

Operating Statement Notes

The tables below analyse the variances for the Wholesale Markets as reported on the Operating Summary which is attached at Appendix 3. The summary compares the 2014-15 Latest Approved Budget (LAB) to the 2015-16, Original Budget (OR). It has not been prepared in accordance with conventional City of London Corporation format. Brackets on the summary signify an expenditure item or a deficit position.

<u>New Spitalfields Market Note number</u>	<u>Description</u>	<u>LAB 2014-15 to 2015-16 OR Variance</u>
	Expenditure	
1	Premises Related	The decrease in cost of £157,000, 11%, is in relation to: <ul style="list-style-type: none"> • repairs and maintenance projects payable via the market reserve account and listed on the 20 year plan, of which £201,000 has been delayed, • the balance is offset against increased costs, mainly for energy of (£44,000).
2	Waste cleaning Contract	The increase in cost of (£50,000), -3%, is due to the annual RPI increase allowable under the waste contract.
3	Income	
	Charges for services	The increase in income of £111,000, +2%, is due to increases in service charge costs.
	Central Costs	
4	Other Central Costs	The increase of (£204,000) -2914% is due to a net increase in funds transferred from the service charge to the reserves due reduced expenditure on cyclical works.

<u>Billingsgate Market Note number</u>	<u>Description</u>	<u>LAB 2014-15 to 2015-16 OR Variance</u>
	Expenditure	
5	Employees	The (£60,000), -4%, increase is due to incremental payments, vacant posts being filled, plus staff on costs and is fully recoverable under the service charge.
6	Premises	The £203,000, 14%, decrease in premises related costs is due to the phasing of the 20 year plan.
7	Supplies and Services	The decrease of £35,000, 22%, is due to a reduction in professional fees required of £40,000 for the Satellite unit and a net increase in other costs of (£5,000).
	Income	
8	Charges for Services	The £224,000, 6%, increase in income is due to: <ul style="list-style-type: none"> • The Service Based Review proposal of additional income generation of £100,000 for advertising hoardings and £35,000 for a reduction in service charge voids due to the expected letting of the Satellite Unit. • £89,000 additional service charge income to cover additional employment costs of £60,000 and other services of £29,000.
	Central Costs	
9	Capital and Depreciation	The £42,000, 21%, decrease, is due to the City's adoption of the UK GAAP Standards and the subsequent changes in the accounting treatment of capital and depreciation.
10	Other central costs	The £235,000 increase of 74% is due to a net transfer to the reserve account due to reduced current year expenditure on cyclical

		works.
<u>Smithfield Market Note number</u>	<u>Description</u>	<u>LAB 2014-15 to 2015-16 OR Variance</u>
	<u>Expenditure</u>	
11	Proposed Service Based Review savings.	£36,000 decrease of 2%.
12	Premises	<p>The £357,000 decrease of 11% is due to:</p> <ul style="list-style-type: none"> • decrease of one off carry forward estimates of £213,000 for projects and repair works delayed from 2013/14 into 2014/15. • Service Based Review saving proposals would result in a reduction of £6,000 for water costs, • a net reduction in City Surveyors costs of £148,000 which is detailed in Table 2 (223,000 for additional works less cyclical works of £75,000) of the main report. The decreased estimates are offset by inflationary increases of (£10,000) mainly for utilities, rates and insurance.
13	Supplies and Services	<p>The decrease of £56,000 of 12% is due to:</p> <ul style="list-style-type: none"> • a proposal to give up £45,000 for inspection fees under the Service Based Review as inspections are now invoiced direct to the traders. • A net reduction in various other costs of £11,000 mainly due to inflationary increases for the waste collection and CCTV maintenance contract (£13,000) less reduction in analysis and legal fees of £24,000.

14	Income	<p>The £60,000 increase of 2% in income is due to:</p> <ul style="list-style-type: none"> • the expectation of increasing rental income on offices 202 and 203 of £21,000 when the current City staff move to the Markets management team office, • increasing the service charge by £9,000 when the office 202 and 203 is let and • additional income of £30,000 for reimbursement of additional charges directly recovered from market tenants.
15	Other Central Costs	The £23,000 decrease of 2% is due to the decrease in the apportionment of central costs.
16	Total premises costs and total income	<p>There is an increase in premises costs of (£1,316,000) between the actual costs in 2013/14 of (£4,973,000) and the Latest Approved budget for 2014/15 of (£6,289,000). This is mainly due to the re-phasing caused by slippage of cyclical works on the 20 year programme and repair projects, inflationary increases and the carry forward budget of £213,000 approved for Smithfield Market.</p> <p>There is an increase in income of £1,062,000 between the 2013/14 actual income of £10,532,000 and the Latest Approved Budget of £11,594,000 which in part nets off the increased premises costs as they are service charge related.</p>