



Markets Committee

Date: WEDNESDAY, 30 JANUARY 2019
Time: 11.30 am
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members:

James Tumbridge (Chairman)	Deputy Edward Lord
John Chapman (Deputy Chairman)	Alderman Nicholas Lyons
Rehana Ameer	Alderman Professor Michael Mainelli
Tom Anderson	Wendy Mead
Adrian Bastow	Deputy Robert Merrett
Matthew Bell	Andrien Meyers
Peter Bennett	Deputy Brian Mooney
Nicholas Bensted-Smith	Benjamin Murphy
Mark Bostock	Deputy Joyce Nash
Richard Crossan	John Petrie
Deputy Kevin Everett	Stephen Quilter
Sophie Anne Fernandes	John Scott (Chief Commoner)
Michael Hudson	Ian Seaton
Deputy Henry Jones	Deputy Dr Giles Shilson
Angus Knowles-Cutler	Deputy Tom Sleigh
Gregory Lawrence	Mark Wheatley
Tim Levene	

Enquiries: Julie Mayer
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Lunch will be served in the Guildhall Club at 1pm
N.B. Part of this meeting could be the subject of audio or visual recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **PUBLIC MINUTES**
To agree the public minutes and non-public summary of the meeting held on 7th November 2018.

For Decision
(Pages 1 - 6)
4. **TERMS OF REFERENCE OF THE MARKETS COMMITTEE AND FREQUENCY OF MEETINGS**
Report of the Town Clerk.

For Decision
(Pages 7 - 10)
5. **IMPACT OF BREXIT - ON THE CITY'S WHOLESALE FOOD MARKETS**
Report of the Interim Director of Consumer Protection and Market Operations.

For Information
(Pages 11 - 14)
6. **MARKETS BUSINESS PLAN UPDATE PERIOD 2 - 2018/19 (AUGUST - NOVEMBER)**
Report of the Interim Director of Consumer Protection and Market Operations.

For Information
(Pages 15 - 32)
7. **MARKETS COMMITTEE RISK**
Report of the Interim Director of Consumer Protection and Market Operations.

For Information
(Pages 33 - 38)
8. **CCTV REPLACEMENT AT NEW SPITALFIELDS MARKET**
Report of the Interim Director of Consumer Protection and Market Operations.

For Information
(Pages 39 - 44)
9. **PROPOSED REVENUE AND CAPITAL BUDGETS -2019/20**
Joint report of the Chamberlain and the Interim Director of Consumer Protection & Market Operations.

For Decision
(Pages 45 - 84)
10. **PUBLIC CAR PARKS UPDATE**
Report of the Director of the Built Environment.

For Decision
(Pages 85 - 100)

11. **CHRISTMAS PARKING AT SMITHFIELD AND BILLINGSGATE MARKETS**
Chairman to be heard.
For Information
12. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
13. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
14. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

Part 2 - Non-Public Agenda

15. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 7th November 2018.
For Decision
(Pages 101 - 108)
16. **MUSEUM OF LONDON RELOCATION PROGRAMME: CITY PROJECTS TO FACILITATE THE RELOCATION**
Report of the City Surveyor.
For Information
(Pages 109 - 128)
17. **TENANCIES AT WILL AND ASSIGNMENTS**
Report of the Interim Director of Consumer Protection and Market Operations
For Information
(Pages 129 - 132)
18. **CITY'S WHOLESALE MARKETS - CONSOLIDATION PROGRAMME**
Report of the City Surveyor – TO FOLLOW
For Decision
19. **ACTION TAKEN BETWEEN MEETINGS: MARKETS CONSOLIDATION PROGRAMME - APPOINTMENT OF A STRATEGIC PROPERTY ADVISER**
Report of the Town Clerk.
For Information
(Pages 133 - 148)
20. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
21. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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MARKETS COMMITTEE

Wednesday, 7 November 2018

Minutes of the meeting of the Markets Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Wednesday, 7 November 2018 at 11.30 am

Present

Members:

James Tumbridge (Chairman)
John Chapman (Deputy Chairman)
Tom Anderson
Adrian Bastow
Peter Bennett
Mark Bostock
Richard Crossan
Michael Hudson
Angus Knowles-Cutler
Gregory Lawrence

Deputy Edward Lord
Alderman Nicholas Lyons
Wendy Mead
Deputy Robert Merrett
Andrien Meyers
Deputy Brian Mooney
John Petrie
John Scott (Chief Commoner)
Mark Wheatley

In Attendance

Officers:

Gemma Stokley	-	Town Clerk's Department
Chloe Rew	-	Town Clerk's Department
Jennifer Ogunleye	-	Media Team
Leyla Dervish	-	Chamberlain's Department
Paul Hickson	-	Comptroller and City Solicitor's Department
Peter Young	-	City Surveyor's Department
Steven Chandler	-	City Surveyor's Department
Paul Monaghan	-	Department of the Built Environment
David Smith	-	Director of Markets and Consumer Protection
Donald Perry	-	Markets and Consumer Protection Department
Daniel Ritchie	-	Superintendent, Billingsgate Market
Debbie Howard	-	New Spitalfields Market
Emma Beard	-	Smithfield Market
Anna Dunne	-	Programme Director, Markets Consolidation Programme

1. APOLOGIES

Apologies for absence were received from Matthew Bell, Nicholas Bensted-Smith, Deputy Kevin Everett, Alderman Professor Michael Mainelli and Deputy Joyce Nash.

Officer apologies for absence were received from Mark Sherlock, Superintendent of Smithfield Market and Ben Milligan, Superintendent of New Spitalfields Market both of whom sent representatives.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

John Petrie declared a non-pecuniary interest in relation to agenda Items 12 and 13 by virtue of the fact that he currently lived in close proximity to Billingsgate Market. He undertook not to speak or vote on these items.

In response to a question from the Chairman regarding his continued membership of the Committee, Mr Petrie confirmed that he hoped to move home in the near future and did not therefore anticipate this being an issue.

3. **PUBLIC MINUTES**

The public minutes of the meeting held on 5 September 2018 were considered and approved as a correct record.

4. **MARKETS COMMITTEE RISK**

The Committee received a report of the Director of Markets and Consumer Protection providing Members with assurance that risk management procedures in place within the Department of Markets and Consumer Protection are satisfactory and that they meet the requirements of the corporate Risk Management Framework.

RESOLVED – That, Members note the report and the actions taken in the Department of Markets and Consumer Protection to monitor, and manage effectively, risks arising from their operations.

5. **SUPERINTENDENTS ORAL UPDATES**

New Spitalfields

The Operations Administration Manager updated Members in the absence of the Superintendent.

She reported that specification for CCTV for the site was now with Procurement and would go out to competition in the usual way. A report would be put to Committee to formally update them on the outcome of this in due course.

Smithfield

The Operations & Administration Manager updated Members in the absence of the Superintendent.

Members were informed that the Market had recently undergone a Food Standards Agency Audit and just been informed that they had received the highest possible outcome. The next audit was not now due for another two years.

The Chairman, on behalf of the Committee, wished to record his congratulations to all involved in securing this result.

Billingsgate

The Superintendent reported that the Chairman had written to the London Fish Merchants Association regarding the apparent defects to their cold store. No

further communication had been received on this matter to date and it was reported that the matter was therefore likely to be closed.

Members were also informed that the Market had secured a 75% EU grant for the acquisition of a forklift truck.

6. **WEST SMITHFIELD AND CHARTERHOUSE STREET (THAMESLINK) BRIDGES REMEDIAL WORKS**

The Committee received a report of the Director of Built Environment regarding West Smithfield and Charterhouse Street (Thameslink) Bridges remedial works.

The Chairman underlined that he had specifically requested that the Markets Committee receive this item for information.

A Member questioned whether the two bridges were linked and, if so, if there would be any savings associated with carrying out the works simultaneously. The Director of Built Environment clarified that, whilst both bridges ran over the same section of railway line, they were two separate highway structures. He ensured Members that Officers would do their utmost to maintain the benefits of access and would most likely tackle the required waterproofing works in two stages.

A Member commented that he had visited the site in question earlier this week with the Property Investment Board. He stressed that access to carry out the works would be a difficulty and that there would be limited times in which works could be carried out over live railway lines. He also expressed concerns over the escalating costs associated with the works.

Concerns around the range of costs quoted within the report were echoed by other Members. The Chairman stated that he believed that the ranges detailed were attributable to the Gateway Process.

In response to a final question, the Director of Built Environment stated that, whilst he wasn't anticipating that the required works would impact on access to the Market, this could not be ruled out entirely. He assured Members that he would be working closely with the Market on this matter as the works progressed.

RECEIVED.

7. **ENTRY BARRIER - NEW SPITALFIELDS MARKET**

The Committee received a report of the Director of Markets and Consumer Protection regarding the installation of an Entry Barrier at New Spitalfields Market.

The Chairman drew Members' attention to Appendix 2, an email from the Chief Executive of the Tenants Association which he was content provided confirmation that they had been formally consulted on the proposals.

A Member questioned how barrier access would be managed in the case of cash customers visiting the site and also questioned whether the money generated from the barrier would be subtracted from the tenants' service charge and utilised for site maintenance and improvement going forward.

The Market's Operations Administration Manager reported that the Tenants Association would set the fee levy and that any income generated would fall in to the tenants' service charge and therefore contribute towards the costs of tenants.

The Chairman concluded by underlining that he had insisted that the level of charging and issues such as multi access should form part of the discussion with tenants. He added that the broad view amongst all consulted was that the installation of an entry barrier would be a positive move particularly around issues such as fly-tipping on site.

RESOLVED – That Members note the contents of the report.

8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
Director of Markets and Consumer Protection

With the permission of the Chairman, representatives from New Spitalfields Market addressed the Committee from the public gallery to publicly record their thanks to the Director of Markets and Consumer Protection ahead of his retirement. They wished to thank the Director for his work and good relations with the Market and its tenants during his tenure. The Chairman echoed these words and thanked the representatives for taking the time to attend the Committee and raise this.

10. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A of the Local Government Act as follows:-

Item	Paragraph
11-14	3
15	3, 5 & 7

11. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 5 September were considered.

12. **MARKETS CONSOLIDATION PROGRAMME- PROGRESS REPORT**

The Committee considered and approved a joint report of the City Surveyor and the Director of Markets and Consumer Protection providing Members with an update on the progress of the Markets Consolidation Programme since

approval was given to the structure of the programme and for further funding to complete a business case recommending a preferred site for the relocation of the wholesale markets.

13. MARKETS CONSOLIDATION PROGRAMME - PROPOSED MEMORANDUM OF UNDERSTANDING WITH LONDON BOROUGH OF TOWER HAMLETS

The Committee received a report of the City Surveyor advising Members of current discussions with the London Borough of Tower Hamlets (LBTH) as joint legal owner of Billingsgate Market site.

14. SPITALFIELDS MARKET LEASE RENEWALS

The Committee considered and approved a report of the City Surveyor advising Members that terms to renew a further six leases and three outstanding rent reviews have provisionally been agreed subject to the Committee's approval.

15. DEBT ARREARS MARKETS - PERIOD ENDING 30TH SEPTEMBER 2018

The Committee received a report of the Director of Markets and Consumer Protection informing Members of invoiced income raised and outstanding as at 30 September 2018 from 31 days to 121+ days.

16. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

Questions around the Museum of London relocation and press coverage of this were raised.

17. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There were no additional, urgent items of business for consideration in the non-public session.

The meeting ended at 1.15 pm

Chairman

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Agenda Item 4

Committee:	Date:
Markets Committee	30 January 2019
Subject: Terms of Reference of the Markets Committee and Frequency of Meetings	Public
Report of: Town Clerk	For Decision

Summary

1. As part of the post-implementation review of the changes made to the governance arrangements in 2011, it was agreed that all Committees should review their terms of reference. This will enable any proposed changes to be considered in time for the reappointment of Committees by the Court of Common Council.
2. The terms of reference of the Markets Committee are set out at Appendix A for your consideration.
3. The Committee are also required to review the frequency of their Committee meetings. At present, the Markets Committee meet six times a year – in January, March, May, July, September and November.
4. It should be noted that at the Markets Committee meeting on 4 September 2013 it was agreed that the number of meetings per annum be arranged in consultation with the Chairman, Deputy Chairman and the Director of Markets & Consumer Protection, in order for them to align with the anticipated work programme for the year.

Recommendations

- a) That, subject to any comments, the terms of reference of the Committee be approved for submission to the Court of Common Council, as set out at the Appendix to the report, and that any further changes required in the lead up to the Court's appointment of Committees be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman; and
- b) Members agree that the frequency of meetings per annum be arranged in consultation with the Chairman, Deputy Chairman and the Director of Markets & Consumer Protection, in order for them to align with the anticipated work programme for the year.

Appendix – Order of the Court of Common Council – 19th April 2018.

Julie Mayer
Town Clerk's Department
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BOWMAN, Mayor	RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Thursday 19th April 2018, doth hereby appoint the following Committee until the first meeting of the Court in April, 2019.
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MARKETS COMMITTEE

1. **Constitution**
A Ward Committee consisting of,
 - two Aldermen nominated by the Court of Aldermen
 - up to 31 Commoners representing each Ward or Side of Ward (two representatives for the Wards with six or more Members regardless of whether the Ward has sides).

2. **Quorum**
The quorum consists of any nine Members.

3. **Membership 2018/19**

ALDERMEN

- 1 Nicholas Stephen Leland Lyons
- 2 Professor Michael Raymond Mainelli

COMMONERS

2	Adrian Mark Bastow.....	Aldersgate
2	Richard Peter Crossan.....	Aldersgate
2	Andrien Gereith Dominic Meyers.....	Aldgate
10	Robert Allan Merrett, Deputy.....	Bassishaw
1	John Petrie.....	Billingsgate
1	Benjamin Daniel Murphy.....	Bishopsgate
2	Tom Sleigh, Deputy.....	Bishopsgate
8	Dr Giles Robert Evelyn Shilson, Deputy.....	Bread Street
2	Timothy Levene.....	Bridge and Bridge Without
9	John George Stewart Scott, J.P.....	Broad Street
3	Kevin Malcolm Everett, Deputy.....	Candlewick
11	Michael Hudson.....	Castle Baynard
2	Angus Knowles-Cutler.....	Castle Baynard
5	Nicholas Michael Bensted-Smith, J.P.....	Cheap
2	Sophie Anne Fernandes.....	Coleman Street
6	Ian Christopher Norman Seaton.....	Cornhill
7	Stephen Douglas Quilter.....	Cripplegate
1	Mark Bostock.....	Cripplegate
5	Mark Raymond Peter Henry Delano Wheatley.....	Dowgate
2	Thomas Alexander Anderson.....	Farringdon Within
2	Matthew Bell.....	Farringdon Within
2	Gregory Alfred Lawrence.....	Farringdon Without
6	Charles Edward Lord, O.B.E., J.P., Deputy.....	Farringdon Without
12	John Douglas Chapman.....	Langbourn
10	Henry Llewellyn Michael Jones, Deputy.....	Portsoken
2	Brian Desmond Francis Mooney, Deputy.....	Queenhithe
10	James Richard Tumbridge.....	Tower
2	Rehana Banu Ameer.....	Vintry
2	Peter Gordon Bennett.....	Wallbrook

Together with two Members appointed in place of the two Wards (Cordwainer and Lime Street) not making appointments:

- | | | |
|----|---|--------------------|
| 16 | Joyce Carruthers Nash, O.B.E.,
Deputy..... | Aldersgate |
| 5 | Wendy Mead, O.B.E..... | Farringdon Without |

4. **Terms of Reference**

To be responsible for:-

- (a) oversight of the provision and management of all matters relating to Smithfield Market, Billingsgate Market and New Spitalfields Market and the letting of all premises therein;
- (b) the appointment of the Director of Markets and Consumer Protection (acting jointly with the Port Health and Environmental Services and Licensing Committees).

