

Wholesale Markets Operating Statement Variance Notes – 2022/23 – Variances over £50,000

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 2022/23 final budget to the actual outturn for 2022/23.

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.

New Spitalfields Market	
Description	2022/23 Final Budget to Actual Outturn
Premises	(£605k) overspend primarily due to: <ul style="list-style-type: none"> • (£575k) increased energy prices which is offset by increased energy recharges to tenants.
Supplies and Services	(£174k) overspend primarily due to: <ul style="list-style-type: none"> • (£147k) Additional bad debt provisions required for service charge and sundry debts for tenants at high risk of financial failure following pandemic.
Waste and Recycling Contract	(£267k) overspend due to: <ul style="list-style-type: none"> • inflationary contract price rises arising from refuse and recycling contract. Offset by increased service charges to tenants.
Charges for Services	£876k more income than budgeted primarily due to: <ul style="list-style-type: none"> • £67k additional rebate income from refuse and recycling income as well as additional income from pallets and fixed penalty notices. • £771k additional income from service charges due to overspend on refuse contract as well as utilities recharges to tenants due to increased energy prices. • (£50k) transfer from a budgeted tenant reserve to fund repair works not required in 22/23 due to works being funded by tenant service charge contribution.
Rents	£1.758m more income than budgeted principally due to: <ul style="list-style-type: none"> • £1.77m additional rent income due to accrual for backdated rent income from rent review from May 2020 to March 2023 due to be invoiced in 23/24 • (£82k) additional bad debt provisions required for rent debts for tenants at high risk of financial failure following pandemic.
Central Costs	
Other Central Costs	(£503k) overspend primarily due to: <ul style="list-style-type: none"> • (£381k) capital depreciation charges • (£122k) Additional Central support costs from other departments based on the latest cost / time allocations

Billingsgate Market	
Description	2022/23 Final Budget to Actual Outturn
Operating Expenditure	
Employment Costs	£272k 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.
Premises	(£242k) primarily due to: <ul style="list-style-type: none"> • (£133k) energy prices which is offset by increased energy recharges to tenants. • (£64k) additional tenant contribution to tenant repair fund as result of over-recovery on service charge.
Supplies and Services	(£116k) primarily due to: <ul style="list-style-type: none"> • (£38k) Increased provisions for bad debts for service charge and sundry debts for Oceanfleet Seafood Ltd who are in administration and are likely to have all debts written off. • (£68k) Overspend due to additional fees required for lease renewals and other professional advice.
Operating Income	
Charges for Services	£112k more income than budgeted primarily due to: <ul style="list-style-type: none"> • £64k Additional tenant contribution to tenant repair fund as result of over-recovery on service charge. • £266k Additional income from filming and licence income from UK Power Networks as well as increase in trade car parking income which offsets service charges due from tenants • (£120k) reduced recovery of service charge income due to underspends in staffing costs and increased income from trade parking, was partly offset by increased utility recharges to tenants due to increased energy prices.
Central Costs	
Other Central Costs	(£211k) less income than budgeted for due to: <ul style="list-style-type: none"> • (£38k) Overspend due to extra service charge voids with additional vacant office premises. • (£35k) Increased provisions for bad debts for rent debts for Oceanfleet Seafood Ltd who are in administration and are likely to have all debts written off. • (£89k) net overspend on recovery of income for Service Charge, rents and miscellaneous income.

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Smithfield Market	
Description	2022/23 Final Budget to Actual Outturn
Operating Expenditure	
Employment Costs	£201k underspend due to vacant security, cleaning, and maintenance roles
Premises	(£346k) overspend underspend due to: <ul style="list-style-type: none"> • increased energy prices. Offset by increased utility recharges to tenants.
Supplies and Services	£91k underspend due to: <ul style="list-style-type: none"> • Additional expenditure required on health and safety equipment following incident at the Poultry Market.
Operating Income	
Charges for Services	£795k additional income due to: <ul style="list-style-type: none"> • £45k additional income from recharges for CHP heating and colling costs following increased utility prices. • £749k additional income from recharges to tenants following increased utility prices.
Central Costs	
Other Central Costs	(£191k) overspend due to additional Central support costs from other departments based on the latest cost / time allocations