

### Operating Statement Movement Notes

The tables below analyse the aggregate favourable movements over £50k and all adverse movements for the Wholesale Markets as reported on the Operating Statement which is attached at Appendix 4. The summary compares the budget movements between the 2020/21 Original Budget (OR) to the 2020/21 Latest Budget (LB) and budget movements between the 2020/21 OR and the 2021/22 OR. Brackets in the summary signify an expenditure item or an adverse movement. Figures without brackets indicate an income item or a favourable movement.

<b>New Spitalfields Market</b>	<b>Description</b>	<b>2020/21 OR to 2020/21 LB Movement Notes</b>	<b>2020/21 OR to 2021/22 OR Movement Notes</b>
<b>Note No.</b>	<b>Operating Expenditure</b>		
1	Employment Costs	Increase of (£17k) is due to a 2.25% uplift for basic pay plus a 5% increase in London Weighting costs, together with centrally provided budgets for contribution pay and apprenticeship costs.	Increase of (£50k) is due to a 2.25% uplift in basic pay plus a 5% increase in London Weighting costs having originally been budgeted for.
2	Premises		Increase of (£127k) is due to: <ul style="list-style-type: none"> <li>• (£150k) tenant contribution to the Repainting and Repair account to fund the cost of works and a transfer to tenant reserves;</li> <li>• (£3k) additional insurance costs;</li> <li>• (£1k) cleaning and domestic supply expenses;</li> <li>• £15k reduction in costs for the Building Repairs and Maintenance contract managed by the City Surveyors Department;</li> <li>• £10k decrease in utility costs as a result of energy efficiency measures introduced at the market and a reduction in energy prices;</li> <li>• £2k reduction in locally managed repairs and maintenance costs.</li> </ul>

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3	Supplies and Services	<p>Increase of (£34k) is due to:</p> <ul style="list-style-type: none"> <li>• (£17k) increase in communications and computing costs due to the cost of taking credit card payments for the entry barrier as well as the purchase of mobile devices for the constabulary;</li> <li>• (£12k) for the installation of a new payment machine for the entry barrier which is being funded by tenant reserves;</li> <li>• (£7k) additional health and safety equipment purchases on behalf of tenants in response to the Covid-19 pandemic;</li> <li>• £2k reduction in general fees and expenses.</li> </ul>	<p>Decrease of £56k is due to:</p> <ul style="list-style-type: none"> <li>• £90k reduction in professional fees relating to lease renewals costs which were mainly incurred in 2020/21;</li> <li>• £3k decrease in printing and other expenses;</li> <li>• (£17k) increase in communications and computing costs due to the cost of taking credit card payments for the entry barrier as well as the purchase of mobile devices for the constabulary;</li> <li>• (£15k) for the purchase of a new payment machine for the entry barrier to be met by the tenant repair fund;</li> <li>• (£5k) increase in equipment costs primarily due to the purchase of a new radio system.</li> </ul>
4	Waste and Recycling Contract	<p>Decrease of £64k relates to a lower fixed contract price rise than was originally budgeted for the waste collection contract due to a reduction in the rate of inflation. This is in addition to a decrease in the rebate element of the contract repaid to tenants.</p>	
<b>Operating Income</b>			
5	Charges for Services	<p>Decrease of (£58k) is due to:</p> <ul style="list-style-type: none"> <li>• (£350k) reduction in income from the entry barrier due to installation delays;</li> <li>• (£26k) decrease from the waste collection contract as a result of reduced levels of rebate income;</li> </ul>	<p>Increase of £342k is due to:</p> <ul style="list-style-type: none"> <li>• £244k increase in service charge income as a result of increases in gross service charge expenditure;</li> <li>• £150k tenant contribution from the service charge funding both the cost of works on the</li> </ul>

