

ORIGINAL BUDGET 2022/23 TO ORIGINAL BUDGET 2023/24				
Analysis of Service Expenditure	Original Budget 2022/23 £'000	Original Budget 2023/24 £'000	Movement Better/(Worse) £'000	Para Ref
EXPENDITURE - LOCAL RISK				
Employment Costs	(6,027)	(6,271)	(244)	1
Premises Related Expenses	(4,507)	(4,214)	293	2
City Surveyor – Repairs & Maintenance	(1,243)	(1,559)	(316)	3
Transport Related Expenses	(34)	(37)	(3)	4
Supplies & Services	(1,173)	(1,187)	(14)	5
Waste & Cleaning Contract at New Spitalfields Mkt	(2,567)	(3,064)	(497)	6
Transfer to Reserves	(156)	(66)	90	7
Unidentified Efficiency Savings	39	412	373	8
Total Expenditure	(15,668)	(15,986)	(318)	
INCOME - LOCAL RISK				
Other Grants, Reimbursements & Contributions	503	405	(98)	9
Customer, Client Receipts	12,523	12,781	258	10
Investment Income	2	2	0	
Transfer from Reserves	75	25	(50)	11
Total Income	13,103	13,213	110	
TOTAL NET LOCAL RISK (EXP)/ INC	(2,565)	(2,773)	(208)	
EXPENDITURE - CENTRAL RISK				
Premises Related Expenses	(191)	(221)	(30)	12
Supplies & Services	(154)	(154)	0	
Capital Charges/Depreciation	(209)	(208)	1	13
Total Expenditure	(554)	(583)	(29)	
INCOME - CENTRAL RISK				
Customer, Client Receipts	1,426	1,333	(93)	14
Customer, Client Receipts (Rent)	4,785	4,337	(448)	15
Transfer from Reserves	10	9	(1)	16
Total Income	6,221	5,679	(542)	
TOTAL NET CENTRAL RISK (EXP)/ INC	5,667	5,096	(571)	
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services	(1,764)	(1,781)	(17)	17
Capital Charges/Depreciation	(1,237)	(1,392)	(155)	18
Recharges within Committee	0	0	0	
Recharges within Fund	77	77	0	
Recharges across Fund	351	0	(351)	19
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,573)	(3,096)	(523)	
TOTAL NET (EXPENDITURE)/INCOME	529	(773)	(1,302)	

Original Budget 2022/23 to Original Budget 2023/24 – Movement Notes

Local Risk

1. **Employment Costs** – the increase of (£244k) is mainly attributable to the full year impact of the cost of living pay increases provided to staff effective from July 2022.
2. **Premises Related Expenses** – the decrease of £293k is mainly due to:
 - £159k decreased energy costs at Smithfield Market as a result of the Poultry Market becoming vacant in August 2023;
 - £59k reduction in required tenant contributions to repair funds at New Spitalfields and Billingsgate Markets;
 - £56k decreased business rates costs largely due to reduced costs at the Poultry Market once the premises is declared vacant in August 2023;
 - £51k lower locally managed repairs and maintenance costs across all markets as a result of a reduction in planned works;
 - £17k net reduction in other premises related costs across all markets; and
 - (£49k) increased cleaning and domestic supplies costs at New Spitalfields Market largely relating to the market now utilising the corporate contract for pest control.
3. **City Surveyor – Repairs & Maintenance** – the (£316k) increase is attributable to increases of (£311k) related to the Cyclical Works Programme (CWP) at Smithfield Market because of re-phasing of works under the CWP. This is in addition to a (£5k) net increase in the cost of Building, Repairs and Maintenance contract including an increase of (£27k) at Smithfield Market due to additional works being required. This is offset by reductions of £11k at Billingsgate Market and £11k at New Spitalfields Market.
4. **Transport Related Expenses** – the increase of (£3k) is primarily attributable to increased vehicle maintenance costs being required at Billingsgate Market during 2023/24.
5. **Supplies & Services** – the increase of (£14k) is attributable to a (£16k) increase in waste collection costs at Smithfield Market as a result of additional daily waste collections being required following the closure of the Poultry Market. This is partly offset by a £2k net reduction in other costs primarily explained by a reduction in contract fees for the management of the Rotunda Car Park at Smithfield following the implementation of the new contract.
6. **Waste & Cleaning Contract at New Spitalfields Market** – the (£497k) increase comprises (£554k) in the fixed element of the contract as a result of inflation related price rises as well as (£10k) additional rebate costs repaid to tenants. This is offset by a £67k reduction in the variable element of the contract attributable to reduced waste levels.
7. **Transfer to Reserves** – the £90k reduction relates to reduced transfers to the Repainting and Repair (R&R) reserve at New Spitalfields Market as a result of reduced tenant contributions to the reserves being budgeted during 2023/24.
8. **Unidentified Efficiency Savings** – the £373k increase is attributable to an additional £323k in unidentified savings being required at Smithfield Market during 2023/24 in order to remain within its local risk resource base. This has primarily arisen as a result of savings needing to be made following the planned closure of the Poultry Market in August 2023. This is in addition to a £68k contingency budget for the Markets Directorate no longer being

