

Operating Statement Notes

The tables below analyse the variances over £50,000 for the Wholesale Markets as reported on the Operating Summary which is attached at Appendix 3. The summary compares the Original 2016-17 to the 2016/17 Latest Budget for Approval (LAB). 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>2016/17 OR to LAB 2016/17 Variance</u>
	Expenditure	
1	Employees	The increase of (£110,000) -8% which is recoverable through the Service Charge, is due to the reinstatement of vacant posts to reconcile to the establishment report (£109,000) and an increase for contributions, (£1,000).
2	Supplies and Services	The increase of (£108,000) -67%, is due to: <ul style="list-style-type: none"> • an increase for non-recoverable professional fees for Surveying costs required for the lease negotiations (£115,000), • reduction on various expenditure items £7,000.
3	Waste and Cleaning contract	The increase of (£60,000) -3% is due to the variation to contract on recycled element of waste to March 2017. This is recoverable under the service charge.
	Income	
4	Rent	The increase of £1,341,000, 101% is due to holding over the leases whilst negotiating the lease renewals, resulting in backdated rent due from 2015.
5	Charges for services	The reduction in income of (£91,000), -2%, is due to reductions in service charge costs.
6	Capital and Depreciation	Increased depreciation for equipment and buildings of (£70,000) -12%.

<u>Billingsgate Market Note number</u>	<u>Description</u>	<u>2016/17 OR to LAB 2016/17 Variance</u>
	Expenditure	
7	Premises	The reduction of service charge costs of £341,000, 23% is due to; <ul style="list-style-type: none"> • reduced contribution to the market repair fund of £191,000 due to the delay and cancellation of projects, • delays to projects and repairs of £136,000 funded by the repair fund, • reduction in energy costs of £55,000, • increased costs for general repairs of (£29,000), • small inflationary increases across several categories (£12,000).
8	Transport	The (34,000), -89%, increase in service charge costs is due to higher repair costs for vehicles and maintenance contracts which are recoverable through the service charge.
	Income	
9	Charges for Services	The reduced income of (£426,000), -11%, is due to: <ul style="list-style-type: none"> • reduced service charge recovered as a result of reduced costs on the service charge of (£235,000), • reduced service charge contribution of (£191,000) due to a reduction in projects and repairs and maintenance.
10	Other Central Costs	The £122,000, 24% reduction is due to reduced service charge transfers to the market reserves.

<u>Smithfield Market Note number</u>	<u>Description</u>	<u>2016/17 OR to LAB 2016/17 Variance</u>
	Expenditure	
11	Premises	<p>The £713,000, 20% reduction is due to:</p> <ul style="list-style-type: none"> • one off carry forwards of (£107,000) for projects and repair works delayed from 2015/16 into 2016/17, such as – re-install showers and tanking to floor in the West market and emergency lighting renewal, • decrease in energy costs of £159,000; • a re-phasing and reduction of City Surveyor Additional Works Programme of £644,000 detailed in Table 2. (There is £743,000 for additional works programme and cyclical works of (£13,000) less (£86,000) of this total which is for the car park and not part of the difference for operating the wholesale market); • a decrease in other premises costs such as water, cleaning and pest control of £17,000.
12	Transport	The increase in transport costs of (£32,000) -1067% is due to the purchase of 2x scrubber dryer vehicles.
13	Supplies and Services	<p>The increase of (£52,000), -12% is due to:</p> <ul style="list-style-type: none"> • one off carry forwards of (£39,000), • an increase in waste disposal costs (£13,000).
	INCOME	
14	Charges for Services	The reduced income of (£113,000), -3%, is due to the reduction in costs for energy recharged to commercial office and trading tenants.
15	Other central costs	The decrease of £108,000, 12% is due to the reappportionment of IT costs and reduced central support costs.