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Committee(s):	Date(s):
Markets Committee	30 January 2019
Subject: Impact of Brexit – on the City’s Wholesale Food Markets	Public
Report of: Interim Director of Consumer Protection and Market Operations	For Information
<p style="text-align: center;">Summary</p> <p>This report provides Members with an update on the potential impact of Brexit on the operations of the City’s Wholesale Food Markets.</p> <p>There is likely to be minimal short-term impact on the City Corporation, as the Market Authority and landlord. The City has received a response from one of the Market Tenants’ Associations confirming that they are actively planning for the impact of a no deal Brexit and have contingency plans in place. Informal soundings of individual traders have found that they are not expressing undue concern about the potential effects on their businesses. Officers will continue the dialogue with tenants on this subject and update Members as the situation develops.</p> <p>Recommendation(s)</p> <p>Members are asked to:</p> <ul style="list-style-type: none"> • Note the report 	

Main Report

Background

1. The Town Clerk has asked that officers provide updates to their Service Committees on the potential impact of Brexit. Officers have been in regular dialogue with Tenants’ Associations, and individual tenants, at the City’s markets about their attitude towards, and preparedness for, Brexit.
2. Officers within the Department of Markets and consumer Protection (M&CP) have also liaised with Government Departments and trade bodies in order to gain information on the likely impact on the food supply chain.
3. The UK government has indicated that it will continue with existing (EU) Food Hygiene Regulations until such time as they are amended either by Statutory Instrument or by formal legislation and that therefore there will be no immediate impact on the status of the Markets’ food hygiene arrangements. For this reason, the immediate direct impact on the City as a Market Authority and landlord is likely to be negligible.
4. Government has issued a series of technical notices which set out information to allow businesses to understand what they would need to do in a “no deal

scenario”, and so that they can make informed plans and preparations. Guidance on importing animal products if there is no Brexit deal.

5. The guidance states that there will be no change on the day the UK leaves the EU to current import controls or requirement for notification of imports of animal products and plant products (e.g. fruit, vegetables and cut flowers) for imports direct from the EU. The situation is similar for products from third countries – those outside the EU. The only difference is that importers would need to use the new electronic import notification system, instead of the current EU system. The guidance also recognises that there will be a need to carry out checks on transit items that are currently carried out elsewhere in the EU. These are products that currently enter the EU at the border in another member state but are destined for the UK.
6. If a managed exit from the EU is negotiated, depending upon the terms of the deal, there is still the possibility of increased border checks which could result in delays to consignments of perishable imports of food destined for the wholesale markets.
7. It is estimated that around 80% of Smithfield’s meat is imported, primarily from Europe, and that around 15% of Billingsgate’s product comes from the EU. Ireland is a large supply route to Smithfield and the Irish border solution will impact current practice but imports also come from as far afield as Australia, New Zealand and South America. New Spitalfields Market also import a significant amount of produce from the EU.

Current Position

8. In early December 2018, the then Director of M&CP wrote to the Tenants’ Associations asking whether they have contingency plans for a No Deal situation and, if so, the extent to which they have been ‘trialled’ or validated. The City has received a response from one of the Tenants’ Associations confirming that they are actively planning for the impact of a no deal Brexit and that they have contingency plans in place.
9. The Market Superintendents have had informal discussions with some individual traders and have found them not to be unduly concerned about the possible impact of Brexit on their businesses.

Risk Implications

10. If the UK’s departure from the EU leads to delays and disruption in the food supply chain, and shortages of product over a prolonged period, there is a risk, albeit unlikely, that this could impact the financial viability of some tenants’ businesses. This in turn could lead to business failures and vacant premises at the markets but given the current position this seems highly unlikely.

Conclusion

11. For the City, as a Market Authority and an operator of Licensed Food Premises, the most direct impact of Brexit would be if there were to be changes to food hygiene regulation. However, as has been stated above it is anticipated that this will continue to be governed by existing (EU) Food

Hygiene Regulations until such time as they are amended either by Statutory Instrument or by formal legislation.

12. From a landlord's perspective, prolonged disruption to imported food supplies could adversely affect the financial viability of some of the businesses that trade at the markets, which ultimately, in extreme circumstances, could lead to business failures and vacant premises.
13. The City will continue the dialogue with its tenants on this subject and update Members as the situation develops.

Don Perry

Head of Business Performance

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Agenda Item 6

Committee:	Date:
Markets	30 January 2018
Subject: Markets Business Plan Update Period 2 2018/19 (August – November)	Public
Report of: Interim Director of Consumer Protection and Markets Operation	For Information
Report author: Don Perry - Department of Markets and Consumer Protection	

Summary

This report provides an update on progress for Period 2 (August-November) of 2018-19 against key performance indicators (KPIs) and objectives outlined in the Markets' Business Plan.

The report consists of:

- Performance against the key performance indicators (KPIs) and progress report on the business plan – Appendix A
- Matters of general interest to the Committee – Appendix B
- Financial information – Appendix C

Key points from the report are that:

Markets Consolidation

- On the 18th December the City of London Corporation acquired the company, Barking Power Ltd which includes the Barking Reach Power Station site. The 42-acre site in the London Borough of Barking and Dagenham will now be considered as part of the potential options for the City Corporation's proposals to consolidate its three wholesale food markets onto a single site.

Billingsgate Market

- An audit on the waste and recycling processes has been carried out and the Superintendent will implement recommendations when the report is available.
- Parking income slightly below profile budget despite marginally improved gains since last period.
- All filming requests are being facilitated and this activity is ahead of profile budget.
- The Superintendent meets regularly with the LFMA and priorities for 2019/20 will be agreed prior to the end of this financial year.

Smithfield Market

- Income from Rotunda car park is ahead of profile budget.
- The risk status associated with HGV Bankmens duties remains Amber.
- An audit of the HGV unloading operation is scheduled for the second week of January and the results will be shared with Committee by the Superintendent's oral update.
- There is one outstanding activity to be resolved with the Tenants' Association on the Working Manual.

New Spitalfields Market

- The barrier entry system contract has been awarded, and the entry barrier plans are with Waltham Forest planning department for approval.
- The Superintendent has been advised by procurement that the Market CCTV system cannot be procured as a variation to the current COL Police contract, and as a result, a tender exercise will commence in early January.

Finance

- At the end of the November 2018, the Department of Markets & Consumer Protection was £179k (23.7) underspent against the local risk budget to date of £756k, over all the services now managed by the Director of Markets & Consumer Protection covering the Markets Committee. Appendix C sets out the detailed position for the individual services covered by this department.
- Overall the Director of Markets & Consumer Protection is currently forecasting a year end underspend of £102k (6%) for his City Fund and City Cash services.

Recommendation(s)

Members are asked to:

- Note the content of this report and its appendices.

Main Report

Background

1. The 2018-19 Markets Business Plan sets out four Key Performance Indicators (KPIs) and 10 Key Improvement Objectives against which the Markets' performance will be measured throughout the year.
2. The KPIs and objectives are updated in Appendix A.
3. Matters of interest and visits to the Markets are updated in Appendix B.
4. Financial information including a table detailing the position for the individual services covered by this department are updated in Appendix C.

Current Position

5. To ensure that your Committee is kept informed of progress against the current business plan, progress against KPIs (Appendix A), matters of general interest (Appendix B), and financial information (Appendix C) are reported on a periodic (four-monthly) basis.
6. This approach allows Members to ask questions and have a timely input on areas of particular importance to them. Members are also encouraged to ask the Director for information throughout the year.
7. Periodic progress is also discussed by Senior Management Groups (SMG) to ensure any issues are resolved at an early stage.

Consultees

8. The Town Clerk and the Chamberlain have been consulted in the preparation of this report.

Appendices

Appendix A - Performance against the key performance indicators (KPIs) and progress reports on the business plan

Appendix B - Matters of general interest to the Committee.

Appendix C – Financial Information

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Billingsgate Market:
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Simon Owen (*Financial information*)
Chamberlain's Department
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Progress against Key Performance Indicators 2018-19
Period Two: 1 August – 30th November 2018

	Target 2018/19		Period 1	Period 2	Period 3
MKP 1	a) 90% of debts to be settled within 60 days.	Billingsgate	80%	76%	
		Smithfield	92%	100%	
		Spitalfields	86%	75%	
	b) 100% of debts settled within 90 days.	Billingsgate	96%	97%	
		Smithfield	100%	100%	
		Spitalfields	88%	84%	
Comments: <i>Billingsgate:</i> Over 98% of 91+ day debt is owed by LFMA, a tenant in dispute over an insurance claim or being pursued by our legal department. The same businesses account for over 94% of 61+day debt. <i>Spitalfields:</i> 50% of debt is on a payment plan agreed by Comptroller. 37% has been referred to comptroller, 7% is unpaid due to lease negotiations and the remaining 6% is being chased locally.					
	Target 2018/19		Period 1	Period 2	Period 3
MKP 2	Divert 90% of waste from landfill at the Markets	Billingsgate	100%	100%	
		Smithfield	100%	100%	
		Spitalfields	100%	100%	
	Target 2018/19		Period 1	Period 2	Period 3
MKP 3	Achieve 95% occupancy of all lettable space at Billingsgate, Smithfield and New Spitalfields Markets.	Billingsgate	97%	97%	
		Smithfield	94%	94%	
		Spitalfields	99%	99%	
Comments: Smithfield:- Occupancy has not achieved the 95% target as letting further premises is 'on hold' while the future of the Poultry Market is determined.					
	Target 2018/19		Period 1	Period 2	Period 3
MKP4	Improve the standard of incident reports, ensuring all information and evidence is gathered thoroughly and documented. All reports to be completed within 3 days following the reporting of an incident.	Billingsgate	100%	100%	
		Smithfield	100%	100%	
		Spitalfields	100%	100%	

Progress against key improvement objectives 2018-19
Period two: 1 August – 30 November 2018

Ref:	Objective	Progress to date
MCP01	<u>Billingsgate Market</u> Continue to improve cleaning standards at Billingsgate Market. To provide a market site with a high level cleanliness which meets hygiene requirements and is satisfactory to all stakeholders, particularly our tenants.	Period 1: April – July 2018 <ul style="list-style-type: none"> •No written complaints received. Met with London Fish Merchants Association Chair and others to identify cleaning priorities. •All merchants written to regarding the return of polystyrene boxes from their trade customers that are being dumped. •Increased pest control provision has brought about a steady decline in sightings, the removal of the dockside barge a probable factor too.
Page 20		Period 2: August – November 2018 <ul style="list-style-type: none"> •No written complaints received. •An audit on waste and recycling processes was undertaken and the recommendations will be implemented once the full report is received. •H&S audit undertaken, and improved housekeeping procedures identified and implemented. •Tower Hamlets EHO meet each month with a view to improve communications and information sharing.
MCP02	<u>Smithfield Market</u> Maximise the usage of Rotunda car park to increase income.	Period 1: April – July 2018 <ul style="list-style-type: none"> •Rotunda carpark income £52k ahead of profile budget at end of July 2018.
		Period 2: August – November 2018 <ul style="list-style-type: none"> •Rotunda carpark income £68k ahead of profile budget.
MCP03	<u>Billingsgate Market</u> Generate additional income at Billingsgate Market.	Period 1: April – July 2018 <ul style="list-style-type: none"> •Parking income slightly below budget. Proximity of alternative, more bespoke parking locations at competitive rates a factor. Parking packages and office accommodation are being advertised to attract new customers. •All filming requests that generate an income have been facilitated resulting in this activity being ahead of budget. •New agreement with a waste contractor has resulted in 60% increase in payments for our recycled polystyrene.

Appendix A

Ref:	Objective	Progress to date
		Period 2: August – November 2018 <ul style="list-style-type: none"> ● Parking income continues to slightly underperform against budget despite marginally improved gains since end of period one. ● All filming requests are being facilitated and this activity is ahead of budget. ● As filming activities are generating income at the market the Superintendent met with the Film Office to make sure Billingsgate can make the most of these opportunities.
MCP04	<u>Strategic review of markets</u> Build on the findings of the strategic review of markets by carrying out a full feasibility study and preparing an implementation plan, leading to a Bill being presented to Parliament in November 2019.	Period 1: April – July 2018 <ul style="list-style-type: none"> ● A Programme Board and Member's Working Group have been established and terms of reference agreed. A Programme Director has been appointed and work is underway on feasibility studies. A key element of work will be to identify and, subject to the business case, acquire a suitable site of up to 100 acres. Lambert Smith Hampton (LSH) have been engaged to undertake the search for a site. Consultation with key stakeholders has begun.
Page 21		Period 2: August – November 2018 <ul style="list-style-type: none"> ● On the 18th December the City of London Corporation acquired the company, Barking Power Ltd which includes the Barking Reach Power Station site. The 42-acre site in the London Borough of Barking and Dagenham will now be considered as part of the potential options for the City Corporation's proposals to consolidate its three wholesale food markets onto a single site. The site's suitability will be considered alongside several other potential locations and sites of varying sizes, which continue to be explored. A decision on a preferred option will be made following feedback from a public consultation in 2019.
MCP05	<u>New Spitalfields Market followed with Billingsgate and Smithfield Market</u> Complete CCTV review across all three markets and prepare specifications for procurement. Each site has its own specific requirement for a CCTV system, and different timescales for procuring new systems, but we wish to define a common standard for CCTV across all three markets before we go to procurement. It should result in higher levels of compliance with site rules as well as fewer accidents and associated damage and personal injury claims.	Period 1: April – July 2018 <ul style="list-style-type: none"> ● The CCTV design and costs are being finalised by the contractor for the New Spitalfields system. ● The installation for the system to come under the Police CCTV contract pending final approval. ● A separate joint procurement exercise will be undertaken at the other two markets pending further analysis of their requirements.