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		<ul style="list-style-type: none"> <li>• (£12k) decline in income from licenses due to a licensee leaving the market;</li> <li>• (£2k) reduction in parking income due to a decrease in the number of parking permits issued at the market;</li> <li>• £278k increase in service charge income due to a reduction in the level of budgeted sundry income;</li> <li>• £40k additional income from declared waste as a result of higher levels of waste at the market;</li> <li>• £9k extra income from the costs of the waste collection contract recharged to tenants as a result of higher levels of waste;</li> <li>• £5k increase in income from dumped and undeclared waste.</li> </ul>	<p>Repainting and Repair account and a transfer to tenant reserves;</p> <ul style="list-style-type: none"> <li>• £40k additional income from declared waste due to extra waste at the market;</li> <li>• £25k increase in income from the entry barrier;</li> <li>• £9k income from recharges to tenants from the waste collection contract;</li> <li>• £6k from dumped and undeclared waste and other sundry income;</li> <li>• (£69k) reduction in rebate income from the waste collection contract as a result of external recycled materials not being accepted;</li> <li>• (£46k) decrease in the cost of utilities being recharged to tenants as a result of energy price reductions and energy efficiency measures;</li> <li>• (£12k) decline in income from licenses due to a licensee leaving the market;</li> <li>• (£5k) reduction in parking income due to a decrease in the number of parking permits issued at the market.</li> </ul>
	<b>Central Costs</b>		
6	Other Central Costs	Increase of (£14k) is due to a (£15k) reduction in the transfer from reserves as a result of reduced City Surveyor's employee recharges on the Repainting and Repair account. This is offset by a £1k reduction in Directorate recharges.	Increase of (£125k) is due to: <ul style="list-style-type: none"> <li>• (£80k) reduced transfer from reserves as a result of works on the Repainting and Repair account being largely funded by a contribution from tenants in 2021/22;</li> </ul>

			<ul style="list-style-type: none"> <li>• (£76k) transfer being made from the Repainting and Repair account to the reserves;</li> <li>• £12k reduction in Directorate recharges;</li> <li>• £8k decrease in recharges from City Procurement;</li> <li>• £6k lower central support recharges;</li> <li>• £5k reduction in IT recharges.</li> </ul>
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Billingsgate Market	Description	2020/21 OR to 2020/21 LB Movement Notes	2020/21 OR to 2021/22 OR Movement Notes
<b>Note No.</b>	<b>Operating Expenditure</b>		
7	Employment Costs	Increase of (£32k) is due to a 2.25% uplift in basic pay plus a 5% increase in London Weighting costs, together with centrally provided budgets for contribution pay and apprenticeship costs.	Increase of (£42k) is due to a 2.25% uplift in basic pay plus a 5% increase in London Weighting costs having originally been budgeted for. Any savings achieved from the pay freeze from July 2021 will now be used to meet the required unidentified efficiency savings.
8	Premises	<p>Increase of (£26k) is due to:</p> <ul style="list-style-type: none"> <li>• (£39k) additional costs relating to the Building Repairs and Maintenance contract managed by the City Surveyors Department;</li> <li>• £11k reduction in locally managed repairs and maintenance costs as a result of lower breakdown general costs;</li> <li>• £2k reduction in the cost of cleaning and domestic supplies.</li> </ul>	<p>Increase of (£16k) is due to:</p> <ul style="list-style-type: none"> <li>• (£20k) additional costs relating to the Building Repairs and Maintenance contract managed by the City Surveyors Department;</li> <li>• (£15k) higher service charge voids for vacant premises;</li> <li>• (£4k) increase in rates;</li> <li>• (£1k) additional insurance costs;</li> <li>• £15k reduction in locally managed repairs and maintenance costs due to lower than anticipated breakdown general and equipment hire costs;</li> <li>• £5k decrease in cleaning and domestic supplies;</li> <li>• £4k reduction in energy costs as a result of decreased energy prices.</li> </ul>
	<b>Operating Income</b>		
9	Charges for Services		Decrease of (£159k) is due to:

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			<ul style="list-style-type: none"> <li>• (£125k) reduction in income from retail car parking as a result of lower anticipated usage following the Covid-19 pandemic;</li> <li>• (£40k) decrease in income from tolls which is no longer being invoiced to tenants;</li> <li>• (£32k) anticipated decline in trade car parking as a result of reduced trade at the market following the Covid-19 pandemic;</li> <li>• (£17k) reduction in utilities costs recharged to tenants due to reduced energy prices;</li> <li>• (£16k) decrease in anticipated filming income following the Covid-19 pandemic;</li> <li>• (£10k) reduction in income from refuse collection as a result of lower waste levels at the market;</li> <li>• (£4k) decrease in casual rent;</li> <li>• £85k increase from service charges as a result of a reduction in sundry income.</li> </ul>
<b>Central Costs</b>			
10	Other Central Costs	Increase of (£5k) due to a (£3k) reduction in transfer from reserves following a decrease in City Surveyor's employee recharges charged to the Repainting and Special Works account as well as a (£2k) increase in Directorate recharges.	<p>Decrease of £113k due to:</p> <ul style="list-style-type: none"> <li>• £84k of unidentified efficiency savings;</li> <li>• £13k reduction in Directorate recharges;</li> <li>• £7k decrease in central support recharges;</li> <li>• £7k reduction in IT recharges;</li> <li>• £3k saving in City Procurement recharges;</li> <li>• £2k reduced City Surveyor's employee recharges;</li> <li>• (£3k) decrease in transfer from reserves as a result of lower City Surveyor's employee</li> </ul>

