

Operating Statement Notes

The tables below analyse the variances for the Wholesale Markets as reported on the Operating Summary which is attached at Appendix B1. The summary compares the 2015-16 final budget to the actual outturn for 2015-16. The Operating summary and statement has not been prepared in accordance with conventional City of London Corporation format. Brackets on the summary signify an expenditure item and/or deficit position. All adverse variances between final budget and actual costs and favourable variances of 10% or more have been detailed below.

<u>New Spitalfields Market</u>	<u>Description</u>	<u>2015-16 Final Budget to actual outturn</u>
<u>Notes</u>	<u>Expenditure</u>	
1	Premises related	£127,000/10% decrease in premises related costs are due to: <ul style="list-style-type: none"> • City Surveyor and local maintenance team have carried out less repair projects at Spitalfields than planned £142,000, • small overspends on water, rates and utilities (£15,000).
2	Transport	<ul style="list-style-type: none"> • £3,000/50% decrease in transport is due to lower congestion charges and less staff travel.
3	Supplies and Services	£133,000/42% decrease in costs is due to: <ul style="list-style-type: none"> • a decrease in professional fees for the lease negotiations which are still on-going £120,000, • a decrease in purchasing uniforms and hi-viz clothing payable by the tenants £8,000 and • reduction in publicity and printing payable by the tenants of £5,000.
4	Income	<ul style="list-style-type: none"> • £51,000/4% increase in rent is due to an increase in Tenancy at Wills.

5		<ul style="list-style-type: none"> • (£39,000)/1% reduction is a result of net reductions from the reserve account due to the savings in service costs.
	Central Costs	
6	Other Central costs	<p>(£180,000)/76%, increase is as a result of:</p> <ul style="list-style-type: none"> • a net reduction of transfers from the reserves account to the service charge revenue account of (£120,000) due to a reduction in professional fees, • an increase of (£60,000) for support and IT central recharges.

<u>Billingsgate Market</u>	<u>Description</u>	<u>2015-16 Final Budget to actual outturn</u>
<u>Notes</u>	<u>Expenditure</u>	
7	Employees	<p>(£15,000)/1% increase in costs is due to the increased use of agency staff (£10,000) and additional overtime required (£5,000) for the service charge.</p>
8	Premises related	<p>(£1,000)/1% increase in costs relates to:</p> <ul style="list-style-type: none"> • a net reduction in repairs carried out by City Surveyors £20,000, • Energy and carbon commitment reduced by £55,000 on the service charge, • reduced contribution to reserves of £17,000, • a net reduction in cost for cleaning material due to a stock adjustment of £8,000 on the service charge, • reductions in pest control, rates and local repairs £10,000 on the service charge, • increase in general breakdown costs carried out locally of (£77,000),

		<ul style="list-style-type: none"> • higher than expected repairs for decoration to offices, Committee room and barriers (£34,000).
9	Transport related	£9,000/11% reduction is due to the receipt of a grant for the purchase of the Johnston Sweeper in 2015/16.
10	Supplies and Services	<p>(£38,000)/22% increase is due to:</p> <ul style="list-style-type: none"> • increase in waste collection costs (£14,000), • increase in cash collection costs (£8,000) and professional fees (£2,000) netted off against a reduction in bad debt provision £5,000. • further professional and legal fees for the letting of the Satellite unit (£19,000).
	Income	
11	Charges for services	(£75,000)/2% decrease is due to less funding required on the Service Charge account due to reduced costs for energy, rates and contribution to reserves.
	Central Costs	
12	Other central costs	<ul style="list-style-type: none"> • £145,000/26% decrease is a result of a reduction in net transfers from the reserve account to the revenue account £134,000, • net reduction in support costs and IT costs £11,000.

<u>Smithfield Market</u>	<u>Description</u>	<u>2015-16 Final Budget to actual outturn</u>
<u>Notes</u>	<u>Expenditure</u>	
13	Employee costs	£79,000/5% decrease is due to several vacancies for different time periods over the year for cleaning and maintenance posts, some of which will be given up as part of the Service Based Review.
14	Premises related	<p>£960,000/27% decrease is due to:</p> <ul style="list-style-type: none"> • reduction of general breakdown costs due to the stock adjustment for materials held £106,000, • energy, water and CRC commitment cost reduction £71,000, • re-phased additional works programme £372,000, • incomplete repair work and projects part of carry forward requests £94,000, • rebate of surveyors revenue project £71,000, • cool and hot water reduction of £246,000. Due to the exceptional fall in oil prices, the Citigen price calculation for cool and heated water reduced significantly during 2015/16. The price will start to increase back to higher levels now that oil has started to increase. The reduction in in price was passed onto the tenants.
15	Transport related	£2,000/50% decrease is due to a reduction in congestion charges and staff travel.
16	Supplies and Services	<p>£146,000/31% decrease is due to</p> <ul style="list-style-type: none"> • reduction in professional fees for potential arbitration fees £55,000, • reduction of FSA inspection costs which no longer take place £83,000,

		<ul style="list-style-type: none"> • reduction in legal fees £6,000, • net reduction for rates and provision for bad debt £2,000.
	Income	
17	Charges for Services	<p>(£158,000)/5% decrease in income is due to:</p> <ul style="list-style-type: none"> • a reduction in the reimbursement from Commercial Office Tenants for cool and heated water as costs for these services have fallen (£145,000), • reduction of energy costs reimbursed (£13,000).
	Central Costs	
18	Other central costs depreciation	<p>£132,000/14% decrease is due to:</p> <ul style="list-style-type: none"> • reduction in insurance £82,000, • reduction in central and IT costs £50,000.