

## Operating Statement Notes

The tables below analyse the favourable variances over £50,000 and all adverse variance for the Wholesale Markets as reported on the Operating Summary which is attached at Appendix 3. The summary compares the Original 2017-18 to the 2017/18 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>2017/18 OR to LAB 2017/18 Variance</u>
	<b>Expenditure</b>	
1	Employment costs	The decrease of £2,000 is due to: An increase of 1.5% for cost of living increases and 4% increase in London weighting together with increments of £30,000 netted against a decrease in administration and constable post for 6 months of £28,000.
2	Premises	The decrease of £280,000, 16%, for premises related expenditure is due to: <ul style="list-style-type: none"> <li>• An increase in cleaning costs of £53,000 for the new Servest cleaning contract commencing in October 2017.</li> <li>• An increase in water costs of £44,000.</li> <li>• Reduction in minor improvements works funded from the Repair and Repainting fund of £377,000 due to City Surveyors re-phasing. The works estimated have now been reviewed and scaled back to a more manageable list.</li> </ul>
3	Supplies and Services	The increase of £81,000, 51%, is due to: <ul style="list-style-type: none"> <li>• An increase of £90,000 which was agreed as a central risk carry forward for the continuation of the lease negotiations at Spitalfields Market offset by a reduction of £9,000 for inspection costs and communication costs.</li> </ul>
4	Waste and Cleaning contract	The increase of £95,000, 5% is due to the retendered waste contract won by Country style and the newly implemented corporate office cleaning contract by Servest starting in October

		2017. This is recoverable under the service charge.
	<b>Income</b>	
5	Rent	The increase of £215,000, 11% is due to additional backdated rent.
6	Charges for services	The increase in income of £161,000, 3%, is due to increased service charge costs.
7	Capital and Depreciation	Increased depreciation for equipment and buildings of £24,000 4%.
8	Other Central Costs	The £386,000, 187% increase is due to reduced service charge transfers of £377,000 from the market reserves due to delays in repairs funded from the repainting and repair fund and increased Directorate recharges for the Strategic Review £35,000 netted off against reductions for insurances and support central recharges £26,000.

<u>Billingsgate Market Note number</u>	<u>Description</u>	<u>2017/18 OR to LAB 2017/18 Variance</u>
	<b>Expenditure</b>	
9	Employment costs	The increase of £11,000, 2% is due to expected cost of living increase of 1.5% on basic pay and 4% on London Weighting.
10	Premises	The reduction of service charge premises related costs of £191,000, 15% is due to; <ul style="list-style-type: none"> <li>• A reduction of contribution expected from the tenants to the Market reserves fund of £150,000.</li> <li>• Revised energy budget due to new contract from October 2017, resulting in a reduction in electricity of £42,000.</li> <li>• Reduction in general breakdown and contract servicing budgets of £56,000.</li> <li>• Increased costs for rates due to revaluation of £49,000 and pest control and cleaning materials of £8,000.</li> </ul>
11	Supplies and Services	The increase in supplies and services of £44,000, 38% is due to increases for uniforms and equipment of £34,000 and £10,000 increase for legal/professional costs for the rental renewal negotiations.

	<b>Income</b>	
12	Rent, Wayleaves and Tolls	The increase of £56,000, 6% is due to rent reviews.
13	Charges for Services	The reduced income of £378,000, 10%, is due to: <ul style="list-style-type: none"> <li>• reduced service charge recovered because of reduced costs on the service charge of £203,000.</li> <li>• reduced car parking income due to reduced use by Fish Market customers £50,000.</li> <li>• reduced advertising hoarding income of £125,000.</li> </ul>
14	Other central costs	There is a net increase of £1,000 due to £46,000 for the Strategic Review netted against reductions in insurance and central support charges of £45,000.

<u>Smithfield Market Note number</u>	<u>Description</u>	<u>2017/18 OR to LAB 2017/18 Variance</u>
	<b>Expenditure</b>	
15	Employee costs	The £76,000 increase, 4% is due to cost of living increases and increments.
16	Premises	<p>The £693,000, 17% reduction is due to:</p> <ul style="list-style-type: none"> <li>• Re-phasing of the City Surveyor additional work programme and planned works of £614,000</li> <li>• Reduction in electricity of £195,000 due to better information of consumption and price to set a revised estimate.</li> <li>• An increase of Citigen energy/water costs of £34,000.</li> <li>• Increase in business rates of £83,000.</li> <li>• Net reductions over several categories of £1,000.</li> </ul>
17	Supplies and Services	<p>The increase of £119,000, 28% is due to:</p> <ul style="list-style-type: none"> <li>• Increase of £100,000 for professional fees for the rent negotiations and an increase of £2,000 for the Crossrail compensation negotiations.</li> <li>• Increase of Christmas traffic security and signage of £16,000 and a net increase across several categories of £1,000.</li> </ul>
	<b>Income</b>	
18	Other central costs	The increase of £69,000, 9% is due to the increase for Strategic Review £54,000. A net increase of £15,000 for increased surveyor's recharges netted against reductions for insurance and support costs.