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			recharges on the Repainting and Special Works account.
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Smithfield Market	Description	2020/21 OR to 2020/21 LB Movement Notes	2020/21 OR to 2021/22 OR Movement Notes
Note No.	Operating Expenditure		
11	Employment Costs	Increase of (£9k) is due to a 2.25% uplift for basic pay plus a 5% increase in London Weighting costs, together with centrally provided budgets for contribution pay.	Increase of (£79k) is due to a 2.25% uplift in basic pay plus a 5% increase in London Weighting costs having originally been budgeted for. Any savings achieved from the pay freeze from July 2021 will now be used to meet the required unidentified efficiency savings.
12	Premises	Decrease of £349k is due to: <ul style="list-style-type: none"> <li>• £391k reduced costs due to the re-phasing of works relating to the Cyclical Works Programme;</li> <li>• £59k utilities savings caused by a reduction in energy prices as well as energy efficiency measures introduced at the market including changes to the operation of heating and cooling equipment;</li> <li>• £20k reduction in water costs as a result of lower water usage at the market;</li> <li>• (£85k) additional costs relating to the Building Repairs and Maintenance contract managed by the City Surveyors Department;</li> <li>• (£18k) increase in cleaning and domestic supply costs due to the purchase of additional cleaning materials in response to the Covid-19 pandemic;</li> <li>• (£17k) in additional locally managed repairs and maintenance costs;</li> <li>• (£1k) additional rates expenditure.</li> </ul>	Decrease of £959k is due to: <ul style="list-style-type: none"> <li>• £675k reduced costs due to the re-phasing of works relating to the Cyclical Works Programme;</li> <li>• £252k utilities savings 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;</li> <li>• £51k saving relating to the Building Repairs and Maintenance contract managed by the City Surveyors Department;</li> <li>• £20k reduction in water costs as a result of lower water costs and usage at the market;</li> <li>• (£17k) increase in cleaning and domestic supply costs due to the purchase of additional cleaning materials in response to the Covid-19 pandemic;</li> <li>• (£10k) increase in locally managed repairs and maintenance costs;</li> <li>• (£8k) additional rates expenditure;</li> <li>• (£4k) increase in insurance costs.</li> </ul>



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13	Transport	Increase of (£32k) is due to the proposed purchase of a forklift truck for use at the market.	Increase of (£1k) is due to price rises related to the congestion charge.
14	Supplies and Services	Increase of (£6k) is due to (£3k) related to the purchase of health and safety equipment for use by the tenants in response to the Covid-19 pandemic. This is in addition to (£3k) relating to the purchase of additional mobile phone devices.	
<b>Operating Income</b>			
15	Rent		Decrease of (£23k) is due to reduced income as a result of previously agreed rent-free periods at the Poultry Market.
16	Charges for Services	Decrease of (£303k) is due to tenants not being invoiced for the recharge of business rates in 2020/21 as a result of the Covid-19 pandemic. The budget reduction was funded by previous year carry-forward underspends of £236k and £67k from the Covid-19 contingency fund.	Decrease of (£146k) is due to: <ul style="list-style-type: none"> <li>• (£104k) reduction in chilled water and heating recharges as a result of decreases in expenditure caused by operational changes to heating and cooling equipment;</li> <li>• (£53k) decrease in income from energy costs recharged to tenants as a result of a reduction in the price of energy as well as energy efficiency measures introduced at the market;</li> <li>• £8k in additional income from business rates recharged to tenants;</li> <li>• £3k increase in service charge income.</li> </ul>

<b>Central Costs</b>			
17	Capital Depreciation Charges	Increase of (£12k) is due to additional capital charges for the Animal By-Product (ABP) facility.	Increase of (£12k) is due to additional depreciation for the ABP facility.
18	Other Central Costs		Decrease of £166k is due to: <ul style="list-style-type: none"> <li>• £126k unidentified efficiency savings;</li> <li>• £14k reduced Directorate recharges;</li> <li>• £13k decrease in IT recharges;</li> <li>• £10k reduction in City Surveyor's employee recharges;</li> <li>• £3k decrease in central support recharges.</li> </ul>