Appendix A

Ref:	Objective	Progress to date
		Period 2: August – November 2018 <ul style="list-style-type: none"> •The Superintendent has been advised by procurement that the Market CCTV system cannot be procured as a variation to the current COL Police contract. •A complete tender exercise for Market CCTV system has been approved and signed off by the Chief Officer and will commence early January, with the intention of being completed by end of January.
MCP06	<u>New Spitalfields Market</u> Procure and install a controlled barrier entry system at New Spitalfields Market. The system will enable control over who enters the site, and when, which will improve security and compliance with site rules. It will also enable the introduction of an entry charge which will offset the cost of the 20 year plan.	Period 1: April – July 2018 <ul style="list-style-type: none"> •Tender awarded to install a controlled barrier entry system. Contract pending. Period 2: August – December 2018 <ul style="list-style-type: none"> •Contract awarded. •Design completed and approved, and entry barrier plans are now with Waltham Forest planning department for approval.
Page 22 MCP07	<u>Billingsgate Market</u> Continue to deliver the Billingsgate Market Modernisation Project. To ensure the Market and its operations remain viable.	Period 1: April – July 2018 <ul style="list-style-type: none"> • Meeting held with members of the LFMA regarding priorities for site maintenance. They are keen to involve now-retired members of the Fishmongers company to identify projects. A further meeting will be arranged for early September once the LFMA have confirmed their priorities. Period 2: August – November 2018 <ul style="list-style-type: none"> •Regular meetings have been held with LFMA. Priorities for 2019/20 to be provided by year end which can then be sourced, costed and agreed prior to beginning of financial year.
MCP08	<u>Smithfield Market</u> Obtain agreement and sign-off by the SMTA of the final version of Smithfield Market's Working Manual. The Working Manual will clearly set out the responsibilities of the landlord, tenants and market workers.	Period 1: April – July 2018 <ul style="list-style-type: none"> •Only one outstanding responsibility remains to be agreed with the tenants' Association and that is the responsibility for presentation of unfit product to the Animal Bi-Product (ABP) facility. This should be resolved by the end of August. Period 2: August – November 2018 <p>The final issue which remains to be resolved is the responsibility for the presentation of unfit product to the ABP facility. The SMTA made a further request to the Superintendent for additional concessions to traders on this matter, but this request has</p>

Appendix A

Ref:	Objective	Progress to date
		been declined. The Working Manual was issued for signature to the SMTA on the 25 th October. The SMTA have subsequently requested a further meeting, which has proved difficult to arrange. A meeting was set for 8 January, but this was cancelled by the SMTA. CoL have offered 3 final further dates to resolve and sign-off.
MCP09	<u>Smithfield Market</u> Continue to control the risk associated with the HGV Banksmen duties at Smithfield Market and monitor compliance with operating procedure.	Period 1: April – July 2018 <ul style="list-style-type: none"> •Risk status remains at Amber. •The June audit revealed 100% usage of banksmen by delivering vehicles. However, in three cases the supplier's employee acted as banksmen rather than the tenant's trained member of staff. Letters have been sent to the transport companies reminding them of Smithfield site compliance requirement.
Page 23		Period 2: August – November 2018 <ul style="list-style-type: none"> •A meeting was convened by CoL on the 18th October to bring to the attention of the SMTA three instances of unsafe unloading practices witnessed on CCTV during the earlier part of the month. The SMTA agreed to speak to the relevant traders to improve their controls and standards. •An audit of the HGV unloading operation is scheduled for the second week of January and the results will be shared with Committee by the Superintendent's oral update at January Committee.
MCP10	<u>All</u> Ensure that the Departmental Workforce Plan is maintained, remains relevant and actions are implemented.	Period 1: April – July 2018 <ul style="list-style-type: none"> •The group will meet again on 25 September to review progress on actions to begin a refresh of the plan.
		Period 2: August – November 2018 <ul style="list-style-type: none"> •The group is working on refreshing the existing plan and reviewing the format. The group will meet 15th January to go through the new plan for 2019/20.

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Matters of General Interest to the Committee

Billingsgate Market

August

No visitors

September

Tuesday 4th Markets Committee Visit

October

Wednesday 10th Product Safety & Standards Tour and breakfast

November

Friday 9th Remembrance Service

Filming/Photography

		Activity	Fee Received
8 th August		Photography for personal use	No
9 th August		Scania – Filming in the Market	£500 + VAT
14 th August		Photography for personal use	No
18 th August		Photography for personal use	No
22 nd August		Photography for personal use	No
29 th August		Photography for personal use	No
4 th September		Photography for personal use	No
8 th September		Photography for personal use	No
12 th September		Isaac Carew – Filming for Mercedes Benz	£700+VAT
21 st September		Photography for personal use	No
25 th September		Don Productions – filming for TV documentary	£250+VAT
27 th -28 th September		Don Productions – Unit base parking	£300+VAT
28 th September		Photography for personal use	No
5 th October		Photography for personal use	No
6 th October		Photography for personal use	No
11 th - 13 th October		Photography for personal use	No
19 th October		Production Inc Ltd – Unit base parking	£250+VAT
27 th October		Time Warner Ltd Unit base parking	£550+VAT
28 th October		The Feed Production Ltd Unit base parking	£1800+VAT
5 th November		Somersuch & Company Ltd Filming for music video	£300+VAT
8 th November		Photography for personal use	No
29 th November		Photography for personal use	No

Smithfield Market

August

No visitors

September

Tuesday 11th

Markets Committee Visit

Friday 14th

Japanese Livestock Study Team

October

No visitors

November

No visitors

Filming/Photography

		Activity	Fee Received
August	No visitors		
17 th September		Student photography -	No
19 th September		Photography – (Culture Mile / London Museum)	No
29 th September		Non-Commercial Filming – Lotfi KAZ & Team	No
5 th October		Non-Commercial Photography –	No
5 th November		Non-Commercial Photography-	No

New Spitalfields Market

Visitors

August

No visitors

September

No visitors

October

Tuesday 16th

A group from the French Tomato and Cucumber Association

Wednesday 17th

A group from the Worshipful Company of Fruiterers

November

Friday 30th

The annual visit by the Mayor of Waltham Forest to turn on the lights on the Market's Christmas Tree

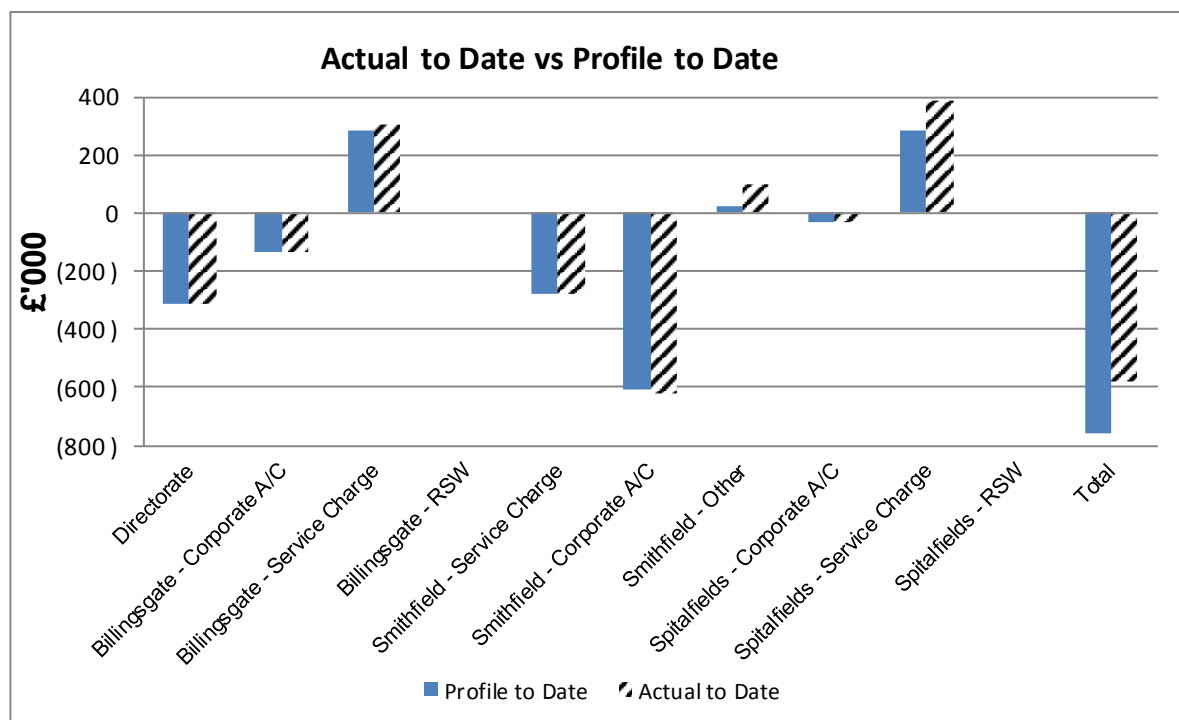
Filming/Photography

		Activity	Fee Received
August	No visitors		
September	No visitors		
October	No visitors		
6 th November		The Photographer who was commissioned by the London Borough of Waltham Forest to take photographs of the market and traders for an audio-visual display for the "In the Forest" Waltham Forest Borough of Culture 2019 Award	No
20 th November	Brave Bison Ltd	Filming market activity and presenter buying produce for series called "SpiceJam"	£250 + VAT for an hours filming

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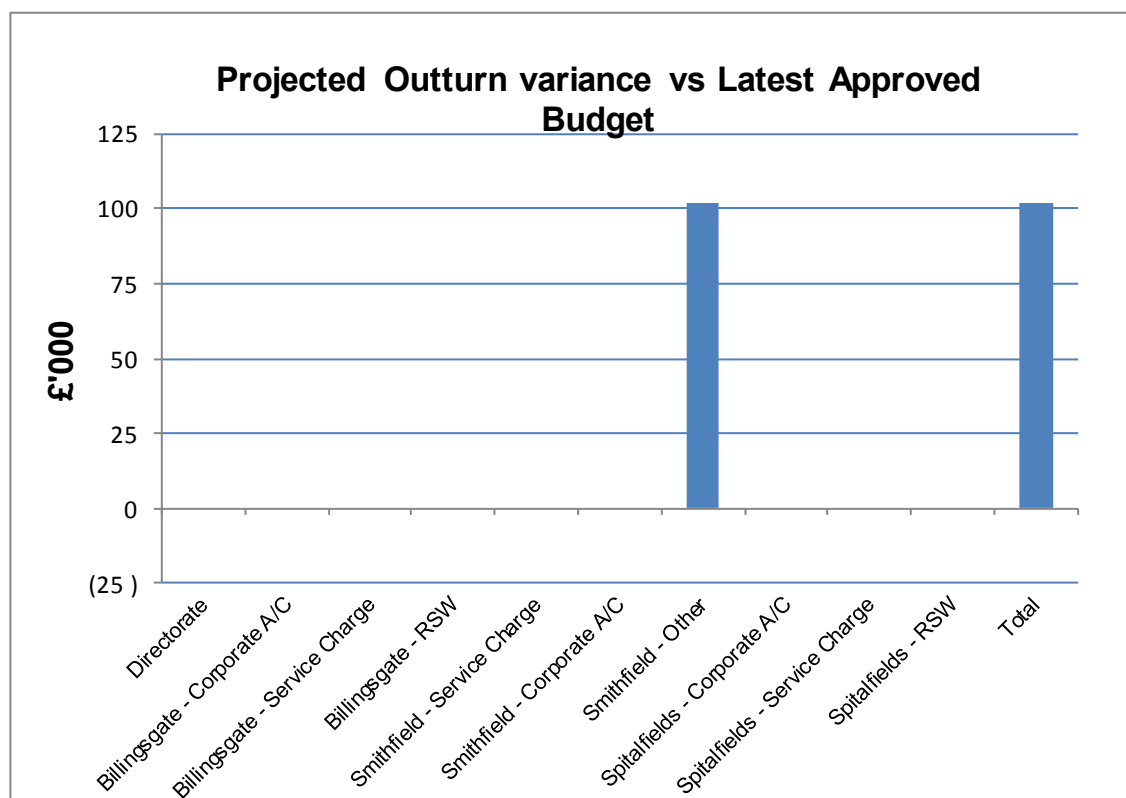
Appendix C

1. At the end of the November 2018, the Department of Markets & Consumer Protection was £179k (23.7) underspent against the local risk budget to date of £756k, over all the services now managed by the Director of Markets & Consumer Protection covering the Markets Committee. Table A sets out the detailed position for the individual services covered by this department.
2. Overall the Director of Markets & Consumer Protection is currently forecasting a year end underspend of £102k (6%) for his City Fund and City Cash services.



Notes:

1. Graph shows the actual local risk net position against the profiled budget to date for each Division.
2. A position above the baseline shows overall net income.
3. A position below the baseline shows overall net expenditure.
4. Total actual to date net exp of £577k is £179k under the profiled budget to date of £756k.



Notes:

1. Zero is the baseline latest approved budget for each Division of Service.
2. Graph shows projected outturn position against the latest approved budget.
3. A variance above the baseline is favourable i.e. either additional income or reduced expenditure.
4. A variance below the baseline is unfavourable i.e. additional expenditure or reduced income.
5. Overall the Department is forecasting an underspend of £102k at year end.

3. The reasons for the significant budget variations are detailed in Table A, which sets out a detailed financial analysis of each individual division of service relating to this Committee, for the services the Director of Markets & Consumer Protection supports.
4. The better than budget position at the end of November 2018 is mainly due to additional income at Smithfield car park due to increased traffic volumes and this is projected to continue until year end.
5. Additionally, there are underspends to date on Spitalfields service charge due to staffing vacancies, additional income for declared waste and recoverable energy recharges to leaseholders and Countrystyle waste contract rebate for increased levels of recyclable waste. These savings will be offset at year end by a reduced service charge bill for leaseholders.

6. The Director of Markets & Consumer Protection anticipates this current better than budget position will continue to year end if income trends remain constant at Smithfield car park, with a projected year end underspend of £102k currently projected.

Table A

Department of Markets & Consumer Protection Local Risk Revenue Budget - 1st April to 30th November 2018												
(Expenditure and unfavourable variances are shown in brackets)												
	Latest Approved Budget 2018/19 £'000	Budget to Date (Apr-Nov)			Actual to Date (Apr-Nov)			Variance Apr-Nov £'000	Forecast for the Year 2018/19			
		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		LAB £'000	Forecast Outturn £'000	(Over) / Under £'000	Notes
Markets (City Cash)												
Directorate	(478)	(309)	0	(309)	(310)	0	(310)	(1)	(478)	(478)	0	
Billingsgate - Corporate Account	(164)	(213)	82	(131)	(213)	80	(133)	(2)	(164)	(164)	0	
Billingsgate - Service Charge	0	(1,599)	1,884	285	(1,607)	1,914	307	22	0	0	0	
Billingsgate - Repainting and Special Works	0	(41)	41	0	(41)	41	0	0	0	0	0	
Smithfield - Service Charge	(797)	(1,938)	1,663	(275)	(1,939)	1,662	(277)	(2)	(797)	(797)	0	
Smithfield - Corporate and Direct Recovered	(308)	(1,252)	647	(605)	(1,264)	645	(619)	(14)	(308)	(308)	0	
Smithfield - Other (Including Car Park)	122	(495)	519	24	(487)	588	101	77	122	224	102	1
	(1,625)	(5,847)	4,836	(1,011)	(5,861)	4,930	(931)	80	(1,625)	(1,523)	102	
Markets (City Fund)												
Spitalfields - Corporate Account	(66)	(65)	33	(32)	(65)	35	(30)	2	(66)	(66)	0	
Spitalfields - Service Charge	(21)	(3,581)	3,868	287	(3,551)	3,935	384	97	(21)	(21)	0	2
Spitalfields - Repair and Repainting	0	0	0	0	0	0	0	0	0	0	0	
	(87)	(3,646)	3,901	255	(3,616)	3,970	354	99	(87)	(87)	0	
TOTAL MARKETS COMMITTEE LOCAL RISK	(1,712)	(9,493)	8,737	(756)	(9,477)	8,900	(577)	179	(1,712)	(1,610)	102	
Notes:												
1. Smithfield Other - projected underspend due to additional income as a result of increased traffic volumes at the car park.												
2. Spitalfields Service Charge - underspend to date due to staff vacancy savings, additional income for declared waste and recoverable energy recharges to leaseholders, and Countrystyle waste contract rebate for increased levels of recyclable waste. These savings will be offset at year end by a reduced service charge bill for leaseholders.												

Agenda Item 7

Committee: Markets Committee	Date: 30 January 2019
Subject: Markets Committee Risk	Public
Report of: Interim Director of Consumer Protection and Market Operations	For Information
Report author: Donald Perry Department of Markets and Consumer Protection	

Summary

This report has been produced to provide the Markets Committee with assurance that risk management procedures in place within the Department of Markets and Consumer Protection are satisfactory and that they meet the requirements of the corporate Risk Management Framework.

