

**Wholesale Markets Operating Statement Variance Notes – 2021/22**

The tables below analyse the variances for the wholesale markets as reported on the operating statement which is attached at Appendix A4. The statement compares the 2021/22 final budget to the actual outturn for 2021/22.

Brackets signify an expenditure item and/or a worse than budget position and non-brackets signify an income item and/or a better than budget position. All variances of £50k or more have been detailed below.

<b>New Spitalfields Market</b>		
<b>Notes</b>	<b>Description</b>	<b>2021/22 Final Budget to Actual Outturn</b>
<b>Operating Expenditure</b>		
1	Employment Costs	£109k staff cost underspend due to vacant positions in maintenance and security roles as well as savings following employees taking up the option of flexible retirement.
2	Premises	(£127k) overspend due to (£217k) additional tenant contribution to the Repainting and Repair (R&R) reserve. This was offset by £74k lower energy and water costs due to reduced usage and energy efficiency measures and £16k net underspend in other premises related costs such as repairs and maintenance.
3	Supplies and Services	(£259k) overspend due to: <ul style="list-style-type: none"> <li>• (£168k) relating to writing off of debts for two tenants who entered liquidation during 2021/22;</li> <li>• (£85k) for a six months' service charge concession for a tenant as agreed by Members as part of support measures to assist tenants during the Covid-19 pandemic;</li> <li>• (£63k) increase in provisions for bad debts relating to high-risk debtors affected by the pandemic;</li> <li>• £57k net underspend on other costs primarily relating to professional fees costs related to rent reviews.</li> </ul>

4	Waste and Recycling Contract	£278k underspend consisting of £197k contract savings on the fixed element of the contract as well as £89k reduced costs for the variable element of the contract as a result of lower levels of waste. This was partly offset by an (£8k) overspend in rebates from the contract repaid to tenants.
<b>Operating Income</b>		
5	Charges for Services	(£135k) less income than budgeted due to (£187k) less service charge income as a result of reduced service charge expenditure and (£167k) decreased income from the entry barrier due to less trade at the market during the pandemic. This was offset by £217k additional tenant contributions to the R&R reserve to fund future works and £2k net increase in other forms of sundry income.
<b>Central Costs</b>		
6	Other Central Costs	(£257k) overspend primarily due to net increase of (£247k) in transfers to the R&R reserve in order to fund future works at the market. This was in addition to extra recharges of (£10k) primarily relating to central support services.

<b>Billingsgate Market</b>		
<b>Notes</b>	<b>Description</b>	<b>2021/22 Final Budget to Actual Outturn</b>
<b>Operating Expenditure</b>		
7	Employment Costs	£112k staff cost underspend due to vacant positions in maintenance, security and cleaning roles in addition to savings from staff taking up the option of flexible retirement.
8	Premises	£87k underspend comprising £83k on repairs and maintenance costs primarily due to less works being funded by the Repainting and Special Works account than anticipated. This was in addition to a £4k net underspend on other expenditure largely due to lower utility costs caused by reduced energy usage and energy efficiency measures.
9	Supplies and Services	(£97k) overspend due to (£163k) increase in bad debt provisions. This was partly offset by £58k reduced costs of professional fees relating to lease renewals with the costs in 2021/22 being lower than anticipated as well as a net underspend of £8k largely caused by lower internal legal fees being incurred.
<b>Operating Income</b>		
10	Charges for Services	<p>(£131k) less income than budgeted due to:</p> <ul style="list-style-type: none"> <li>• (£251k) reduced service charge income as a result of lower levels of service charge expenditure;</li> <li>• (£120k) decreased income from public car parking as a result of reduced occupancy of the car park during the pandemic;</li> <li>• £144k additional income from filming as a result of an increase in the number of filming projects at the market following the lifting of Covid-19 restrictions;</li> <li>• £53k extra income from trade parking as a result of an increase in trade at the market following the pandemic;</li> <li>• £43k net increase in other forms of income largely relating to refuse collection recharges and income generated from licenses from letting out space at the car park.</li> </ul>

Central Costs		
11	Other Central Costs	<p>(£167k) overspend due to:</p> <ul style="list-style-type: none"><li>• (£84k) relating to efficiency savings budgets which was achieved through generating additional income from filming and licenses;</li><li>• (£74k) net increase in transfers to reserves due to the level of works met by the Repainting and Special Works Fund being less than expected;</li><li>• (£9k) net overspend on recharges primarily relating to additional central support costs.</li></ul>

<b>Smithfield Market</b>		
<b>Notes</b>	<b>Description</b>	<b>2021/22 Final Budget to Actual Outturn</b>
<b>Operating Expenditure</b>		
12	Employment Costs	£134k underspend due to vacant security, cleaning and maintenance roles in addition to employees taking up the option of flexible retirement.
13	Premises	£315k underspend due to £181k underspend in energy costs primarily attributable to reduced electricity usage and energy efficiency measures. This was in addition to £78k lower than anticipated repairs and maintenance costs and £52k lower water expenditure as a result of reduced consumption. The underspend also comprised a £4k net saving on other premises related costs such as cleaning and domestic supplies.
14	Supplies and Services	£92k underspend due to £77k reduction in provisions for bad debts no longer being required. This was in addition to a net underspend of £15k largely due to internal legal fees being lower than anticipated.
<b>Operating Income</b>		
15	Charges for Services	(£204k) less income due to (£199k) reduced income from utility recharges to tenants as a result of underspends in energy costs. This was in addition to a (£5k) net reduction in income largely relating to lower tenant recharges for reimbursable works and use of the Animal By-Product (ABP) facility.
<b>Central Costs</b>		
16	Other Central Costs	(£138k) overspend due to (£126k) efficiency savings budgets which was met through underspends in employment costs as well as income generated from filming. This was in addition to (£12k) net increase in recharges mainly related to extra central support services costs.