

Committee(s):	Date(s):	
Markets	4 July 2012	
Subject: Revenue Outturn 2011/12	Public	
Report of: The Chamberlain and The Director of Markets and Consumer Protection	For Information	

Summary

This report compares the 2011/12 revenue outturn for the services overseen by your Committee with the final agreed budget for the year. Overall total net expenditure during the year was £5.631m, whereas the total agreed budget was £6.153m, representing an underspend of £522, 000, as summarised below.

Summary Comparison of 2011/12 Revenue Outturn with Final Agreed Budget			
	Final Agreed Budget £000	Revenue Outturn £000	Variations Increase/(Decrease) £000
Local and Central Risk			
Director of Markets and Consumer Protection	(1,221)	(1,440)	(219)
City Surveyor	393	491	98
City Surveyor – Additional Works Programme	912	446	(466)
Total Direct Net Expenditure	84	(503)	(587)
Capital and Support Services	6,069	6,134	65
Overall Totals	6,153	5,631	(522)

The Director of Markets and Consumer Protection's underspend of £219,000 mainly relates to operational savings at Smithfield Market. In accordance with the budgetary arrangements for local risk resources, the Director of Markets and Consumer Protection is proposing to carry forward £162,000 of his underspend on City Cash expenditure. These proposals will be considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee and, if agreed, will be added to the Director's budgets for 2012/13.

The City Surveyor's net underspend of £368,000 mainly relates to the rephrasing of the Additional Works Programme over its three year cycle. It is anticipated that this will be spent over the life of the programme.

Recommendations

It is recommended that this revenue outturn report for 2011/12 and the budgets proposed to be carried forward to 2012/13 are noted.

Main Report

Budget Position for 2011/12

1. The 2011/12 final agreed budget for the services overseen by your Committee was £6.153m. This was the budget received by your Committee in November 2011 and endorsed by the Court of Common Council in March 2012.

Revenue Outturn for 2011/12

2. Actual net expenditure for the services overseen by your Committee during 2011/12 totalled £5.631m, an underspend of £522,000 compared to the final approved of £6.153m. A summary comparison with the final agreed budget for the year is tabulated below. In the various tables, figures in brackets indicate income or in hand balances, increases in income or decreases in expenditure.

Summary Comparison of 2011/12 Revenue Outturn with Final Agreed Budget				
	Final Agreed Budget %000	Revenue Outturn £000	Variations Increase/(Decrease) £000	Variation Increase/(Decrease) £000
Local Risk				
Director of Markets and Consumer Protection	3,865	3,644	(221)	(5.7%)
City Surveyor	393	491	98	24.9%
City Surveyor – Additional Works Programme	912	446	(466)	(51.0%)
City Surveyor Sub Total	----- 1,305	----- 937	----- (368)	----- (28.1%)
Central Risk				
Director of Markets and Consumer Protection	(5,086)	(5,084)	2	0.0%
Capital and Support Services	6,069	6,134	65	1.0%
Overall Totals	6,153	6,134	(522)	(8.5%)

3. The main variations were in respect of the following:

- the underspend of £221,000 is principally due to the following variations at Smithfield Market
 - Lower expenditure on employees due to vacancies and reduced training and recruitment costs - £79,000
 - Lower expenditure on repairs and maintenance and other minor projects - £60,000
 - Lower expenditure on various premises related expenditure items - £47,000
 - Additional Income generated mainly on reimbursable works and filming - £35,000

- a net underspend of £368,000 on the City Surveyors repairs and maintenance budgets relates mainly to the re-phasing of works over a three year cycle on the ring-fenced Additional Works Programme (£466,000). It is anticipated these sums will be spent over the life of the programme. This was partly offset by higher expenditure incurred by the City Surveyor on the water condenser water system, Poultry Market roof water ingress and asbestos management. (£124,000).

4. Annex A provides a more detailed comparison of the outturn against the final agreed budget, including explanations of significant variations.

Financial Performance of the Markets

5. Members have, in the past, requested a breakdown of financial performance of individual Wholesale Markets (i.e. excluding the car park and outside properties at Smithfield). This is set out in Annex B1 which shows that the three Wholesale Markets produced a combined operating surplus of £1.882m in 2011/12. Surpluses of £1.772m and £0.520m at Spitalfields and Billingsgate respectively have been partly offset by a deficit of £0.410m at Smithfield.

6. When capital charges and other central costs of £4.8m and £2.7m respectively are added, the overall cost to the City of London Corporation of operating the markets was £5.719m in 2011/12.

7. Local Risk Carry Forward to 2012/13

- The Director of Markets and Consumer Protection had a local risk underspend of £221,000 on the activities overseen by your Committee. The Director also had local risk under spending totalling £793,000 on activities overseen by other Committees.
- The Director has requested that £500,000 of his overall underspend is carry forward, of which £162,000 relates to activities overseen by this Committee. The carry forward of this underspend was requested for the following purposes:

Smithfield Market

- £142,000 for support for legal fees in relation to new leases; and
- £20,000 for the cost of replacing non return and isolation valves on the low temperature hot water pumps in the East market.

8. These requests will be considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee. If agreed, these proposals will be added to the Director's budgets for 2012/13.