Risk is reviewed regularly by the departmental Senior Management Team as part of the on-going management of operations within the Department of Markets and Consumer Protection. In addition to the flexibility for emerging risks to be raised as they are identified, a process exists for in-depth periodic review of the risk register.

The Department of Markets and Consumer Protection have identified a number of departmental risks. Of these, the most significant risks for this Committee to consider are:

- MCP-NS 001 – Workplace Traffic Management, New Spitalfields (Current Risk: AMBER)
- MCP-SM 001 – HGV Unloading Operations, Smithfield (Current Risk: AMBER)
- MCP-PHPP 001 Brexit- Impact on Port Health (Current Risk: AMBER no change)

Recommendation(s)

Members are asked to:

- Note the report and the actions taken in the Department of Markets and Consumer Protection to monitor, and manage effectively, risks arising from our operations.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department.

Current Position

2. This report provides an update of the key risks that exist in relation to the operations of the wholesale markets within the Department of Markets and Consumer Protection. The report also outlines the processes adopted for the on-going review of risk and mitigating actions.

Risk Management Process

3. The Department of Markets and Consumer Protection risk management is a standing agenda item at the regular Departmental Senior Management Group (SMG) meeting, over and above the suggested quarterly review. SMG receives the risk register for review, together with a briefing note highlighting any changes since the previous review. Consideration is also given as to whether any emerging risks exist for inclusion in the risk register as part of Divisional updates on key issues from each of the Superintendents and Assistant Directors, ensuring that adequate consideration is given to operational risk.
4. Between each SMG meeting, risk and control owners are consulted regarding the risks for which they are responsible, with updates captured accordingly.
5. Regular risk management update reports are provided to this Committee in accordance with the City's Risk Management Framework.

Identification of New Risks

6. New and emerging risks are identified through a number of channels, the main being:
 - Directly by SMG as part of the regular review process.
 - In response to regular review of delivery of the departmental Business Plan; slippage against key deliverables, for example.
 - Annual, fundamental, risk register review, undertaken by the tier of management below SMG.

The risk register may be refreshed over and above the stated process for review and oversight, in response to emerging issues or changing circumstances.

Summary of Key Risks

7. The Department of Markets and Consumer Protection's Risk Register for Markets, attached as Appendix 1 to this report, has two AMBER risks.

MCP-NS 001 – Workplace Traffic Management New Spitalfields (Current Risk: AMBER constant)

Over 200 forklift trucks are in operation on the New Spitalfields Market site.

An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.

As of these activities are undertaken in an area under the direct control of the City, an accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City.

MCP-SM 001 – HGV Unloading Operations Smithfield (Current Risk: AMBER constant)

A lack of suitable and sufficient training and adequate management controls in relation to Heavy Goods Vehicle banksman activities, undertaken by staff employed by Smithfield Market tenants, on an area under the overall control of the City, could result in a serious or life changing injury to pedestrians, caused by uncontrolled or unguided reversing vehicles.

An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.

Having reduced the risk to its target level of 12, consideration has been given to whether there is an opportunity to reduce the target risk level further. The risk owner, the Superintendent, has reviewed the prevailing site conditions, and the feasibility of introducing additional controls that could reduce the risk further, and considers that the risk is currently being managed at the lowest achievable level, given the unique inner-city environment. The situation will be kept under regular review.

Conclusion

8. Members are asked to note that risk management processes within the Department of Markets and Consumer Protection adhere to the requirements of the City Corporation's Risk Management Framework. Risks identified within the operational and strategic responsibilities of the Department of Markets and Consumer Protection are proactively managed.

Appendices

- Appendix A – Markets Risk Register Summary

Background Papers

Department Business Plan
Department Risk Review
Department Business Plan Progress Report
Risk Management Strategy

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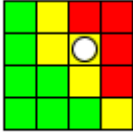
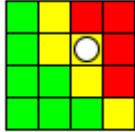

MCP Markets Committee Risk Report Appendix A

Report Author: Donald Perry
Generated on: 10 January 2019



Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
MCP-NS 001 Workplace traffic management 24-Feb-2015 Ben Milligan	Cause: Over 200 forklift trucks operate on the New Spitalfields Market site. Event: There is a serious risk of life changing injury to a pedestrian if vehicle movements in this constrained space are not appropriately managed and controlled. Effect: An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.	Likelihood Impact	12	The SpMTA are still in discussion with the training provider to set dates for the managers training. The superintendent is actively engaged with the SpMTA to ensure this training is delivered to all tenants. 28 Dec 2018	Likelihood Impact	8	29-Mar-2019	 Constant

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
MCP-NS 001i	A member of staff from all tenants to be nominated and trained in FLT safety procedures.	Letter to tenants ready to be sent. SpMTA ready to confirm dates of delivery.		Ben Milligan	08-Jan-2019	27-Feb-2019
MCP-NS 001k	Controlled barriers entry system for pedestrians and vehicles.	The scheme has been submitted for planning approval which should be given shortly. Full design drawings have been completed and once planning permission is granted the project will start on site.		Ben Milligan	31-Dec-2018	31-Mar-2019

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
MCP-SM 001 HGV Unloading Operations 24-Feb-2015 Mark Sherlock	Cause: A lack of suitable and sufficient training and adequate management controls in relation to Heavy Goods Vehicle banksman activities undertaken by staff employed by Smithfield Market tenants. Event: Serious or life changing injury to members of the public, market staff and other service users caused by uncontrolled or unguided reversing vehicles. Effect: Realisation of this risk could result in a prosecution, fine and reputational damage for the City.	Likelihood  Impact	12	The bi-monthly audit of unloading operations has been pushed back to week commencing 14th Jan due to staffing levels. I will add an interim review with any significant findings once the audit has been completed. 08 Jan 2019	Likelihood  Impact	12	07-Jan-2019	 Constant

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CP-SM001k	Keep the risk under review.	Action date pushed back to Jan 18th due to audit date being moved.				08-Jan-2019	18-Jan-2019

PROJECT PROPOSAL:

Committees:		Dates:
Corporate Projects Board Projects Sub Markets Committee		30 January 2019
Subject: CCTV replacement – New Spitalfields Market (NSM)	Gateway 2 Project Proposal Light	Public
Unique Project Identifier: TBC		
Report of: Director of Markets and Consumer Protection Report Author: Ben Milligan		For Information

Recommendations

1. Next steps and Requested decisions	<p>Approval track: 3. Light</p> <table><tr><th>Cost \ Risk</th><th>Low</th><th>Medium</th><th>High</th></tr><tr><th>(£50k~£250k)</th><td>Light</td><td>Light</td><td>Regular</td></tr><tr><th>(£250k~£5m)</th><td>Regular</td><td>Regular</td><td>Complex</td></tr><tr><th>(£5m+)</th><td>Regular</td><td>Complex</td><td>Complex</td></tr></table> <p>Next Gateway: Gateway 5 - Authority to Start Work (Light)</p> <p>Next Steps:</p> <p>Open competitive tender.</p> <p>Requested Decisions:</p> <p>To tender for works that would amount to an approximation of £244,000 (based on soft market test).</p>	Cost \ Risk	Low	Medium	High	(£50k~£250k)	Light	Light	Regular	(£250k~£5m)	Regular	Regular	Complex	(£5m+)	Regular	Complex	Complex
Cost \ Risk	Low	Medium	High														
(£50k~£250k)	Light	Light	Regular														
(£250k~£5m)	Regular	Regular	Complex														
(£5m+)	Regular	Complex	Complex														
2. Resource requirements to reach next Gateway	<table><tr><th>Item</th><th>Reason</th><th>Funds/ Source of Funding</th><th>Cost (£)</th></tr><tr><td>N/A</td><td></td><td></td><td></td></tr></table>	Item	Reason	Funds/ Source of Funding	Cost (£)	N/A											
Item	Reason	Funds/ Source of Funding	Cost (£)														
N/A																	
3. Governance arrangements	<ul style="list-style-type: none">Markets CommitteeDavid Smith – Director of Markets and Consumer Protection (Chief Officer)																

	<ul style="list-style-type: none"> Project board will not be appropriate. Town Clerk advises that this is an operational matter being procured through the light pathway which requires Chief Officer approval. There will be an open tender. It is therefore compliant with procurement rules. The funds will be realised from the New Spitalfields Market Repair and Maintenance fund – a ring fenced budget that is funded by the market tenants. The balance equals £750,000 presently. The City will not fund any part of the project. The Spitalfields Market Tenant's Association (SpMTA) endorse the works. Further work is being carried out at the City's two other wholesale markets to ascertain if there could be benefits under an economy of scale.
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Project Summary

4. Context	<ol style="list-style-type: none"> 1) The Market Constabulary at New Spitalfields Market are responsible for safety, security, investigation and enforcement of local policies, i.e. over trading, fly-tipping, smoking, traffic, waste disposal, fork lift truck operations, accident investigation, incident co-ordination, etc. 2) An effective CCTV system is a critical tool for the Market Constabulary across a 32 acre site. Without an effective CCTV system the Constabulary's efforts are greatly restricted and the City of London's liability risk is significantly raised. 3) There are 86 cameras on site currently, however the existing analogue CCTV system is 14 years old and is plagued by equipment failures (at the time of writing 20 cameras and 2x Darlex were non-operational). Following enquiries the current system has been deemed obsolete and we have been advised that it cannot be repaired effectively. Also, the current system is technologically poor; the quality of footage captured is often of little use. 4) It is recommended here that a new CCTV system is installed with minimal delay to ensure the Market Constabulary can provide the service with which it is charged.
5. Brief description of project	<ol style="list-style-type: none"> 1) Full-scale design and reinstallation of current CCTV technology across the site in a phased process that will maintain CCTV coverage throughout the duration of the installation. 2) Cameras will be of higher quality, the user interface will be more intuitive for CCTV operators, and coverage of the site will be more extensive. The system will be networked, and wireless where possible.

6. Consequences if project not approved	1) If the project is not approved we run the very real risk that the current system will fail completely, and terminally, in the near future. This will increase risks associated with security on site, terror, fire safety, theft, assault etc. It will also decrease our abilities to enforce market rules and relevant legislation, it will increase risks associated with lone working staff, and reduce our ability to adequately report incidents or accidents. Our public liability would likely increase.
7. SMART Project Objectives	1) Increase in CCTV coverage of site – elimination of blind spots. 2) Increase in apprehension rate of fly tippers on site by 40%. 3) Decrease the level of waste in the car park by 50% (Currently costs approx. £40,000 per month).
8. Key Benefits	1) Increased security on site. 2) Elimination of waste being dumped in the car park through increased apprehension rate of flytippers/dumpers. 3) Better safeguarding of lone workers working night shifts across 32 acres. 4) Increased ability to track stolen or lost produce for tenants. 5) Better reporting of accidents and incidents. 6) Increased efficiency in the security function on site.
9. Project category	Choose an item. 1. Health and Safety
10. Project priority	Choose an item. A. Essential
11. Notable exclusions	None

Options Appraisal

12. Overview of options	1) Direct call-off from Tyco under current COL contracts – current contracts are for replacement of cameras only, not for replacement of the back-office solution or viewing deck. This option is not viable. 2) Competitive tender of ESPO contractors – This will be similar to an open tender in terms of time and will not necessarily aid in reducing costs as all tenderers will be held to framework prices. This will also reduce the number of potential tenderers. It is deemed that this option is not viable. 3) Open tender. This is deemed to be the most suitable option.
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Project Planning

13. Delivery Period and Key dates	<p>Overall project: 5 months, completion before May 2019</p> <p>Key dates:</p> <p>19th December 2018 – Chief Officer sign off.</p> <p>7th January 2019 – Publishing of open tender.</p> <p>11th February 2019 – Closing date of tender.</p> <p>25th February – Appointment of Contractor.</p> <p>11th March – Installation.</p> <p>12th April – Expected completion.</p> <p>Other works dates to coordinate:</p> <p>None</p>
14. Risk implications	<p>Overall project risk: Red</p> <p>Failure of the current system is a real possibility. Should it fail it would now no longer be repairable.</p>
15. Stakeholders and consultees	<ol style="list-style-type: none"> 1) Spitalfields Market Tenants Association 2) Procurement 3) Market and Departmental staff 4) City Surveyor 5) Chamberlain <p>There will be no equalities impact assessment required</p>

Resource Implications

16. Total estimated cost	<p>Likely cost range:</p> <p>£244,000 approximate installation cost.</p> <p>Year 2 maintenance cost £6,000 – to continue annually up to year 6. (Projected costs come from TYCO soft market project).</p>	
17. Funding strategy	<p>Choose 1:</p> <p>All funding fully guaranteed</p>	<p>Choose 1:</p> <p>External - Funded wholly by contributions from external third parties</p>

	Funds/Sources of Funding	Cost (£)
	New Spitalfields Market Repairs and Maintenance fund	£244,000
	Yr 2 maintenance	£10,800
	Yr 3 maintenance	£10,800
	Yr 4 maintenance	£10,800
	Yr 5 maintenance	£10,800
	Yr 6 maintenance	£10,800
	Total	£298,000
The fund contains £750,000 at the moment. The fund was specifically set up for this type of procurement.		
18. Investment appraisal	This is a critical spend. Many of the CCTV cameras are non-operational or of such a poor picture quality that images are indistinguishable. Coverage is sub-optimal and events are commonly off camera as many cameras are pan/tilt/zoom rather than 360°. There is a reliance on tenant cameras for useable imagery for incidents. A recent near-fatal accident where a freight driver is thought to have fallen out of his HGV was not visible on camera and subsequent CID investigations closed off this area of the market for a prolonged period of time. Reductions in fly tipping will reduce service charges by thousands of pounds every month. The Tenants Association have been consulted on the proposal, and they support the spend. It is expected that any system will have a 5-year shelf life due to tech advances and wear and tear which would align with any Market Consolidation timeline.	
19. Procurement strategy/Route to Market	The City of London has already reviewed CCTV provision in the square mile. A variation to the current City contract was not deemed possible. A direct ESPO call off with the company that installed the City's CCTV systems across the square mile (TYCO) was also not possible. As such there will be a full open procurement.	
20. Legal implications	None	
21. Corporate property implications	<ol style="list-style-type: none"> 1) There are no overlaps with what is currently underway with City surveyors. 2) The Department intends any contractor to carry out a similar exercise with the other two wholesale markets with a view to ensuring all markets meet operational needs, and to ensure economies of scale are made use of. 	
22. Traffic implications	None	

23. Sustainability and energy implications	None
24. IS implications	This will be a networked IP system that works as a New Spitalfields Market Network only. It will not feed into the CCTV systems across the square mile, but the option would be there for the future should we wish to pursue it.
25. Equality Impact Assessment	An equality impact assessment will not be undertaken
26. Data Protection Impact Assessment	1) The risk to personal data is high and a data protection impact assessment will be undertaken

Contact

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Committee(s):	Date:
Markets Committee	30.01.2019
Subject: PROPOSED REVENUE AND CAPITAL BUDGETS –2019/20	
Report of: The Chamberlain Interim Director of Consumer Protection & Market Operations	Public
Report Author: Leyla Dervish, Chamberlain's Department	For Decision

Summary

This report is the annual submission of the revenue and capital budgets overseen by your Committee. It seeks approval to the proposed revenue budget for 2019/20, for subsequent submission to the Finance Committee. Details of the Committee's draft capital budget are also provided. The budgets have been prepared within the resources allocated to the Director, including a 2% reduction for efficiency savings as well as a 2% allowance for inflation.

