

Summary

At the end of Quarter 1 (June 2023), the Chief Operating Officer was showing an overspend of (£663k) against the local profiled net income budget of £484k for services reporting to the Markets Board. This was principally due to increased energy costs of £350k and additional rates costs of £105k. Table A sets out the detailed position for the individual services covered by the Chief Operating Officer.

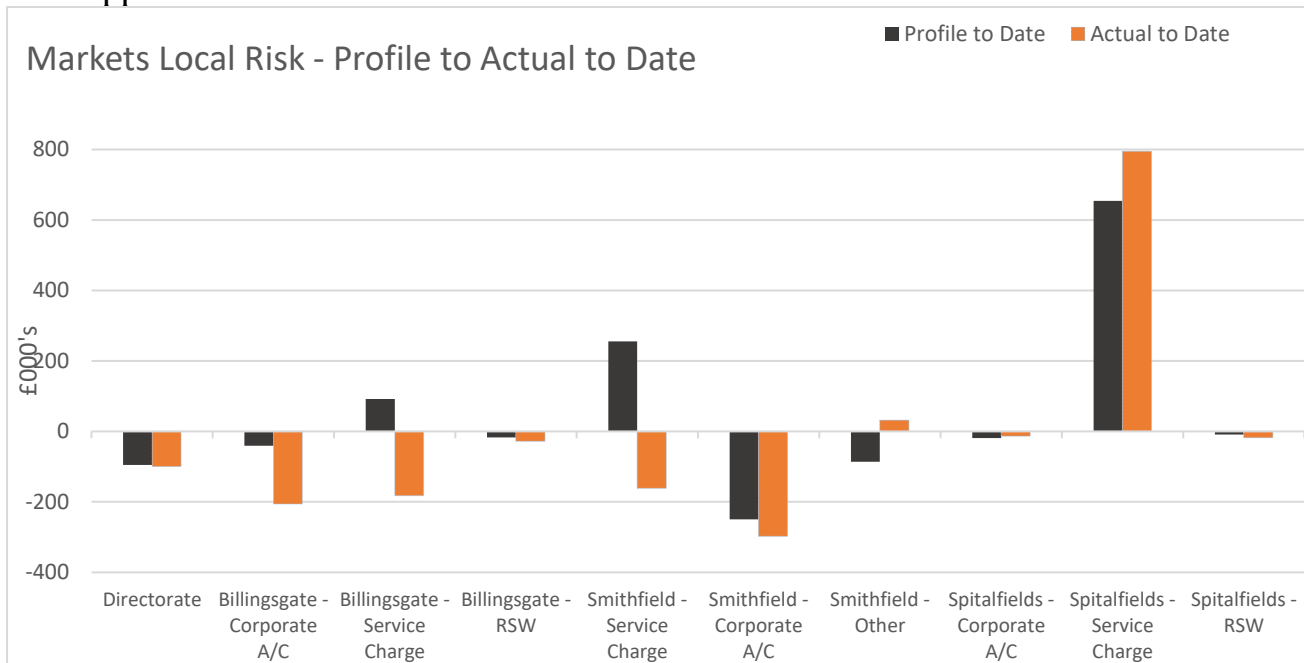
Overall, the Chief Operating Officer is currently forecasting a year end overspend position of (£192k) for her City Fund and City's Cash services, the services reporting to this Board are currently showing an overspend of (£799k). This assumes an overspend on energy of £519k and rates of £103k compared to the quarter 1 variances.

Officers are investigating the extent to which these additional costs can be recovered from tenants or covered by savings via the power purchase agreement that relates to the City of London Solar Farm. No additional recovery or saving is assumed at present. It is anticipated that any net additional cost for energy and for the 2023/24 pay award will be funded by additional central budget allocations but this will only be provided later in the year when the precise sums required are clearer, so at present these are being shown as variances with an appropriate explanation.

Following the completion of this report at the end of Quarter 1, an update has been provided to Superintendents in relation to the Power Purchase Agreement, which has reduced the expected year end outturn overspend to circa £150k. This change will be reflected in the Quarter 2 report

