	
Transfer from Reserves	96	38	(58)	11
Total Income	13,434	13,431	(3)	
TOTAL NET LOCAL RISK (EXP)/ INC	(3,230)	(2,439)	791	
EXPENDITURE - CENTRAL RISK				
Premises Related Expenses	(174)	(191)	(17)	12
Supplies & Services	(131)	(41)	90	13
Capital Charges/Depreciation	(216)	(209)	7	14
Total Expenditure	(521)	(441)	80	
INCOME - CENTRAL RISK				
Customer, Client Receipts	1,495	1,397	(98)	15
Customer, Client Receipts (Rent)	4,825	4,805	(20)	16
Transfer from Reserves	31	6	(25)	17
Total Income	6,351	6,208	(143)	
TOTAL NET CENTRAL RISK (EXP)/ INC	5,830	5,767	(63)	
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services	(1,853)	(1,764)	89	18
Capital Charges/Depreciation	(1,057)	(1,057)	0	
Recharges within Committee	0	0	0	
Recharges within Fund	77	77	0	
Recharges across Fund	327	231	(96)	19
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,506)	(2,513)	(7)	
TOTAL NET (EXPENDITURE)/INCOME	94	815	721	

Original Budget 2020/21 to Original Budget 2021/22 – Movement Notes

Local Risk

1. **Employment Costs** – the increase of (£68k) is mainly due to the creation of a new Director of Markets post at grade I as part of the TOM restructure. This is in addition to an uplift in basic pay of 2.25% and an increase in London Weighting costs of 5.00% having originally been budgeted for. Any savings from the pay freeze from July 2021 onwards will be used to meet the required unidentified efficiency savings.

2. **Premises Related Expenses** – the decrease of £128k is due to:
 - £252k utilities savings at Smithfield Market caused by a reduction in energy prices and energy efficiency measures introduced at the market including changes to the operation of heating and cooling equipment;
 - £20k reduction in water costs at Smithfield Market as a result of lower water usage at the market;
 - £15k decrease in locally managed repairs and maintenance costs at Billingsgate Market due to lower than anticipated breakdown general and equipment hire costs;
 - £10k lower utility costs at New Spitalfields Market as a result of energy efficiency measures introduced at the market and a reduction in energy prices;
 - £10k reduction in repairs and maintenance expenditure at the Rotunda Car Park due to lower breakdown general costs;
 - £5k decrease in cleaning and domestic supplies at Billingsgate Market;
 - £4k reduction in energy costs at Billingsgate Market as a result of decreased energy prices;
 - £2k savings in locally managed repairs and maintenance costs at New Spitalfields Market;
 - (£150k) tenant contribution to the New Spitalfields Market Repainting and Repair account to fund the cost of works and a transfer to tenant reserves;
 - (£17k) increase in cleaning and domestic supply costs at Smithfield Market due to the purchase of additional cleaning materials in response to the Covid-19 pandemic;
 - (£10k) additional locally managed repairs and maintenance costs at Smithfield Market;
 - (£10k) increased rates expenditure at Smithfield Market and the Rotunda Car Park;
 - (£2k) additional rates costs at Billingsgate Market;
 - (£1k) higher cleaning and domestic supply expenses at New Spitalfields Market.

3. **City Surveyor – Repairs & Maintenance** – the decrease of £548k is due to:
 - £675k reduced costs due to the re-phasing of works as part of the Cyclical Works Programme at Smithfield Market;
 - £110k decrease in expenditure relating to the Building Repairs and Maintenance contract at the Rotunda Car Park and Smithfield Outside Properties;
 - £51k lower costs at Smithfield Market relating to the Building Repairs and Maintenance contract;
 - £15k reduction at New Spitalfields Market relating to the Building Repairs and Maintenance contract;
 - (£283k) increase in costs due to the re-phasing of works as part of the Cyclical Works Programme at the Rotunda Car Park and Smithfield Outside Properties;
 - (£20k) additional costs at Billingsgate Market from the Building Repairs and Maintenance contract.

- 4. Transport Related Expenses** – the decrease of £4k is due to a £5k reduction in transport costs at Billingsgate Market as a result of lower vehicle running costs and hired transport expenses. This is offset by a (£1k) increase at Smithfield Market due to price rises related to the congestion charge.
- 5. Supplies & Services** – the (£32k) increase is due to the following:
- (£17k) increase in communications and computing costs at New Spitalfields Market due to the cost of taking credit card payments for the entry barrier as well as the purchase of mobile devices for the constabulary;
 - (£15k) for a new payment machine for the entry barrier at New Spitalfields Market to be met by the tenant repair fund;
 - (£6k) increase in the cost of equipment, furniture and materials at Billingsgate Market which is due to additional costs for equipment hire as well as the purchase of health and safety equipment in response to the Covid-19 pandemic;
 - (£5k) increase in equipment costs at New Spitalfields Market primarily due to the purchase of a new radio system;
 - (£5k) additional contract costs related to the management of the Rotunda Car Park;
 - (£3k) increase in costs for the Directorate related to the purchase of additional equipment and computer hardware to support working from home arrangements;
 - (£2k) increase in communications and computing costs at Smithfield Market;
 - £8k reduction in fees and services at Billingsgate Market which primarily relates to refuse collection costs as a result of reduced waste levels at the market;
 - £4k lower professional fees costs at Smithfield Market;
 - £3k decrease in hospitality and grants expenditure at Billingsgate Market;
 - £3k reduction in the costs of equipment and clothing at Smithfield Market;
 - £3k decrease in printing and other expenses at New Spitalfields Market.
- 6. Waste & Cleaning Contract at New Spitalfields Market** – the £44k decrease is primarily due to a reduction in the value of the rebate expected to be repaid to tenants as part of the contract.
- 7. Transfer to Reserves** – the (£76k) increase is due to a planned transfer being made from the Repainting and Repair account to the reserves at New Spitalfields Market.
- 8. Unidentified Efficiency Savings** – the Market's required 12% Target Operating Model reduction, which for this Committee amounts to £171k. These savings have yet to be identified and the Director will continue to work through proposals against the 12% savings and these will be revised once the TOM is progressed through the year(s). The 12% savings have therefore been included in the budget as unidentified efficiency savings to ensure flexibility to move people into the right roles as a result of the TOM. Additionally, as a result of the creation a new Director of Markets post as part of the TOM restructure further unidentified savings of £75k will also be required.
- 9. Other Grants, Reimbursements and Contributions** – the £158k increase is due to a £150k tenant contribution from the service charge at New Spitalfields Market funding both the cost of works on the Repainting and Repair account and a transfer to tenant reserves. This is in addition to extra income of £8k relating to business rates being recharged to tenants at Smithfield Market.

