

Operating Statement Movement Notes

The tables below analyse the aggregate movements over £50k for the Wholesale Markets as reported on the Operating Statement which is attached at Appendix 4. The summary compares the budget movements between the 2022/23 Original Budget (OR) to the 2022/23 Latest Budget (LB) and budget movements between the 2022/23 OR and the 2023/24 OR. Brackets in the summary signify an expenditure item or an adverse movement. Figures without brackets indicate an income item or a favourable movement.

New Spitalfields Market	Description	2022/23 OR to 2022/23 LB Movement Notes	2022/23 OR to 2023/24 OR Movement Notes
Note No.	Operating Expenditure		
1	Employment Costs	Reduction of £108k as a result of savings achieved following the introduction of the new Target Operating Model (TOM) and a reduction in the number of Full Time Equivalent (FTE) posts at the market.	
2	Waste and Recycling Contract		(£497k) increase in the cost of the contract attributable to an increase of (£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.
	Operating Income		
3	Rent		£89k additional rent income attributable to vacant premises being occupied at the market following the pandemic.
4	Charges for Services	Decrease of (£110k) is predominantly attributable to reduced service charge income	Increase of £454k is primarily attributable to £465k extra service charge income recharged to

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		recharged to tenants largely due to savings following the introduction of the new TOM staffing structure.	tenants attributable to increasing waste contract costs. This is offset by (£11k) net reduction in income from other sources largely attributable to reduced tenant contributions to the R&R reserve.
	Central Costs		
5	Capital Depreciation Charges	Increase of (£155k) following a revaluation of the building and roof with the market being depreciated based on the revised value of the building over its remaining useful life.	Increase of (£155k) following a revaluation of the building and roof with the market being depreciated based on the revised value of the building over its remaining useful life.

Billingsgate Market	Description	2022/23 OR to 2022/23 LB Movement Notes	2022/23 OR to 2023/24 OR Movement Notes
Note No.	Operating Expenditure		
6	Employment Costs	Increase of (£75k) following staffing changes related to the introduction of the new TOM staffing structure.	(£156k) additional staffing costs largely because of the full year impact of the pay award effective from July 2022.
Operating Income			
7	Rent		(£78k) reduction in projected rent income primarily attributable to an increase in vacant office space at the market.
8	Charges for Services	£117k increase relates to £87k additional service charge income recharged to tenants largely due to additional staffing costs as well as £30k licence income for use of car parking space at the market.	
Central Costs			
9	Other Central Costs	(£58k) increase due to (£30k) reduction in the unidentified savings budget which was achieved through additional licence income. This was in addition to an (£18k) increase in Directorate recharges and a (£10k) net increase in central recharges.	

Smithfield Market	Description	2022/23 OR to 2022/23 LB Movement Notes	2022/23 OR to 2023/24 OR Movement Notes
Note No.	Operating Expenditure		
10	Employment Costs		The (£85k) increase is attributable to additional employment costs following the introduction of the pay award effective from July 2022.
11	Premises	The increase in costs of (£327k) comprises (£311k) relating to the re-phasing of works under the Cyclical Works Programme (CWP) as well as an additional (£25k) for the Building, Repairs and Maintenance contract managed by City Surveyors. This is partly offset by a £9k reduction in electricity costs which was transferred to cover increasing costs from the corporate pest control contract managed by City Surveyors.	The increase of (£88k) is attributable to the following: <ul style="list-style-type: none"> • (£311k) relating to the re-phasing of works under the CWP; • (£25k) additional costs for the Building, Repairs and Maintenance contract managed by City Surveyors; • £159k decreased energy costs largely as a result of the Poultry Market due to become vacant in August 2023; • £50k reduction in business rates attributable to the Poultry Market becoming vacant after August 2023; and • £39k net decrease in other premises related costs largely relating to locally managed repairs and maintenance works.
Operating Income			
12	Rent		(£359k) reduction in rent income with (£209k) decrease relating to lower rent income from the Poultry Market as a result of the market becoming vacant after August 2023. This is in addition to a (£150k) reduction due to interim rent no longer being charged after March 2023 in accordance with tenant leases.

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13	Charges for Services		<p>(£449k) reduction attributable to the following:</p> <ul style="list-style-type: none"> • (£303k) decreased service charge income from the Poultry Market with the market due to become vacant in August 2023; • (£114k) reduced utilities recharges to tenants as a result of lower energy costs following the closure of the Poultry Market; • (£39k) reduced business rates recharges to tenants as a result of the Poultry Market being declared surplus from August 2023; and • £7k net increase in other sources of sundry income.
Central Costs			
14	Other Central Costs		<p>£327k reduction is largely attributable to a £323k increase in efficiency savings yet to be identified which has arisen with the Poultry Market due to become vacant in August 2023. This is in addition to a £4k net reduction in central support recharges.</p>