held which has since been re-allocated to other expenditure headings. The net increase is partly offset by reductions of (£14k) at New Spitalfields Market and (£4k) at Billingsgate Market largely due to savings being achieved from reductions in internal legal fees.

9. Other Grants, Reimbursements and Contributions – the (£98k) decrease is primarily attributable to a reduction in tenant contributions to repair funds of (£50k) at New Spitalfields Market and (£9k) at Billingsgate Market. This is in addition to a (£39k) reduction in business rates being recharged to tenants as a result of rates costs no longer being incurred once the Poultry Market becomes surplus in August 2023.

10. Customer, Client Receipts – the increase of £258k is attributable to:

- £581k in additional service charges recovered from tenants amounting to £467k at New Spitalfields Market and £114k at Billingsgate Market as a result of increasing costs for waste and staffing;
- £40k increased income from trade and retail parking at Billingsgate Market following an increase in the price charged to customers as well as additional enforcement at the market;
- £19k additional income from the Rotunda Car Park at Smithfield as a result of increased usage of the car park following the end of the pandemic;
- £19k extra waste recharges at Billingsgate Market as a result of an increase in waste at the market;
- £16k net increase in other forms of sundry income across all markets;
- (£303k) reduction in service charge income from the Poultry Market with the market due to become surplus in August 2023; and
- (£114k) reduced utilities recharges to tenants at Smithfield Market as a result of reduced energy costs being incurred following the closure of the Poultry Market.

11. Transfer from Reserves – the reduction of (£50k) is explained by works on the New Spitalfields Market R&R account being funded primarily from tenant contributions rather than transfers from the R&R reserve during 2023/24.

Central Risk

12. Premises Related Expenses – the increase of (£30k) is explained by service charge voids due to an increase in vacant office premises at Billingsgate Market.

13. Capital Charges/Depreciation – the reduction of £1k can be explained by reduced depreciation charges at Billingsgate Market.

14. Customer, Client Receipts – the decrease of (£93k) is largely attributable to an (£80k) reduction in income from public parking at Billingsgate Market because of reduced demand for parking in Canary Wharf. This is in addition to reductions of (£11k) in service charge income at Billingsgate Market and (£2k) at New Spitalfields Market attributable to the reduced costs of central recharges and City Surveyor's repairs and maintenance costs being recharged to tenants.

15. Customer, Client Receipts (Rent) – the decrease of (£448k) can be explained by the following:

- (£209k) decrease relating to the Poultry Market as a result of the market being vacant from August 2023;
- (£150k) reduction due to interim rent no longer being charged to Smithfield Market tenants after March 2023 in accordance with the terms of tenant leases;
- (£100k) loss of rent income from the Oriole Bar at Smithfield as a result of the property becoming vacant in connection with the Museum of London relocation project;
- (£78k) less income at Billingsgate Market due to an increase in vacant office premises; and
- £89k increase in rent income at New Spitalfields Market attributable to vacant catering units being occupied following the end of the pandemic.

16. Transfer from Reserves – the (£1k) decrease is due to reduced transfers from the R&R reserve at New Spitalfields Market being required as a result of reduced City Surveyor's employee recharges.

Support Services and Capital Charges

17. Central Support Services – the (£17k) net increase can be attributed to a (£84k) increase in central support services covering the cost of central departments such as Chamberlains, Town Clerks and Comptrollers and City Solicitors. This is offset by total decreases of £67k in recharges from other corporate departments primarily related to IT and City Procurement as a result of savings achieved from these corporate departments.

18. Capital Charges/Depreciation – the (£155k) increase relates to additional buildings depreciation charges being incurred at New Spitalfields Market following an increase in the valuation of the building and roof at the market with the market being depreciated on the revised value of the building over its remaining useful life.

19. Recharges Across Fund – the decrease of (£351k) relates to the costs of the Directorate no longer being recharged to the Port Health & Environmental Services and Licensing Committees following the Department for Markets and Consumer Protection ceasing to exist after the introduction of the Target Operating Model (TOM). Following the changes arising from the TOM, the Directorate will see an overall reduction in its costs and the costs of the Directorate will only be recharged to the three wholesale markets in future.