10. Customer, Client Receipts – the decrease of (£103k) is due to:

- (£104k) reduction in chilled water and heating recharges at Smithfield Market as a result of decreases in expenditure caused by operational changes to heating and cooling equipment;
- (£80k) decrease in income from the Rotunda Car Park due to lower anticipated usage of the car park caused by the Covid-19 pandemic;
- (£69k) reduction in rebate income from the waste collection contract at New Spitalfields Market as a result of external recycled materials not being accepted;
- (£53k) less income from energy costs recharged to tenants at Smithfield Market as a result of a reduction in the price of energy as well as energy efficiency measures introduced at the market;
- (£46k) decrease in the cost of utilities being recharged to tenants at New Spitalfields Market as a result of energy price reductions and energy efficiency measures;
- (£32k) decline in trade car parking at Billingsgate Market as a result of reduced trade at the market in response to the Covid-19 pandemic;
- (£25k) reduction in income from retail car parking at Billingsgate Market as a result of lower anticipated usage of the car park following the Covid-19 pandemic;
- (£17k) reduction in utilities costs recharged to tenants at Billingsgate Market due to reduced energy prices;
- (£16k) decrease in filming income at Billingsgate Market caused by a reduction in filming projects in response to the Covid-19 pandemic;
- (£12k) decline in income from licenses at New Spitalfields Market due to a licensee leaving the market in 2020/21;
- (£10k) reduction in income from refuse collection at Billingsgate Market as a result of lower waste levels at the market;
- (£5k) lower parking income at New Spitalfields Market due to a decrease in the number of parking permits issued at the market;
- (£4k) decrease in casual rent income at Billingsgate Market;
- £224k increase in service charge income at New Spitalfields Market as a result of increases in gross service charge expenditure;
- £63k higher income from service charges at Billingsgate Market as a result of a reduction in sundry income;
- £40k additional income from declared waste at New Spitalfields Market due to extra waste at the market;
- £25k increase in income from the entry barrier at New Spitalfields Market;
- £9k income from recharges to tenants from the waste collection contract at New Spitalfields Market;
- £6k additional income from dumped and undeclared waste and other sundry income at New Spitalfields Market;
- £3k increase in service charge income at Smithfield Market.

11. Transfer from Reserves – the decrease of (£58k) is due to reduced transfer from reserves as a result of works on the Repainting and Repair account at New Spitalfields Market being largely funded by a contribution from tenants in 2021/22.

Central Risk

12. Premises Related Expenses – the (£17k) increase at Billingsgate Market is due to an additional (£15k) in anticipated service charge voids and (£2k) in higher rates expenditure.

13. Supplies & Services – the decrease of £90k is due to a reduction in professional fees at New Spitalfields Market relating to lease renewals costs which were mainly incurred in 2020/21.

14. Capital Charges/Depreciation – the decrease of £7k is due to a reduction in capital charges at Billingsgate Market amounting to £19k. This is partly offset by a (£12k) increase in depreciation at Smithfield Market.

15. Customer, Client Receipts – the decrease of (£98k) is due to the following:

- (£100k) reduction in income from retail car parking at Billingsgate Market as a result of lower anticipated usage of the car park following the Covid-19 pandemic;
- (£40k) decrease in income from tolls which is no longer being invoiced to tenants at Billingsgate Market;
- £22k increased income from service charges at Billingsgate Market to fund costs from the Building, Repairs and Maintenance contract delivered by the City Surveyors Department as well as additional recharge costs;
- £20k extra service charge income at New Spitalfields Market to fund increased recharge costs.

16. Customer, Client Receipts (Rent) – the decrease of (£20k) is the result of agreed rent-free periods at the Poultry Market.

17. Transfer from Reserves – the (£25k) decrease is due to a reduced transfer of (£22k) from reserves at New Spitalfields Market and a (£3k) reduction from the reserves at Billingsgate Market as a result of lower City Surveyor's employee recharges.

Support Services and Capital Charges

18. Central Support Services – the net decrease of £89k is due to the following:

- £38k decrease in recharges from the Town Clerk's Department;
- £28k lower IT recharges;
- £24k reduction in recharges from the Chamberlain's Department;
- £15k decreased Administration Buildings recharges;
- £12k lower City Surveyor's employee recharges;
- £10k reduced City Procurement recharges;
- £5k decrease in City Surveyor's recharges;
- (£33k) increase in recharges from Comptrollers and City Solicitors Department;
- (£10k) additional insurance recharges.

19. Recharges Across Fund – the net decrease of (£96k) is due to reduced Directorate recharges to other areas of the Department of Markets & Consumer Protection as a result of savings on the Directorate in 2021/22.