

ORIGINAL BUDGET 2021/22 TO ORIGINAL BUDGET 2022/23				
Analysis of Service Expenditure	Original Budget 2021/22 £'000	Original Budget 2022/23 £'000	Movement Better/(Worse) £'000	Para Reference
EXPENDITURE - LOCAL RISK				
Employment Costs	(6,224)	(6,027)	197	1
Premises Related Expenses	(4,515)	(4,507)	8	2
City Surveyor – Repairs & Maintenance	(1,243)	(1,243)	0	
Transport Related Expenses	(36)	(34)	2	3
Supplies & Services	(1,172)	(1,173)	(1)	4
Waste & Cleaning Contract at New Spitalfields Mkt	(2,850)	(2,567)	283	5
Transfer to Reserves	(76)	(156)	(80)	6
Unidentified Efficiency Savings	246	39	(207)	7
Total Expenditure	(15,870)	(15,668)	202	
INCOME - LOCAL RISK				
Other Grants, Reimbursements & Contributions	510	503	(7)	8
Customer, Client Receipts	12,881	12,523	(358)	9
Investment Income	2	2	0	
Transfer from Reserves	38	75	37	10
Total Income	13,431	13,103	(328)	
TOTAL NET LOCAL RISK (EXP)/ INC	(2,439)	(2,565)	(126)	
EXPENDITURE - CENTRAL RISK				
Premises Related Expenses	(191)	(191)	0	
Supplies & Services	(41)	(154)	(113)	11
Capital Charges/Depreciation	(209)	(209)	0	
Total Expenditure	(441)	(554)	(113)	
INCOME - CENTRAL RISK				
Customer, Client Receipts	1,397	1,426	29	12
Customer, Client Receipts (Rent)	4,805	4,785	(20)	13
Transfer from Reserves	6	10	4	14
Total Income	6,208	6,221	13	
TOTAL NET CENTRAL RISK (EXP)/ INC	5,767	5,667	(100)	
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services	(1,764)	(1,764)	0	
Capital Charges/Depreciation	(1,057)	(1,237)	(180)	15
Recharges within Committee	0	0	0	
Recharges within Fund	77	77	0	
Recharges across Fund	231	351	120	16
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,513)	(2,573)	(60)	
TOTAL NET (EXPENDITURE)/INCOME	815	529	(286)	

Original Budget 2021/22 to Original Budget 2022/23 – Movement Notes

Local Risk

1. **Employment Costs** – the decrease of £197k is mainly attributable to savings from flexible retirement in addition to the freeze in pay for all staff on grades D and above from July 2021 as well as the removal of three vacant posts.
2. **Premises Related Expenses** – the reduction of £8k is due to:
 - £36k lower repairs and maintenance costs primarily related to a decrease in the value of works funded by the Repainting and Repair (R&R) account at New Spitalfields Market;
 - £18k decrease in cleaning related expenditure largely attributable to savings from the corporate cleaning contract at New Spitalfields Market;
 - £8k lower water expenditure at all markets;
 - £5k overall reduction in energy costs at all markets;
 - (£55k) increase in heating and cooling costs at Smithfield Market as a result of increased energy usage following the end of Covid-19 restrictions;
 - (£4k) overall increase in rates expenditure.
3. **Transport Related Expenses** – the decrease of £2k is due to a £3k reduction in congestion charging expenses at Smithfield Market and a (£1k) increase in travelling expenses on the Directorate.
4. **Supplies & Services** – the (£1k) net increase is due to additional equipment costs at Billingsgate Market, maintenance costs for the entry barrier at New Spitalfields Market and conference expenses met by the Directorate. This is offset by reduced equipment costs at New Spitalfields Market and lower internal legal fees at Smithfield Market.
5. **Waste & Cleaning Contract at New Spitalfields Market** – the £283k decrease is primarily due to a £260k reduction in fixed contract costs largely attributable to a variation in the contract in addition to £23k savings from the variable element of the contract.
6. **Transfer to Reserves** – the (£80k) increase is due to additional transfers being made from the R&R account to the reserves at New Spitalfields Market.
7. **Unidentified Efficiency Savings** – the (£207k) decrease is the result of the latest estimate of savings still to be identified to remain within the local risk resource envelope, after all other budget movements are taken into account. The 2021/22 original budget included £171k in savings related to the required 12% Target Operating Model (TOM) reduction in addition to £75k in further required savings. The Markets Director is continuing to work through proposals against the 12% savings and these will be revised once the TOM is progressed. Based on anticipated levels of expenditure and income for 2022/23, a balance of £39k will need to be identified by the Director throughout the course of the 2022/23 budgetary cycle.
8. **Other Grants, Reimbursements and Contributions** – the (£7k) decrease is due to the reduced cost of business rates charged to Smithfield Market.
9. **Customer, Client Receipts** – the decrease of (£358k) is due to:

- (£255k) reduction in service charge income at New Spitalfields Market as a result of decreases in gross service charge expenditure;
- (£125k) less income from the entry barrier at New Spitalfields Market attributable to a reduction in customer numbers during the pandemic;
- (£41k) decreased income from service charges at Billingsgate Market following a reduction in gross service charge expenditure;
- (£30k) decline in income from declared waste at New Spitalfields Market as a result of additional food waste being donated to charity;
- (£14k) reduced income from reimbursable works at New Spitalfields Market;
- (£7k) lower recharges for the Animal By-Product (ABP) facility at Smithfield Market owing to reduced levels of condemned meat;
- (£7k) net reduction in energy recharges and other sundry charges to tenants at all markets as a result of lower energy prices;
- £50k increase in filming income at Billingsgate Market as a result of an anticipated increase in the number of filming projects following the end of Covid-19 restrictions;
- £48k additional income from the Rotunda Car Park at Smithfield Market following increased customer numbers following the pandemic;
- £13k extra income from refuse collection recharges at Billingsgate Market;
- £10k increase in trade parking income at Billingsgate Market due to an increase in customer numbers at the market following the end of Covid-19 restrictions.

10. Transfer from Reserves – the increase of £37k is due to additional transfer from reserves on the R&R account at New Spitalfields Market to fund increased levels of works.

Central Risk

11. Supplies & Services – the increase of (£113k) relates to additional professional fees of (£75k) at New Spitalfields Market connected to the rent reviews in addition to (£38k) in professional fees for the lease renewals at Billingsgate Market.

12. Customer, Client Receipts – the extra £29k is due to £30k in service charge income at New Spitalfields Market related to an increase in central recharges and City Surveyor's costs met by tenants. This is offset by a (£1k) reduction at Billingsgate Market.

13. Customer, Client Receipts (Rent) – the decrease of (£20k) relates to a reduction in rent income at New Spitalfields Market of (£51k) as a result of two catering units being vacant. This is offset by increased income of £31k at Billingsgate Market.

14. Transfer from Reserves – the £4k increase is due to additional transfer from reserves at New Spitalfields Market to fund City Surveyor's employee recharges on the R&R account.

Support Services and Capital Charges

15. Capital Charges/Depreciation – the increase of (£180k) is due to additional building depreciation charges at New Spitalfields Market.

16. Recharges Across Fund – the net increase of £120k is due to increased Directorate recharges to other areas of the Department of Markets & Consumer Protection.