Business Planning Priorities

Business priorities for 2019/20 will focus on maintaining the high quality of service within cash limited resource allocation. Consultation with the respective Tenants' Associations on the level of services and their costs will be important to demonstrate value for money, whilst still ensuring that the City's responsibilities as landlord and property owner are protected.

Other priorities will include:

- Taking a full part in the Markets Consolidation Programme to drive the project forward;
- Ensuring, as far as possible, that any negative effects of Brexit on the Markets are minimised;
- Implementing efficiency measures where possible and seeking opportunities for increasing revenue from new or existing income streams;
- Improving risk management generally and, specifically, continuing to reduce health and safety risks at the Markets and minimising accidents;
- Improving the state of the infrastructure and cleaning standards at Billingsgate Market;
- Installing an Entry Barrier system at New Spitalfields Market in 2018/19 to improve control and generate additional service charge income in 2019/20;

- Working with the City Surveyor and the Museum of London on the project to relocate the Museum of London;
- Providing leadership and management training for our middle managers;
- Developing a workforce plan which ensures that our workforce has both the capability and resources to meet the business objectives.

Projects

- Following Consultation with the London Fish Merchants Association (LFMA), the Additional Facilities and Phase 2 of the Re-Roofing Projects at Billingsgate Market will remain 'on hold' but further discussions are underway with the LFMA to agree affordable improvements in the Market's infrastructure.
- The Spitalfields Entry Barrier Project has been initiated and will be progressed through Planning Permission from LB Waltham Forest, with the intention to complete it within 2018/19. It is being funded by the Markets Repairs and Repainting Fund and requires no City funding.

Table 1 Summary Revenue Budgets 2018/19 and 2019/20					
	Original Budget 2018/19 £'000 (A)	Latest Budget (LB) 2018/19 £'000 (B)	Movement Original 2018/19 to LB 2018/19 £'000 (A-B)	Proposed Budget 2019/20 £'000 (C)	Movement Original 2018/19 to Proposed 2019/20 £'000 (A-C)
Expenditure	(16,030)	(16,579)	(549)	(16,399)	(369)
Income	20,375	19,333	(1,042)	19,989	(386)
Net Surplus/(Deficit)	4,345	2,754	(1,591)	3,590	(755)
Support Services and Capital Charges	(2,250)	(2,685)	(435)	(2,669)	(419)
Total Net (Expenditure)/Income	2,095	69	(2,026)	921	(1,174)

Overall, the 2018/19 latest budget shows net income of £69,000, a decrease in net income of £2,026,000 compared to the original budget of £2,095,000. The main reasons for the change is listed below:

- (£1,061,000) decrease in customer and client receipts;
- (£634,000) increase in waste and cleaning contract costs;
- (£461,000) increase in central support services and capital charges;

- (£270,000) reduced transfer from reserves;
- (£84,000) increase in supplies and services;
- (£66,000) employment costs increase;
- (£18,000) increase in transport costs;
- (£1,000) in reduced investment income;
- £290,000 increase in other grants, reimbursements and contributions;
- £178,000 reduction in premises costs;
- £75,000 reduction relating to the re-phasing of the three year Cyclical Works Programme at Smithfield Market;
- £26,000 reduction in recharges across funds.

The 2019/20 proposed revenue budget shows a net surplus of £921,000, a decrease in net income of £1,174,000 compared with the original budget for 2018/19 of £2,095,000. The main reasons for this reduction are;

- (£716,000) increase in waste and cleaning contract costs;
- (£467,000) decrease in customer and client receipts;
- (£448,000) increase in central support services and capital charges;
- (£213,000) reduced transfer from reserves;
- (£122,000) increase in premises costs;
- (£113,000) employment costs increase;
- (£25,000) committee contingency has been added to the Directorate as a result of inflation adjustments within City's Cash;
- (£6,000) increase in supplies and services;
- (£1,000) decrease in investment income;
- £592,000 reduction relating to the re-phasing of the three year Cyclical Works Programme at Smithfield Market;
- £295,000 increase in other grants, reimbursements and contributions;
- £29,000 reductions in recharges across fund;
- £21,000 reduced transport costs.

Full detailed reasons for the variances are provided in the main body of the report.

Recommendations

The Committee is requested to:

- Note the latest 2018/19 budget and reasons for movement from the original budget.
- Review the proposed 2019/20 revenue budget to ensure it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee.
- Review and approve the draft capital budget.
- To delegate to the Chamberlain any minor budget changes for 2018/19 and 2019/20 as a result of the completion of the asset verification exercise.

Main Report

Background

1. The City of London Corporation owns and manages Billingsgate Market (fish) in Docklands, Smithfield Market (meat) in the City and New Spitalfields Market (fruit, vegetables and flowers) in Leyton. Smithfield and Billingsgate Markets are funded from City's Cash and New Spitalfields Market is funded from City Fund.
2. This report sets out the latest revenue budget and capital budgets for 2018/19 and the proposed revenue budgets and capital budgets for 2019/20. The revenue budget management arrangements are to:
 - Provide a clear distinction between local and central risk and recharge budgets;
 - Place responsibility for budgetary control on departmental Chief Officers;
 - Apply a cash limit policy to Chief Officers' budgets.
3. The latest budget for 2018/19 and the proposed revenue budget for 2019/20 has been analysed by service expenditure and compared with the original budget for 2018/19. The budgets are further analysed between:
 - Local Risk Budgets – these are deemed to be largely within the Chief Officer's control;
 - Central Risk Budgets – these are budgets comprising specific items where the Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside his/her control or are budgets of a corporate nature (e.g. interest on balances and rent from properties);
 - Support Services and Capital Charges – these cover budgets for activities provided by one service to another. The control of costs on these budgets is exercised at the point where the cost or income first arises as a local or central risk cost (e.g. Surveyors employee recharge).

4. In the various tables, expenditure and adverse variances are presented in brackets. Figures without brackets indicate an income item or a favourable variance. Significant variances (generally those greater than £50,000) are commented on but in accordance with this Committee's request, all adverse variances are commented on.

Latest Revenue Budget for 2018/19

5. Overall there is a decrease in net income between the Committee's original and latest budget for 2018/19 of £2,026,000. Table 1A and the paragraphs below summarise the movements between the original and latest budgets comprising this increase. A further analysis of local and central risk budgets by service is provided at Appendix 1A.

Expenditure

6. An increase in employment costs of £66,000 is due to an uplift of 2.45% for cost of living increases for grades A-C and a 2.00% increase for grades D and above plus a 4% increase in London weighting together with centrally provided budgets for backdated holiday pay, contribution pay and apprenticeship costs.
7. A decrease of £2,000 for local risk premises related costs is due to:
- i. New Spitalfields Market - Reduction of £294,000 due to:
 - £271,000 reduction in minor improvements works funded from the Repair and Repainting fund due to project re-phasing;
 - £11,000 reduction of CCTV costs with a new CCTV system due to be installed in 2019/20 which will not result in CCTV maintenance costs until 2020/21;
 - £8,000 reduction in energy costs due to lower than anticipated costs for the Carbon Reduction Commitment;
 - £5,000 reduction in business rates due to lower than expected costs;
 - (£1,000) increase in cleaning and domestic supply costs.
 - ii. Billingsgate Market - Reduction of £14,000 is due to a decrease of energy and water costs of £17,000. This is offset by an increase in rates costs of (£3,000).
 - iii. Smithfield Market - Increase of (£306,000) is due to:
 - (£119,000) agreed carry forwards relating to various premises related costs at the market;
 - (£122,000) increase in additional energy and utility costs as a result of energy price rises effective from October 2018;
 - (£72,000) increase in rates costs at the market;

- £5,000 decrease in general repairs and maintenance for the market and car park;
 - £2,000 decrease in the cost of cleaning and domestic supplies.
8. £176,000 decrease in central risk premises related costs is due to the £200,000 budget for service charge voids at Smithfield Market being removed as a result of the re-introduction of the cap on the Smithfield Service Charge account. This is offset by an increase in service charge voids at Billingsgate Market of (£17,000) and increased rates costs for the car park at Billingsgate Market of (£7,000).
 9. £75,000 decrease in repairs and maintenance costs managed by City Surveyor's is due to re-phasing of the three year Cyclical Works Programme of £81,000 at Smithfield Market which is offset by increases in the planned building, repair and maintenance works at all markets of (£6,000) as detailed in Table 2A.
 10. (£18,000) increase in local risk transport related costs is due to the purchase of a forklift truck at Billingsgate Market amounting to (£20,000). This will be partly funded by a grant covering 75% of the cost of the purchase of the vehicle. The increase in transport expenditure is offset by a £2,000 reduction at New Spitalfields Market in vehicle running costs.
 11. Increase in local risk supplies and services of (£3,000) is due to:
 - i. New Spitalfields Market - Decrease of £8,000 due to a reduction of £20,000 in publicity costs managed by the Spitalfields Market Tenants Association. This is offset by an increase of (£9,000) relating to health and safety equipment as a result of firefighting remedial works carried out at the market and an increase of (£3,000) in fees, services and hospitality costs due to additional professional fees;
 - ii. Billingsgate Market – Increase of (£9,000) due to additional professional fees for fire risk assessments and car park management fees;
 - iii. Smithfield Market – Reduction of £5,000 due to a decrease of £3,000 in the cost of furniture and equipment and a £2,000 decrease in printing, stationery and uniforms;
 - iv. Directorate – Increase of (£7,000) relating to software maintenance and support in connection with MICAD software.
 12. (£81,000) increase in central risk supplies and services due to an agreed carry forward of (£74,000) for the continuation of the lease negotiations at New Spitalfields Market as well as (£7,000) in computer licence fees and bank charges for the running of the car park at Billingsgate Market.
 13. (£634,000) increase in local risk waste and cleaning contract costs at New Spitalfields Market due to the changes in waste management at the market. The fixed element of the contract has increased by (£100,000), the recycling rebate

budget equates to (£98,000) and the variable element of the contract amounts to (£436,000). This is fully recoverable under the service charge.

Income

14. Decrease in total income between the original 2018/19 and latest 2018/19 budget totals (£1,042,000). Main variances include:

15. Overall reductions in local risk income of (£289,000) comprising:

i. New Spitalfields Market - increase of £347,000 due to:

- £421,000 increased service charge income;
- £288,000 relating to recycling rebate income from Countrystyle as well as income recharged to tenants as part of the waste and cleaning contract;
- £134,000 increased income relating to declared waste at the market;
- £24,000 in additional income for reimbursable works and firefighting remedial works;
- £17,000 income related to wayleaves and tolls;
- £8,000 increased utilities income as a result of energy price rises;
- (£271,000) reduced service charge transfers from the market reserves due to re-phasing of repairs as part of the 20-year plan funded from the repainting and repair fund;
- (£260,000) reduction in car parking and barrier admission income;
- (£14,000) reduction in income for licenses and certificates.

ii. Billingsgate Market – increase of £26,000 due to:

- £15,000 in grant income to fund the purchase of a forklift truck;
- £13,000 in additional income from water costs recharged to the tenants;
- £10,000 additional service charge income;
- £9,000 increase in filming income;
- £3,000 in additional income from sundry rents and pallet income;
- (£24,000) reduction in income from electricity costs recharged to tenants.

iii. Smithfield Market – decrease of (£662,000) due to:

- (£1,049,000) decrease in service charge income as a result of the extension of the cap on the Smithfield Service Charge account. This was previously agreed by Markets Committee;
- (£14,000) decrease in electricity and gas income;
- £290,000 added for rates income recharged to the tenants following the extension of the cap on the Smithfield Service Charge account;
- £83,000 increase in chilled and other water income recharged to the tenants;
- £18,000 increase in income from the Car Park;
- £10,000 increase in income from the Animal By-Product facility.

16. Central risk income has decreased by (£753,000) due to:

i. New Spitalfields Market - increase of £72,000 due to:

- £71,000 increase in additional rent income as a result of catering units lease renewals. This was previously agreed by Markets Committee on 07 November 2018;
- £1,000 increase in additional service charge income to fund additional central recharges and City Surveyor's costs.

ii. Billingsgate Market - decrease of (£10,000) due to (£19,000) in lower service charge income to fund reduced central recharges and City Surveyor's costs. This is offset by £9,000 in insurance income for the Satellite Unit.

iii. Smithfield Market – decrease of (£815,000) due to (£790,000) in reduced service charge income following the extension of the cap on the Smithfield Service Charge account as well a decrease of (£25,000) in rental income due to no further lettings at the Poultry Market as a result of the Museum of London re-location project.

Support Services and Capital Charges

17. A detailed breakdown of support services and capital charges can be seen at Appendix 2. The increase of (£435,000) between the 2018/19 original budget and 2018/19 latest budget is mainly due to:

- (£214,000) increase in additional central support recharges attributable to the following departments:
 - Comptroller and City Solicitor (£119,000)

- City Surveyor's (£41,000)
 - Chamberlain's (£40,000)
 - Town Clerk's (£14,000)
- (£199,000) increase in additional capital charges relating to New Spitalfields Market;
 - (£34,000) increase in additional IT and City Procurement recharges;
 - (£14,000) increase in insurance costs.

This is offset by additional income of £26,000 recharged by the Directorate to other areas of the Department of Markets & Consumer Protection.

The factors contributing to increased support services budgets include the following:

- Increases in employment costs as a result of the pay award;
- The volume of work undertaken in respect of the City's wholesale markets;
- The value of insurance commission generated by the Chamberlain's department has decreased resulting in higher recharges;
- Increases in resource budgets for City Procurement and IT.

TABLE 1A - MARKETS COMMITTEE SUMMARY – ALL FUNDS OR 2018/19 - LB 2018/19						
Analysis of Service Expenditure	Local or Central Risk	Actual 2017/18 £'000	Original Budget 2018/19 £'000	Latest Budget (LB) 2018/19 £'000	Movement Original 2018/19 to LB 2018/19 £'000	Para. Ref
EXPENDITURE						
Employees	L	(5,441)	(5,844)	(5,910)	(66)	6
Premises Related Expenses (see note i)	L	(4,312)	(4,891)	(4,889)	2	7
Premises Related Expenses (see note ii)	C	(164)	(347)	(171)	176	8
City Surveyor – Repairs & Maintenance	L	(1,371)	(1,655)	(1,580)	75	9
Transport Related Expenses	L	(79)	(77)	(95)	(18)	10
Supplies & Services (see note iii)	L	(1,123)	(1,022)	(1,025)	(3)	11
Supplies & Services (see note iv)	C	6	(94)	(175)	(81)	12
Waste & Cleaning Contract at New Spitalfields Market	L	(2,196)	(2,100)	(2,734)	(634)	13
Transfer to Reserves	L	(80)	0	0	0	
Committee Contingency	L	0	0	0	0	
Total Expenditure		(14,760)	(16,030)	(16,579)	(549)	
INCOME						
Other Grants, Reimbursements and Contribution	L	479	150	440	290	15
Other Grants, Reimbursements and Contribution	C	0	0	0	0	
Customer, Client Receipts (see note v)	L	11,350	12,782	12,474	(308)	15
Customer, Client Receipts (see note v)	C	1,444	2,249	1,495	(754)	16
Customer, Client Receipts (Rent)	C	4,787	4,865	4,866	1	16
Investment Income	L	5	3	2	(1)	15
Transfer from Service Charge Reserves	L	68	295	25	(270)	15
Transfer from Service Charge Reserves	C	9	31	31	0	
Total Income		18,142	20,375	19,333	(1,042)	
TOTAL (EXPENDITURE)/ INCOME BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		3,382	4,345	2,754	(1,591)	
SUPPORT SERVICES AND CAPITAL CHARGES						
Central Support Services and Capital Charges		(2,959)	(2,635)	(3,096)	(461)	17
Recharges within Committees		0	0	0	0	
Recharges within Fund		77	77	77	0	

Recharges Across Funds		332	308	334	26	17
Total Support Services and Capital Charges		(2,550)	(2,250)	(2,685)	(435)	
TOTAL NET (EXPENDITURE)/INCOME		832	2,095	69	(2,026)	

Notes - Examples of types of service expenditure: -

- (i) Premises Related Expenses, Local Risk (L) – includes repairs & maintenance, energy costs, rates, water services, cleaning and domestic supplies
- (ii) Premises Related Expenses, Central Risk (C) – estimated car park rates liability at Billingsgate Market
- (iii) Supplies and Services, Local Risk (L) – equipment, furniture, materials, uniforms, printing, stationary, professional fees, grants & subscriptions
- (iv) Supplies and Services, Central Risk (C) – current year estimates include rates and professional fees for Billingsgate Market
- (v) Customer, Client Receipts Local risk (L) – service charge and car parking income and reimbursements for electricity and water

Proposed Revenue Budget for 2019/20

18. The proposed 2019/20 budgets being presented to your Committee and under the control of the Interim Director of Consumer Protection & Market Operations have been prepared in accordance with the guidelines agreed by the Policy and Resources and Finance Committees. The budget has been prepared within the resources allocated to the Director.
19. Overall there is a decrease in net income of £1,174,000 compared with the original budget for 2018/19 of £2,095,000 between the Committee's 2018/19 and 2019/20 original budgets. Table 1B and the paragraphs below summarise the movements comprising this reduction. A further analysis of the local and central revenue budgets by service is provided in Appendix 1B.