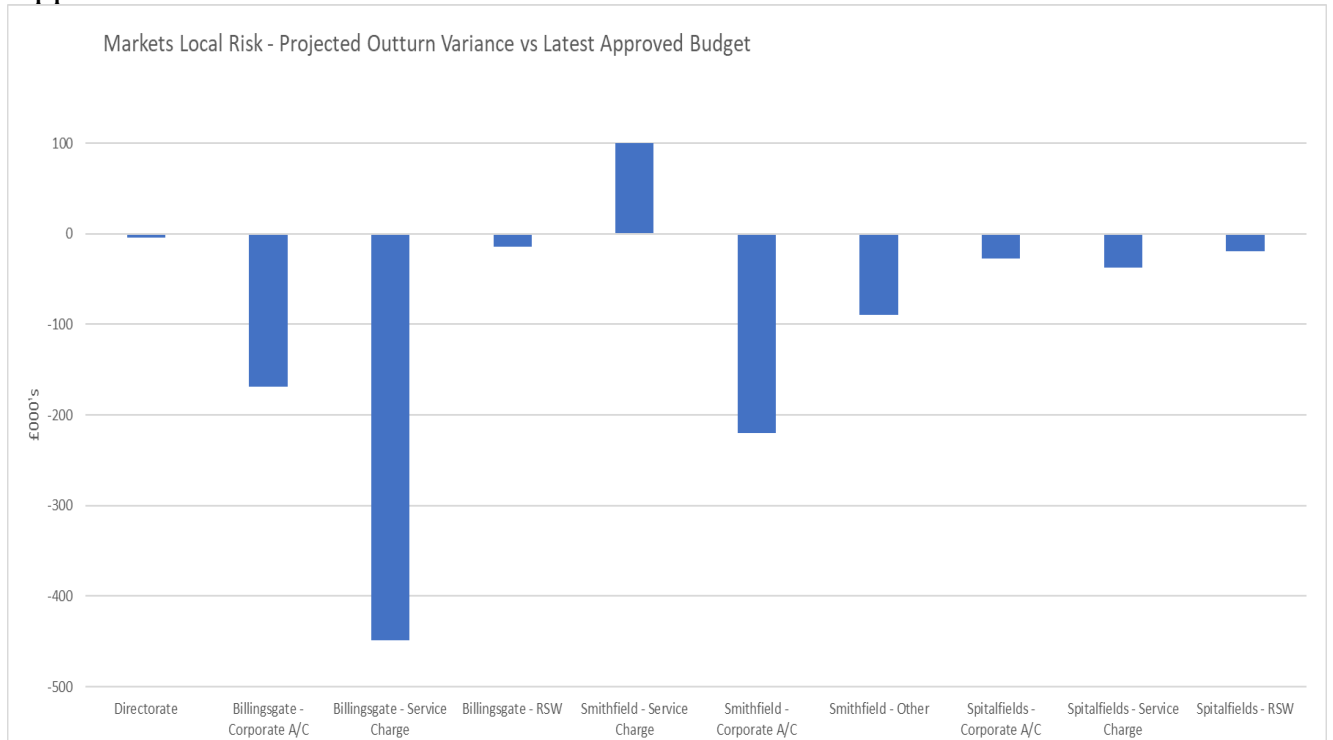
1. The end of June 2023 monitoring position for the Chief Operating Officer's services reporting to Markets Board is provided at Table A. This shows a net overspend to date of £663k against the overall local risk net income budget to date of (£484k) for 2023/24. The graph below shows the profiled budget against the net expenditure at the end of Quarter 1.

Appendix C



- Overall, the Chief Operating Officer is currently forecasting a year end overspend position of (£192k) for her City Fund and City's Cash services, with the services reporting for this Board showing an overspend of (£663k). Members should note that the forecasted overspend position includes the costs of increasing energy prices of £516k, the impact of the pay award to staff from July 2023 of £120k and includes an assumption of no additional recovery from tenants which is still being investigated. Budgetary support is expected be provided from centrally held contingencies in 2023/24 to cover costs that cannot be recovered. The graph shows projected outturn position variance against budget, above the line is a favourable variance (underspend) and below the line is unfavourable variance (overspend)

Appendix C



3. The reasons for the significant budget variations are detailed in Table A, which sets out a detailed financial analysis of each individual division of service relating to this Board, for the services the Chief Operating Officer manages.

Appendix C

Table A - Markets - Local Risk Revenue Budget 2023/24 - June 2023 (P3-24)

Expenditure and unfavourable variances are shown in brackets

Committee / Division of Service	Budget 2023/24	Profiled Budget to date	Net Expenditure to date	+Deficit / (Surplus) to date	Projected Outturn	(Over) / Under 2023/24	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	
Directorate	(411)	(95)	(100)	(5)	(415)	(4)	
Billingsgate - Corporate Account	(105)	(41)	(206)	(165)	(274)	(169)	1
Billingsgate - Service Charge	0	92	(182)	(274)	(449)	(449)	2
Billingsgate - Repainting and Special Works	0	(17)	(28)	(11)	(14)	(14)	
Smithfield - Service Charge	(763)	255	(161)	(416)	(849)	(86)	3
Smithfield - Corporate and Direct Recovered	(52)	(250)	(298)	(48)	(93)	(41)	4
Smithfield - Other (Including Car Park)	190	(86)	32	118	190	0	
	(1,141)	(142)	(943)	(801)	(1,904)	(763)	
Markets (City Fund)							
Spitalfields - Corporate Account	(49)	(19)	(13)	6	(49)	0	
Spitalfields - Service Charge	(18)	654	795	141	(54)	(36)	
Spitalfields - Repair and Repainting	0	(9)	(18)	(9)	0	0	
	(67)	626	764	138	(103)	(36)	
Total Markets Board Local Risk	(1,208)	484	(179)	(663)	(2,007)	(799)	

1. Overspending relates to increased energy costs for both Q1 and the Outturn. The increase in rateable value is being challenged by the City Surveyor's department.

Appendix C

2. Overspending relates to increased energy costs and additional business rates for Q1 and for the Outturn. The increase in rateable value is being challenged by the City Surveyor's department.
- 3.4. The overspend at the end of Q1 comprises increase in energy costs, the change in rateable value for the market (being challenged by the City Surveyor's department) and timing differences on service charge billing. The forecast overspending at year end principally comprises energy and business rates additional cost as the income timing differences will be resolved. The projected overspend at the end of Q1 and year end is due to the increase in energy costs, the change in rateable value for the market (being challenged by the City Surveyor's department).