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Markets Committee - Comparison of 2011/12 Revenue Outturn

	Final Agreed Budget £000	Revenue Outturn £000	Variation increase/(Decrease) £000	Variation %	Reasons
LOCAL RISK					
Director of Markets					
City Fund					
Spitalfields Market Service Charge	25	15	(10)	(40.0%)	
Spitalfields Market Corporation	23	11	(12)	(52.1%)	
	-----	-----	-----	-----	
Total City Fund	48	26	(22)	(45.8%)	
City's Cash					
Smithfield Market Wholesale Market	3,277	3,047	(230)	7.0%	1
Smithfield Market Other Services	(100)	(90)	10	(10.0%)	
Billingsgate Market Non Service Charge	191	212	21	10.9%	
Markets Directorate	449	449	0	0.0%	
	-----	-----	-----	-----	
Total City's Cash	3,817	3,618	(199)	5.2%	
Total Director of Markets	3,865	3,644	(221)	5.7%	
City Surveyor					
City Fund					
Spitalfields Market Service Charge	19	20	1	5.2%	
Spitalfields Market Corporation	5	4	(1)	20.0%	
	-----	-----	-----	-----	
Total City Fund	24	24	0	0.0%	
City's Cash					
Smithfield Market Wholesale Market					
General repairs and maintenance	285	409	124	43.5%	2
Additional programme of works	912	446	(466)	(51.0%)	3
Billingsgate Market Service Charge	73	52	(21)	(28.7%)	
Billingsgate Market Non Service Charge	11	6	(5)	(45.4%)	
	-----	-----	-----	-----	
Total City's Cash	1,281	913	(368)	(28.7%)	
Total City Surveyor	1,305	937	(368)	(28.2%)	
TOTAL LOCAL RISK	5,170	4581	(589)	(11.3%)	

Reasons for Significant Local Risk Variations

1. The favourable variance of £230,000 is mainly due to the following savings and additional income:
 - Four cleaning posts were vacant for several months of the year, an electrician post was vacant for six months of the year, an administration post was vacant for 3 months and a constable post was vacant for four months of the year. Savings were also made on overtime and recruitment costs. (£79,000).
 - A favourable variance for repairs and maintenance, mainly due to the delay of repair/replacement of the non- return and isolation valves for the low temperature hot water pumps in the East Market (£20,000) and less than anticipated work required for unexpected breakdowns and repairs. (£40,000)
 - Small variable variances on several premises related items are mainly due to efficiencies made throughout the year. (£47,000)
 - Additional Income generated mainly through filming, reimbursable works and other minor charges. (£44,000)
2. The adverse variance of £124,000 is mainly due to the condenser water repair, Poultry Market roof water ingress and asbestos management that the City Surveyor has undertaken at Smithfield Market.
3. The Additional Works Programme has been approved by the Policy and Resources Committee to enable the highest priority schemes and precautionary surveys from the City Surveyor's 20 year plan to proceed as soon as possible. The progress of schemes is monitored quarterly by the Corporate Asset Sub Committee. Budget transfers are permitted between schemes and also between years in order to allow for the rephrasing and completion of works. £466,000 of the additional works programme will be carried forward to 2012-13.

**Markets Committee - Comparison of 2011/12 Revenue Outturn
with Final Agreed Budget**

	Final Agreed Budget £000	Revenue Outturn £000	Variation Increase/ (Decrease) £000	Variations %	Reasons
CENTRAL RISK					
Director of Markets					
City Fund					
Spitalfields Market Service Charge A/C	(349)	(348)	1	0.2%	
Spitalfields Market City Account	(1,173)	(1,199)	(26)	(2.2%)	
Spitalfields Market Tenants Repairs A/C	(23)	(15)	8	34.7%	4
Total City Fund	(1,545)	(1,562)	(17)	(1.1%)	
City's Cash					
Smithfield Market Wholesale Market	(2,473)	(2,498)	(25)	(1.0%)	
Smithfield Market Other Services	(46)	(64)	(18)	(39.1%)	5
Billingsgate Market Service Charge A/C	(180)	(173)	7	3.8%	
Billingsgate Market Non Service Charge	(815)	(768)	47	5.7%	
Billingsgate Market Special Works A/C	(27)	(19)	8	29.6%	6
Total City's Cash	(3,541)	(3,522)	19	0.5%	
TOTAL CENTRAL RISK	(5,086)	(5,084)	2	0.0%	

Reasons for Significant Central Risk Variations

4. An adverse variance has occurred due to less time required from the City Surveyor, so less funds were transferred from the Repainting and Repair reserves (£8,000)
5. The favourable variance is due mainly to higher than anticipated income from the Rotunda car park - (£12,000) and higher than anticipated rental income from other properties (£6,000)
6. An adverse variance has occurred due to less work being undertaken from the Repainting and Special Works fund, less time was required from the City Surveyor, therefore less funds were transferred from reserves (£8,000)

Markets Committee - Comparison of 2011/12 Revenue Outturn
With Final Agreed Budget

	Final Agreed Budget £000	Revenue Outturn £000	Variation Increase/ (Decrease) £000	Variations %	Reasons
RECHARGES					
City Fund					
IS Recharges	8	11	3	37.5%	
Insurance	80	78	(2)	(2.5%)	
Support Services	170	185	15	8.8%	
City Surveyor Recharges	38	28	(10)	(26.3)	
Capital Charges	457	458	1	0.2%	
Recharges within fund	(28)	(28)	0	-	
Recharges across funds	63	63	0	-	
Total City Fund	788	795	7	0.8%	
City's Cash					
Administrative Buildings	37	30	(7)	(18.9%)	
IS Recharges	49	71	22	44.8%	
Insurance	429	418	(11)	(2.5%)	
Support Services	541	601	60	11.0%	
City Surveyor Recharges	135	123	(12)	(8.8%)	
Capital Charges	4,387	4,387	0	-	
Film Liaison Staff Costs	0	16	16	100%	
Recharges within fund – income	(11)	(23)	(12)	109%	
Recharges across funds	(286)	(284)	2	0.7%	
Total City's Cash	5,281	5,339	58	1.0%	
TOTAL RECHARGES	6,069	6,134	65	1.0%	