Expenditure

20. Increase in employment costs of (£113,000) is due to an uplift of 2.45% for cost of living increases for grades A-C and a 2.00% increase for grades D and above plus a 4% increase in London weighting.
21. Increase of (£298,000) for local risk premises related costs is due to:
 - i. New Spitalfields Market – increase of (£72,000) due to:
 - (£200,000) budgeted contribution from the service charge to the tenants reserve fund. This will be achieved through the income generated from the entry barrier;
 - (£112,000) increase in additional energy costs as a result of energy price rises in both October 2018 and October 2019;
 - (£4,000) increase in cleaning and domestic supplies;

- £214,000 reduction in minor improvements works funded from the Repair and Repainting fund due to project re-phasing;
 - £15,000 reduction in Carbon Reduction Commitment costs;
 - £11,000 reduction of CCTV costs with a new CCTV system due to be installed in 2019/20 which will not result in CCTV maintenance costs until 2020/21;
 - £4,000 reduction in expected rates costs.
- ii. Billingsgate Market – increase of (£20,000) due to:
- (£18,000) increase in additional energy costs as a result of energy price rises;
 - (£5,000) increase in additional rates costs;
 - (£3,000) increase in additional water costs;
 - £6,000 decrease in cleaning and domestic supplies.
- iii. Smithfield Market – increase of (£206,000) due to:
- (£268,000) increase in additional utilities costs as a result of energy price rises;
 - (£81,000) increase in rates costs;
 - £129,000 decrease in locally managed repairs and maintenance works;
 - £14,000 decrease in cleaning and domestic supplies.
22. £176,000 decrease in premises related expenditure on central risk is due to a decrease of £200,000 in service voids for vacant premises as a result of the extension of the cap on the Smithfield Service Charge account. This is offset by an increase of (£17,000) in additional service charge voids for vacant premises and an increase of (£7,000) in rates costs at Billingsgate Market.
23. £592,000 decrease detailed on table 2B is due to re-phasing of the three year Cyclical Works Programme projects of £600,000 at Smithfield Market. This is offset by increases in reactive and planned works at all markets of (£8,000).
24. £21,000 decreased transport costs are due to the one-off purchase of a vehicle of £17,000 at Smithfield Market in 2018/19 as well as a reduction of £4,000 in general transport costs across all three markets.
25. £1,000 decrease in general local risk supplies and services.

26. Central risk supplies and services have increased by (£7,000) due to the creation of budgets for computer licence fees and bank charges for the running of the car park at Billingsgate Market.
27. (£716,000) increase in local risk waste and cleaning contract at New Spitalfields Market is due to the changes in waste management at the market. The fixed element of the contract has increased by (£166,000), the recycling rebate budget equates to (£101,000) and the variable element of the contract amounts to (£449,000). This is fully recoverable under the service charge.
28. A committee contingency budget of (£25,000) has been added to the Directorate local risk budget as a result of inflation adjustments within City's Cash.

Income

29. A decrease in total income between the original 2018/19 and the proposed 2019/20 budget totals (£386,000) as follows:
30. An increase of £345,000 in local risk income is due to the following:
- i. New Spitalfields Market – increase of £837,000:
 - £410,000 increase in income from the entry barrier to reflect the anticipated full year budget;
 - £288,000 recycling rebate income from Countrystyle as well as income recharged to tenants as part of the waste and cleaning contract;
 - £131,000 increased income relating to declared waste at the market;
 - £127,000 increase in additional service charge income recoverable from the tenants;
 - £53,000 increase in additional utilities income as a result of energy price rises;
 - £40,000 budget has been added for car parking permit income;
 - £17,000 of income relating to wayleaves and tolls;
 - £14,000 budget has been added for reimbursable works;
 - (£214,000) in reduced service charge transfers from the market reserves due to re-phasing of repairs forming part of the 20-year plan funded from the repainting and repair fund;
 - (£14,000) reduction in income for licenses and certificates;
 - (£15,000) in reduced income as a result of lower than anticipated Carbon Reduction Commitment costs.

- ii. Billingsgate Market – increase of £90,000 due to:
 - £59,000 increase in service charge income;
 - £15,000 increase in additional filming income;
 - £10,000 increase in utilities income recharged to the tenants;
 - £6,000 increase in income from pallets, locker rent, casual rent and public parking at the car park.
 - iii. Smithfield Market – decrease of (£582,000) due to:
 - (£1,049,000) decrease in service charge income due to the extension of the cap on the Smithfield Service Charge account;
 - (£33,000) decrease in income from security and reimbursable works charged to commercial tenants. This variance is due to the budget for 2018/19 including one-off tanking works;
 - (£5,000) decrease in sundry service charge income;
 - £295,000 budget has been added for rates income recharged to the tenants following the extension of the cap on the Smithfield Service Charge account;
 - £99,000 increase in additional water income recharged to tenants;
 - £69,000 increase in additional energy income recharged to tenants as a result of energy price rises;
 - £32,000 increase in income from the Rotunda Car Park;
 - £10,000 increase in additional income for the Animal By-Product facility.
31. Decrease in central risk income of (£731,000) comprising:
- i. New Spitalfields Market – increase of £79,000 due to:
 - £71,000 additional rent income as a result of lease renewals from the catering units. This was previously agreed by Markets Committee in November 2018;
 - £8,000 increase in service charge income.
 - ii. Billingsgate Market – increase of £5,000 due to:

- £13,000 increase in income from car parking and insurance recharges relating to the Satellite Unit;
- (£8,000) decrease in service charge income.

iii. Smithfield Market – decrease of (£815,000) due to:

- (£790,000) decrease in service charge income due to the extension of the cap on the Smithfield Service Charge account;
- (£25,000) decrease in rent income is due to no further lettings at the Poultry Market as a result of the Museum of London re-location project.

Support Services and Capital Charges

32. A detailed breakdown of support services and capital charges can be seen at Appendix 2. The increase of (£419,000) between 2018/19 original budget and 2019/20 original budget is mainly due to:

- (£218,000) in additional central support recharges is attributable to the following departments:
 - Comptroller and City Solicitor (£114,000)
 - Chamberlain (£45,000)
 - City Surveyor (£42,000)
 - Town Clerk (£17,000)
- (£170,000) in additional capital charges relating to New Spitalfields Market;
- (£49,000) increase in insurance costs;
- (£10,000) in additional IT and City Procurement recharges;
- (£2,000) increase in City Surveyor's Employee recharges.

This is offset by additional income of £29,000 recharged by the Directorate to other areas of the Department of Markets & Consumer Protection as well as a £1,000 decrease in recharges for administrative buildings.

The factors contributing to increased support services budgets include the following:

- Increases in employment costs as a result of the pay award;
- The volume of work undertaken in respect of the City's wholesale markets;
- The value of insurance commission generated by the Chamberlain's department has decreased resulting in higher recharges;
- Increases in resource budgets for City Procurement and IT.

TABLE 1B - MARKETS COMMITTEE SUMMARY – ALL FUNDS OR 2018/19 to OR 2019/20						
Analysis of Service Expenditure	Local or Central Risk	Actual 2017/18 £'000	Original Budget 2018/19 £'000	Original Budget 2019/20 £'000	Movement Original 2018/19 to Original 2019/20 £'000	Para. Ref
EXPENDITURE						
Employees	L	(5,441)	(5,844)	(5,957)	(113)	20
Premises Related Expenses (see note i)	L	(4,312)	(4,891)	(5,189)	(298)	21
Premises Related Expenses (see note ii)	C	(164)	(347)	(171)	176	22
City Surveyor – Repairs & Maintenance	L	(1,371)	(1,655)	(1,063)	592	23
Transport Related Expenses	L	(79)	(77)	(56)	21	24
Supplies & Services (see note iii)	L	(1,123)	(1,022)	(1,021)	1	25
Supplies & Services (see note iv)	C	6	(94)	(101)	(7)	26
Waste & Cleaning Contract at New Spitalfields Market	L	(2,196)	(2,100)	(2,816)	(716)	27
Transfer to Reserves	L	(80)	0	0	0	
Committee Contingency	L	0	0	(25)	(25)	28
Total Expenditure		(14,760)	(16,030)	(16,399)	(369)	
INCOME						
Other Grants, Reimbursements and Contribution	L	479	150	445	295	30
Other Grants, Reimbursements and Contribution	C	0	0	0	0	
Customer, Client Receipts (see note v)	L	11,350	12,782	13,046	264	30
Customer, Client Receipts (see note v)	C	1,444	2,249	1,517	(732)	31
Customer, Client Receipts (Rent)	C	4,787	4,865	4,866	1	31
Investment Income	L	5	3	2	(1)	30
Transfer from Service Charge Reserves	L	68	295	82	(213)	30
Transfer from Service Charge Reserves	C	9	31	31	0	
Total Income		18,142	20,375	19,989	(386)	
TOTAL (EXPENDITURE)/ INCOME BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		3,382	4,345	3,590	(755)	
SUPPORT SERVICES AND CAPITAL CHARGES						
Central Support Services and Capital Charges		(2,959)	(2,635)	(3,083)	(448)	32
Recharges within Committees		0	0	0	0	

Recharges within Fund		77	77	77	0	
Recharges Across Funds		332	308	337	29	32
Total Support Services and Capital Charges		(2,550)	(2,250)	(2,669)	(419)	
TOTAL NET (EXPENDITURE)/INCOME		832	2,095	921	(1,174)	

City Surveyors Local Risk

33. The decrease of £75,000 between original and latest budget for 2018/19 for the three year phasing of the Cyclical Works Programme reflects changes in the composition and re-phasing of the works as outlined in Table 2A below:

TABLE 2A - CITY SURVEYOR LOCAL RISK OR 2018/19 - LB 2018/19			
	Original Budget 2018/19	Latest Budget 2018/19	Movement
Repairs and Maintenance	£'000	£'000	£'000
Cyclical Works Programme (Smithfield Market only)	(890)	(809)	81
Planned, Re-active & Cyclical Works			
Billingsgate Market	(184)	(162)	22
Smithfield Market	(490)	(506)	(16)
New Spitalfields Market	(91)	(103)	(12)
Total City Surveyor	(1,655)	(1,580)	75

34. The decrease of £592,000 between original 2018/19 and original 2019/20 budget for the three year phasing of the Cyclical Works Programme reflects changes in the composition and re-phasing of the works as outlined in Table 2B below:

TABLE 2B - CITY SURVEYOR LOCAL RISK OR 2018/19 - OR 2019/20			
	Original Budget 2018/19	Original Budget 2019/20	Movement
Repairs and Maintenance	£'000	£'000	£'000
Cyclical Works Programme (Smithfield Market only)	(890)	(290)	600
Planned, Re-active & Cyclical Works			

Billingsgate Market	(184)	(163)	21
Smithfield Market	(490)	(507)	(17)
New Spitalfields Market	(91)	(103)	(12)
Total City Surveyor	(1,655)	(1,063)	592

35. The main elements for the decrease in the Cyclical Works Programme in 2019/20, which is for Smithfield Market only, is that the value of work identified in the forward maintenance 20-year plan for the latest budget for 2018/19 and 2019/20 has been re-phased in comparison with the combined value of various programmes in the original estimate for 2018/19.

Manpower Statement

36. Analysis of the movement in manpower and related staff costs are illustrated in Table 3.

Table 3 - Manpower Statement OR 2018/19 - OR 2019/20				
	Original Budget 2018/19		Original Budget 2019/20	
	Manpower Full-time Equivalent	Estimated Cost £'000	Manpower Full-time Equivalent	Estimated Cost £'000
Directorate	5.4	(449)	5.4	(450)
New Spitalfields Market	34.0	(1,610)	35.0	(1,682)
Smithfield Market	46.0	(1,985)	44.0	(1,961)
Billingsgate Market	38.5	(1,800)	39.0	(1,864)
Total Markets	123.9	(5,844)	123.4	(5,957)

Potential Further Budget Developments

37. The provisional nature of the 2019/20 revenue budget recognises that further revisions may be required, particularly in relation to:

- Decisions on funding of the Cyclical Works Programme by the Resource Allocation Sub Committee;
- Capital and depreciation charges, central and department recharges, which have not yet been finalised for the forthcoming year.

Forecast Outturn 2018/19

38. The forecast outturn for the current year is projected to exceed the latest budget by approximately £104,000 due to higher income than expected from the Rotunda Car Park at Smithfield Market, filming at Billingsgate Market and rent for Smithfield Outside Properties.

Members Format – Operating Summary

39. Members have, in the past, expressed interest in the financial performance of the individual Wholesale Markets (i.e. excluding the car park and outside properties at Smithfield). This is set out in Appendix 3.
40. There is an overall net income to the City of London Corporation for operating the Markets of £984,000 in 2019/20. The net income is higher than the overall Committee total of £921,000 as the excluded items produced a net cost of £63,000. The overall Market net income for 2019/20 includes costs for capital depreciation charges of (£1,075,000).
41. Appendix 4A and 4B details the reasons for all adverse variances and favourable variances over £50,000.

Draft Capital Depreciation Budget

42. The City of London Corporation has adopted the Generally Accepted Accounting Practices UK (UK GAAP) which has resulted in the notional capital costs at New Spitalfields Market, Smithfield Market and Billingsgate Market being written down and depreciation of the building and plant being charged to the revenue account. The charges for 2019/20 are:

Table 4 - Annual Capital Depreciation Charges	
Market	£'000
New Spitalfields Market	(859)
Billingsgate Market	(117)
Smithfield Market	(99)
Total Markets	(1,075)

Draft Capital and Supplementary Revenue Budgets

43. The latest estimated costs for the Committee's draft capital and supplementary revenue projects are summarised in the Table below:

Service Managed	Project	Ex. Pre April 2018 £'000	2018/19 £'000	2019/20 £'000	Later Years £'000	Total £'000
Pre-implementation						
Smithfield Market	Poultry Market Repairs	(1,144)	(123)			(1,267)
New Spitalfields Market	Entry Barrier	-	(276)			(276)

Total Markets		(1,144)	(399)			(1,543)
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44. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work. It should be noted that the above figures exclude the implementation costs of those schemes which have yet to receive authority to start work.
45. At Smithfield Market the Poultry Market Repairs project, in its original scope, has been suspended as the building is to be occupied by the Museum of London (subject to negotiation with the SMTA).
46. The installation of the barrier at New Spitalfields Market to control access to the site is due to complete in the current financial year.
47. In addition to the above, approval in principle has also been given to the relocation of the three wholesale markets from their current locations to a single new site. Funding of £2m has been provided for the preparation of a feasibility and business case which is to be presented to the relevant committees early in 2019.
48. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2019.

Appendices

- **Appendix 1A** – Analysis by Service Managed OR 2018/19 – LB 2018/19
- **Appendix 1B** – Analysis by Service Managed OR 2018/19 – OR 2019/20
- **Appendix 2** – Support Services and Capital Charges from/to Markets Committee
- **Appendix 3** – Operating Statement OR 2018/19 to LB 2018/19 to OR 2019/20
- **Appendix 4A** – Operating Statement Variance Notes OR 2018/19 to LB 2018/19
- **Appendix 4B** – Operating Statement Variance Notes OR 2018/19 to OR 2019/20

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Appendix 1A - Analysis by Service Managed OR 2018/19 - LB 2018/19				
	Actual 2017/18 £'000	Original Budget 2018/19 £'000	Latest Budget (LB) 2018/19 £'000	Movement OR 2018/19 - LB 2018/19 £'000
CITY FUND				
New Spitalfields Market				
Service Charge Account	(12)	(21)	(21)	0
Non-Service Charge Account	1,081	1,204	861	(343)
Repairing and Repairs Fund	0	0	0	0
Total New Spitalfields Market	1,069	1,183	840	(343)
TOTAL CITY FUND	1,069	1,183	840	(343)
CITY'S CASH				
Smithfield Market				
Service Charge Account	(1,414)	0	(1,601)	(1,601)
Non-Service Charge Account	190	(174)	14	188
Other Services	131	55	(61)	(116)
Total Smithfield Market	(1,093)	(119)	(1,648)	(1,529)
Billingsgate Market				
Service Charge Account	0	0	0	0
Non-Service Charge Account	856	1,031	877	(154)
Repairing and Special Works Account	0	0	0	0
Total Billingsgate Market	856	1,031	877	(154)
Markets Directorate	0	0	0	0
TOTAL CITY'S CASH	(237)	912	(771)	(1,683)
TOTAL	832	2,095	69	(2,026)

Appendix 1B - Analysis by Service Managed OR 2018/19- OR 2019/20				
	Actual 2017/18 £'000	Original Budget 2018/19 £'000	Original Budget 2019/20 £'000	Movement OR 2018/19 - OR 2019/20 £'000
CITY FUND				
New Spitalfields Market				
Service Charge Account	(12)	(21)	(21)	0
City Account	1,081	1,204	1,008	(196)
Repairing and Repairs Fund	0	0	0	0
Total New Spitalfields Market	1,069	1,183	987	(196)
TOTAL CITY FUND	1,069	1,183	987	(196)
CITY'S CASH				
Smithfield Market				
Service Charge Account	(1,414)	0	(1,629)	(1,629)
Non-Service Charge Account	190	(174)	710	884
Other Services	131	55	(63)	(118)
Total Smithfield Market	(1,093)	(119)	(982)	(863)
Billingsgate Market				
Service Charge Account	0	0	0	0
Non-Service Charge Account	856	1,031	916	(115)
Repairing and Special Works Account	0	0	0	0
Total Billingsgate Market	856	1,031	916	(115)
Markets Directorate	0	0	0	0
TOTAL CITY'S CASH	(237)	912	(66)	(978)
TOTAL	832	2,095	921	(1,174)

Appendix 2 - Support Service and Capital Charges from/to Markets Committee				
	Actual 2017/18	Original Budget 2018/19	Latest Budget (LB) 2018/19	Original Budget 2019/20
	£'000	£'000	£'000	£'000
Support Service and Capital Charges				
Administrative Buildings	(36)	(40)	(38)	(39)
City Surveyor's Employee Recharge	(235)	(225)	(227)	(227)
Premises Insurance	(474)	(476)	(500)	(533)
Transport Insurance	(3)	(5)	(1)	(1)
Liability Insurance	(28)	(36)	(26)	(27)
Engineering Insurance	(15)	(8)	(12)	(13)
Film Liaison-Legal Fees	(10)	0	0	0
IS Recharges – Chamberlain	(317)	(300)	(319)	(295)
City Procurement Recharges - Chamberlain	(67)	(54)	(69)	(69)
Capital Charges	(951)	(905)	(1,104)	(1,075)
Support Services				
Chamberlain	(355)	(287)	(327)	(332)
Comptroller and City Solicitor	(149)	(29)	(148)	(143)
Town Clerk	(200)	(190)	(204)	(207)
City Surveyor	(119)	(80)	(121)	(122)
Sub-total Support Services and Capital Charges	(2,959)	(2,635)	(3,096)	(3,083)
Recharges Within Funds				
Corporate and Democratic Core – Finance Committee	77	77	77	77
Recharges Across Funds				
Directorate Recharge - Markets – City Fund	0	0	0	0
Directorate Recharge – Licensing Committee	19	19	20	21
Directorate Recharge – Port Health and Environmental Services Committee	313	289	314	316

TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	(2,550)	(2,250)	(2,685)	(2,669)
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Wholesale Markets Operating Statement 2018/19 LB and 2019/20 OR

APPENDIX 3

	New Spitalfields Market									Billingsgate Market									Smithfield Market									Total Wholesale Markets								
	Actual	Original Budget OR	Latest Budget LB	Variance OR-LB	Percentage Increase/Decrease OR-LB	Original Budget	Variance OR-OR	Percentage Increase/Decrease OR-OR	Notes	Actual	Original Budget OR	Latest Budget LB	Variance OR-LB	Percentage Increase/Decrease OR-LB	Original Budget	Variance OR-OR	Percentage Increase/Decrease OR-OR	Notes	Actual	Original Budget OR	Latest Budget LB	Variance OR-LB	Percentage Increase/Decrease OR-LB	Original Budget	Variance OR-OR	Percentage Increase/Decrease OR-OR	Notes	Actual	Original Budget OR	Latest Budget LB	Variance OR-LB	Percentage Increase/Decrease OR-LB	Original Budget	Variance OR-OR	Percentage Increase/Decrease OR-OR	Notes
	2017-18 £'000	2018-19 £'000	2018-19 £'000	£'000	%	2019-20 £'000	£'000	%		2017-18 £'000	2018-19 £'000	2018-19 £'000	£'000	%	2019-20 £'000	£'000	%		2017-18 £'000	2018-19 £'000	2018-19 £'000	£'000	%	2019-20 £'000	£'000	%		2017-18 £'000	2018-19 £'000	2018-19 £'000	£'000	%	2019-20 £'000	£'000	%	
Operating Expenditure:																																				
Employment Costs (basic pay, NI, pension, overtime, training and recruitment advertising)	(1,424)	(1,610)	(1,667)	(57)	(4)	(1,682)	(72)	(4)	1, 17	(1,751)	(1,800)	(1,838)	(38)	(2)	(1,864)	(64)	(4)	9, 24	(1,820)	(1,985)	(1,947)	38	2	(1,961)	24	1		(4,995)	(5,395)	(5,452)	(57)	(1)	(5,507)	(112)	(2)	
Premises (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials)	(1,192)	(1,607)	(1,326)	281	17	(1,699)	(92)	(6)	2, 18	(1,097)	(1,359)	(1,345)	14	1	(1,387)	(28)	(2)	25	(3,182)	(3,996)	(3,923)	73	2	(3,320)	676	17	13, 29	(5,471)	(6,962)	(6,594)	368	5	(6,406)	556	8	
Transport (Vehicle running costs, congestion charge and travel costs)	(3)	(4)	(2)	2	50	(2)	2	50		(73)	(52)	(72)	(20)	(38)	(51)	1	2	10	(2)	(20)	(20)	0	0	(2)	18	90		(78)	(76)	(94)	(18)	(24)	(55)	21	28	
Supplies and Services (Refuse collection, Equipment hire/maintenance and purchase, uniforms and clothing, communication and office expenses)	(148)	(166)	(232)	(66)	(40)	(146)	20	12	3	(72)	(127)	(143)	(16)	(13)	(141)	(14)	(11)	11, 26	(385)	(470)	(461)	9	2	(469)	1	0		(604)	(763)	(836)	(73)	(10)	(756)	7	1	
Waste and Recycling Contract	(2,196)	(2,100)	(2,734)	(634)	(30)	(2,816)	(716)	(34)	4, 19	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0		(2,196)	(2,100)	(2,734)	(634)	(30)	(2,816)	(716)	(34)	
Total Operating Expenditure	(4,963)	(5,487)	(5,961)	(474)	(9)	(6,345)	(858)	(16)		(2,993)	(3,338)	(3,398)	(60)	(2)	(3,443)	(105)	(3)		(5,389)	(6,471)	(6,351)	120	2	(5,752)	719	11		(13,344)	(15,296)	(15,710)	(414)	(3)	(15,540)	(244)	(2)	
Operating Income:																																				
Rent	2,048	2,031	2,102	71	3	2,102	71	3	5, 20	979	972	972	0	0	972	0	0		1,668	1,729	1,704	(25)	(1)	1,704	(25)	(1)	14, 30	4,694	4,732	4,778	46	1	4,778	46	1	
Charges on Services (Service charge income, filming, car parking, insurance, advertising, guarding, wayleaves and tolls, reimbursement of directly recovered costs and interest income, contributions to repair fund)	5,152	5,332	5,951	619	12	6,391	1,059	20	6, 21	3,510	3,880	3,880	0	0	3,975	95	2	27	3,508	5,254	3,784	(1,470)	(28)	3,850	(1,404)	(27)	15, 31	12,170	14,466	13,615	(851)	(6)	14,216	(250)	(2)	
Total Operating Income	7,200	7,363	8,053	690	9	8,493	1,130	15		4,489	4,852	4,852	0	0	4,947	95	2		5,176	6,983	5,488	(1,495)	(21)	5,554	(1,429)	(20)		16,864	19,198	18,393	(805)	(4)	18,994	(204)	(0)	
Net Operating (Expenditure)/Income	2,237	1,876	2,092	216	12	2,148	272	14		1,496	1,514	1,454	(60)	(4)	1,504	(10)	(1)		(213)	512	(863)	(1,375)	(269)	(198)	(710)	(139)		3,520	3,902	2,683	(1,219)	(31)	3,454	(448)	(11)	
Central Costs:																																				
Capital Charges and Depreciation	(677)	(689)	(888)	(199)	(29)	(859)	(170)	(25)	7, 22	(159)	(117)	(117)	0	0	(117)	0	0		(115)	(99)	(99)	0	0	(99)	0	0		(950)	(905)	(1,104)	(199)	(22)	(1,075)	(170)	(19)	
Other Central Costs (Transfer to and from reserves to fund repairs and works including non-government grants, support costs and Directorate apportionment)	(491)	(4)	(364)	(360)	(9,000)	(302)	(298)	(7,450)	8, 23	(481)	(366)	(460)	(94)	(26)	(471)	(105)	(29)	12, 28	(897)	(587)	(625)	(38)	(6)	(622)	(35)	(6)	16, 32	(1,869)	(957)	(1,449)	(492)	(51)	(1,395)	(438)	(46)	
Total Central Costs	(1,168)	(693)	(1,252)	(559)	(81)	(1,161)	(468)	(68)		(640)	(483)	(577)	(94)	1	(588)	(105)	(22)		(1,012)	(686)	(724)	(38)	(6)	(721)	(35)	(5)		(2,819)	(1,862)	(2,553)	(691)	(37)	(2,470)	(608)	(33)	
Total Market (Expenditure)/Income	1,069	1,183	840	(343)	(29)	987	(196)	(17)		856	1,031	877	(154)	(15)	916	(115)	(11)		(1,225)	(174)	(1,587)	(1,413)	(812)	(919)	(745)	(428)		701	2,040	130	(1,910)	(94)	984	(1,056)	(52)	

NOTE: The above operating statement excludes expenditure and income related to the Directorate and Smithfield Car Park and Outside Properties

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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 Statement which is attached at Appendix 3. The summary compares the Original 2018/19 to the 2018/19 Latest Budget (LB). Brackets on the summary signify an expenditure item or an adverse variance. Figures without brackets indicate an income item or a favourable variance.

<u>New Spitalfields Market</u>	<u>Description</u>	<u>2018/19 OR to LB 2018/19 Variance</u>
<u>Note Number</u>		
	Expenditure	
1	Employment Costs	The increase of (£57,000), (4%) is due to an increase of 2.45% for cost of living increases for grades A-C and a 2.00% increase for grades D and above plus a 4% increase in London weighting costs together with centrally provided budgets for backdated holiday pay, contribution pay and apprenticeship costs.
2	Premises	<p>The decrease of £281,000, 17% is due to:</p> <ul style="list-style-type: none"> • £271,000 reduction in minor improvements works funded from the Repair and Repainting Fund due to the re-phasing of works managed by City Surveyor's; • £11,000 reduction of CCTV costs with a new CCTV system due to be installed in 2019/20 which will not result in CCTV maintenance costs until 2020/21; • £8,000 reduction in energy expenditure due to lower than anticipated costs for the Carbon Reduction Commitment; • £5,000 reduction in business rates due to lower than expected costs; • (£12,000) increase in costs relating to the Building Repairs and Maintenance contract managed by Skanska; • (£1,000) increase in insurance costs;

		<ul style="list-style-type: none"> • (£1,000) increase in cleaning and domestic supplies.
3	Supplies and Services	<p>The increase of (£66,000), (40%), is due to:</p> <ul style="list-style-type: none"> • (£74,000) increase which was agreed as a central risk carry forward for the continuation of the lease negotiations at New Spitalfields Market; • (£9,000) increase in health and safety equipment as a result of firefighting remedial works carried out at the market; • (£3,000) increase as a result of additional professional fees. <p>This is offset by a reduction of £20,000 in publicity costs.</p>
4	Waste Recycling Contract and	<p>The increase of (£634,000), (30%) is due to changes in waste management at the market. The fixed element of the contract has increased by (£100,000), the recycling rebate budget equates to (£98,000) and the variable element of the contract amounts to (£436,000). These costs are fully recoverable under the service charge.</p>
	Income	
5	Rent	<p>The increase of £71,000, 3% is due to additional rent income as a result of lease renewals from the catering units. This was previously agreed by Markets Committee in November 2018.</p>
6	Charges for Services	<p>The increase in income of £619,000, 12%, is due to:</p> <ul style="list-style-type: none"> • £422,000 increased service charge income; • £288,000 income relating to recycling rebates from Countrystyle as well as income recharged to tenants as part of the waste and cleaning contract; • £134,000 increased income as a result of higher levels of declared waste at the market; • £24,000 in additional income from reimbursable works and firefighting remedial works recharged to the tenants;

		<ul style="list-style-type: none"> • £17,000 of additional income related to wayleaves and tolls; • £8,000 increased utility income as a result of energy price rises; • (£260,000) reduction in car parking and barrier admission income; • (£14,000) reduction in income for licenses and certificates.
7	Capital Charges and Depreciation	Increased depreciation of (£199,000), (29%) is due to a (£208,000) increase in capital charges for operational buildings. This is offset by a £9,000 reduction in equipment depreciation.
8	Other Central Costs	<p>The (£360,000), (9,000%) increase is due to:</p> <ul style="list-style-type: none"> • (£271,000) reduced service charge transfers from the market reserves due to re-phasing of repairs as part of the 20-year plan funded from the Repainting and Repair Fund; • (£89,000) increase in central support recharges; • (£5,000) increase in IT recharges; • (£2,000) increase in City Procurement recharges. <p>This is offset by reduced Directorate recharges of £7,000.</p>

<u>Billingsgate Market</u>	<u>Description</u>	<u>2018/19 OR to LB 2018/19 Variance</u>
<u>Note Number</u>	<u>Expenditure</u>	
9	Employment Costs	The increase of (£38,000), (2%) is due to an increase of 2.45% for cost of living increases for grades A-C and a 2.00% increase for grades D and above plus a 4% increase in London weighting costs together with centrally provided budgets for backdated holiday pay and contribution pay.
10	Transport	The increase of (£20,000), (38%) is due to the purchase of a forklift truck for use at the market.

11	Supplies and Services	<p>The increase in supplies and services of (£16,000), (13%) is due to:</p> <ul style="list-style-type: none"> • (£9,000) increase in additional professional fees for fire risk assessments and car park management fees; • (£7,000) increase relating to computer licence fees and bank charges for the running of the car park; • (£2,000) increase in equipment costs. <p>This is offset by a decrease of £2,000 in advertising costs.</p>
12	Other Central Costs	<p>There is an increase of (£94,000), (26%) due to:</p> <ul style="list-style-type: none"> • (£91,000) increase due to increased central support recharges; • (£6,000) increase in City Procurement recharges; • (£6,000) increase in IT recharges; • (£6,000) increase in Directorate recharges. <p>This is offset by £15,000 in grant income to cover 75% of the expenditure for the purchase of a forklift truck.</p>

<u>Smithfield Market</u>	<u>Description</u>	<u>2018/19 OR to LB 2018/19 Variance</u>
<u>Note Number</u>	<u>Expenditure</u>	
13	Premises	<p>The £73,000, 2% decrease is due to:</p> <ul style="list-style-type: none"> • £200,000 decrease in service voids for vacant premises as a result of the extension of the cap on the Smithfield Service Charge account; • £126,000 decrease in costs due to the re-phasing of works as part of the Additional Works Programme and Cyclical Works Programme;

		<ul style="list-style-type: none"> • £51,000 decrease in costs managed by City Surveyor's relating to the Building Repairs and Maintenance contract delivered by Skanska; • £6,000 decrease in general repairs and maintenance; • £2,000 decrease in the cost of cleaning and domestic supplies; • (£119,000) agreed carry forwards relating to various premises related costs at the market; • (£109,000) increase in additional energy and utility costs as a result of energy price rises effective from October 2018; • (£72,000) increase in rates costs at the market; • (£12,000) increase in insurance costs.
	INCOME	
14	Rent	The decrease of (£25,000), (1%) is due to no further lettings at the Poultry Market as a result of the Museum of London re-location project.
15	Charges for Services	<p>The decrease of (£1,470,000), (28%) is due to:</p> <ul style="list-style-type: none"> • (£1,839,000) decrease in service charge income due to the extension of the cap on the Smithfield Service Charge account which was previously approved by Markets Committee; • (£14,000) decrease in electricity and gas income; • £290,000 budget has been added for rates income recharged to the tenants following the extension of the cap on the Smithfield Service Charge account; • £83,000 increase in chilled and other water income recharged to the tenants; • £10,000 increase in income from the Animal By-Product facility.
16	Other Central Costs	<p>The increase of (£38,000), (6%) is due to:</p> <ul style="list-style-type: none"> • (£33,000) increase in central support recharges;

		<ul style="list-style-type: none"> • (£6,000) increase in City Procurement recharges; • (£6,000) increase in IT recharges; • £6,000 decrease in Directorate recharges; • £1,000 decrease in City Surveyor's recharges.
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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 Statement which is attached at Appendix 3. The summary compares the Original 2018/19 Budget to the Original 2019/20 Budget. Brackets on the summary signify an expenditure item or an adverse variance. Figures without brackets indicate an income item or a favourable variance.

<u>New Spitalfields Market</u>	<u>Description</u>	<u>2018/19 OR to 2019/20 OR Variance</u>
<u>Note Number</u>		
	Expenditure	
17	Employment Costs	The increase in costs of (£72,000), (4%) is due to an increase of 2.45% for cost of living increases for grades A-C and a 2.00% increase for grades D and above plus a 4% increase in London weighting costs.
18	Premises	<p>The increase in costs of (£92,000), (6%), is due to:</p> <ul style="list-style-type: none"> • (£200,000) budgeted contribution from the service charge to the tenants' reserve fund. This will be achieved through the income generated from the entry barrier; • (£112,000) increase in additional energy costs as a result of energy price rises in both October 2018 and October 2019; • (£12,000) increase in costs managed by City Surveyor's in relation to the Buildings Repairs and Maintenance contract delivered by Skanska; • (£8,000) increase in additional insurance costs; • (£4,000) increase in cleaning and domestic supplies; • £214,000 reduction in minor improvement works funded from the Repair and Repainting Fund due to the re-phasing of works managed by City Surveyor's;

		<ul style="list-style-type: none"> • £15,000 reduction in Carbon Reduction Commitment costs; • £11,000 reduction in CCTV costs with a new CCTV system due to be installed in 2019/20 which will result in no maintenance costs until 2020/21; • £4,000 reduction in expected rates costs.
19	Waste and Recycling Contract	The (£716,000), (34%) increase in costs is due to the changes in waste management at the market. The fixed element of the contract has increased by (£166,000), the recycling rebate budget equates to (£101,000) and the variable element of the contract amounts to (£449,000). These costs are fully recoverable under the service charge.
	Income	
20	Rent	The increase of £71,000, 3% is due to additional rent income as a result of lease renewals from the catering units. This was previously agreed by Markets Committee in November 2018.
21	Charges for Services	<p>The increase of £1,059,000, 20% is due to the following:</p> <ul style="list-style-type: none"> • £410,000 increase in income from the entry barrier to reflect the anticipated full year budget; • £288,000 income relating to recycling rebate income from Countrystyle as well as income recharged to tenants as part of the waste and cleaning contract; • £135,000 increase in additional service charge income recoverable from the tenants; • £131,000 increased income as a result of higher levels of declared waste at the market; • £40,000 budget has been added for car parking permit income; • £53,000 increase in additional utilities income as a result of energy price rises; • £17,000 of additional income related to wayleaves and tolls;

		<ul style="list-style-type: none"> • £14,000 budget has been added for reimbursable works; • (£14,000) reduction in income for licenses and certificates; • (£15,000) in reduced income as a result of lower than anticipated Carbon Reduction Commitment costs.
22	Capital Charges and Depreciation	Increased depreciation of (£170,000), (25%) is due to a (£208,000) increase in capital charges for operational buildings. This is offset by a £38,000 reduction in equipment depreciation.
23	Other Central Costs	<p>The increase of (£298,000), (7,450%) is due to the following:</p> <ul style="list-style-type: none"> • (£214,000) reduced service charge transfers from the market reserves due to re-phasing of repairs as part of the 20-year plan funded from the repainting and repair fund; • (£89,000) increase in central support recharges; • (£2,000) increase in City Procurement recharges; • £6,000 decrease in Directorate recharges; • £1,000 decrease in IT recharges.

<u>Billingsgate Market</u>	<u>Description</u>	<u>2018/19 OR to 2019/20 OR Variance</u>
<u>Note Number</u>	<u>Expenditure</u>	
24	Employment Costs	The (£64,000), (4%) increase is attributable to an uplift of 2.45% for cost of living increases for grades A-C and a 2.00% increase for grades D and above plus a 4% increase in London weighting costs.
25	Premises	<p>The (£28,000), (2%) increase is due to:</p> <ul style="list-style-type: none"> • (£18,000) increase in additional energy costs as a result of energy price rises;

			<ul style="list-style-type: none"> • (£17,000) increase in additional service charge voids for vacant premises; • (£12,000) increase in additional rates costs; • (£5,000) increase in insurance costs; • (£3,000) increase in additional water costs; • £21,000 decrease in costs managed by City Surveyor's in relation to the Buildings Repairs and Maintenance contract delivered by Skanska; • £6,000 decrease in cleaning and domestic supplies.
26	Supplies and Services		<p>The increase of (£14,000), (11%) is due to:</p> <ul style="list-style-type: none"> • (£9,000) increase due to additional professional fees for fire risk assessments and car park management fees; • (£8,000) increase relating to computer licence fees and bank charges for the running of the car park; • £2,000 reduction in advertising and promotion costs; • £1,000 reduction in hospitality costs.
	Income		
27	Charges for Services		<p>The increase of £95,000, 2% is due to:</p> <ul style="list-style-type: none"> • £48,000 increase in service charge income; • £15,000 increase in additional filming income; • £13,000 increase in additional income from water costs recharged to the tenants; • £9,000 budget has been added for insurance income recharged to the tenant of the Satellite Unit; • £5,000 increase in income from public customers at the car park;

		<ul style="list-style-type: none"> £5,000 increase in pallet income, locker rent and casual rent.
28	Other Central Costs	<p>The increase of (£105,000), (29%) is due to:</p> <ul style="list-style-type: none"> (£92,000) increase in central support recharges; (£7,000) increase in Directorate recharges; (£6,000) increase in City Procurement recharges; (£1,000) increase in City Surveyor's recharges. <p>This is offset by a £1,000 decrease in IT recharges.</p>

<u>Smithfield Market</u> <u>Note Number</u>	<u>Description</u>	<u>2018/19 OR to 2019/20 OR Variance</u>
	Expenditure	
29	Premises	<p>The £676,000, 17% decrease is due to:</p> <ul style="list-style-type: none"> £640,000 decrease due to the re-phasing of works as part of the Additional Works Programme and Cyclical Works Programme; £200,000 decrease in service voids for vacant premises as a result of the extension of the cap on the Smithfield Service Charge account; £124,000 decrease in locally managed repairs and maintenance works; £50,000 decrease in costs managed by City Surveyor's in relation to the Buildings Repairs and Maintenance contract delivered by Skanska; £14,000 decrease in cleaning and domestic supplies; (£249,000) increase in utilities costs as a result of annual price rises effective from October 2018 and October 2019;

		<ul style="list-style-type: none"> • (£77,000) increase in rates costs at the market; • (£26,000) in additional insurance costs.
	INCOME	
30	Rent	The decrease of (£25,000), (1%) is due to no further lettings at the Poultry Market as a result of the Museum of London re-location project.
31	Charges for Services	<p>The decrease of (£1,404,000), (27%) is due to:</p> <ul style="list-style-type: none"> • (£1,839,000) decrease in service charge income due to the extension of the cap on the Smithfield Service Charge account which was previously agreed by Markets Committee; • (£36,000) decrease in income from reimbursable works charged to commercial tenants. This variance is due to the 2018/19 budget including one-off works recharged to the commercial office tenants; • (£5,000) decrease in sundry service charge income; • £295,000 budget has been added for rates income recharged to the tenants following the extension of the cap on the Smithfield Service Charge account; • £99,000 increase in additional chilled and other water income recharged to the tenants; • £69,000 in additional energy income recharged to tenants as a result of energy price rises; • £10,000 increase in income for the Animal By-Product facility; • £3,000 increase in policing income.
32	Other Central Costs	<p>The increase of (£35,000), (6%) is due to:</p> <ul style="list-style-type: none"> • (£36,000) in additional central support recharges; • (£6,000) in additional City Procurement recharges; • £3,000 decrease in IT recharges;

		<ul style="list-style-type: none">• £3,000 decrease in Directorate recharges;• £1,000 decrease in City Surveyor's recharges.
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Committee(s): Barbican Residents Committee Car Park Working Party – For Information Planning & Transportation Committee – For Decision Markets Committee – For Decision Corporate Asset Sub Committee – For Information	Date(s): Date of next meeting tbc 29 January 2019 30 January 2019 30 January 2019
Subject: Public Car Parks Update	Public
Report of: Director of the Built Environment	For Decision
Report author: Ian Hughes, Assistant Director (Highways), DBE	

Summary

This report updates Members on the short, medium and long-term strategies approved in the last major report on public off-street car parking in November 2016.

Since that report, the financial position of the car parks has improved following the first of two agreed tariff increases, and the responsible departments have worked more closely together through a joint steering group to co-operate and harmonise their respective approaches to managing these facilities.

In terms of this report, there are three major issues of note:

- The second of two agreed tariff increases will be implemented in April 2019;
- A significant review of fire safety and roles & responsibilities has resulted in a series of safety-related works within the car parks. Further reinvestment is still required over & above standard cyclical works programme budgets as part of a series of revised Life Care Plans, with the additional revenue generated from the tariff increase helping to fund these works.
- There is a significant difference in rate between residential season ticket tariffs at the Barbican Estate car park and the City's public car parks. It is proposed to harmonise these tariffs over the long term, but with the option to offer a discount for zero emission capable vehicles in the public car parks.

Recommendation(s)

Planning & Transportation Committee (in relation to Baynard House, London Wall, Minories and Tower Hill car parks) and **Markets Committee** (in relation to Smithfield car park) are asked to:

- Note that the second phase of the hourly tariff increase (previously agreed by your Committee) will take place in April 2019;

- For non-zero-emission capable vehicles, agree to introduce a three-year phased increase in residential season tickets to align them with the rate per m² (currently £335 per quarter).

Markets Committee (in relation to Smithfield car park) are asked to:

- Amend the overnight parking rate so that it applies seven days a week.

Main Report

Background

1. The Department of the Built Environment (DBE) manages five public car parks on behalf of the Planning & Transportation and Markets Committees, namely:
 - Baynard House, Queen Victoria St (P&T)
 - London Wall (P&T)
 - Minories (P&T)
 - Tower Hill coach & car park (P&T)
 - Smithfield (Markets)
2. Roles & responsibilities for managing and maintaining these car parks are split between DBE, Markets & the City Surveyors, and are set out in more detail in **Appendix 4**. There are also City Corporation car parks operated in the Square Mile by the Barbican Centre and Barbican Estate, and a location plan for all these facilities is shown in **Appendix 5**.
3. The last major report on the City's car park operation was in November 2016, with the key aspects being noted as:
 - Usage of the City's car parks had changed over time, with traditional commuter parking declining but other uses such as motorcycle parking and the night-time economy becoming more prevalent;
 - Many of these new uses did not generate sufficient revenue to meet their proportionate costs, so that only Minories car park consistently operated at a profit;
 - It had been over ten years since the last tariff review, so the City's tariffs were generally much lower than those of our competitors.
4. As a result, a series of short, medium and long-term strategies were approved to address these and other issues. Taken together, they were intended to ensure the City's car parks were operated in a way that reflected:
 - The City's long-term transport, parking and air quality policies;
 - The City's current financial considerations, maintenance responsibilities and property management opportunities;
 - The needs of the public, whether business, resident or visitor.

5. In particular, it was proposed to find ways to ensure DBE, Markets & Consumer Protection, the City Surveyor's, the Chamberlain's, the Barbican Estate and the Barbican Centre worked more closely together to understand the interdependencies of different aspects of the operation, driving a more integrated approach to the service. It was expected this would also facilitate a wider review of how off-street parking fitted into the future planning & transportation context, from electric vehicles and consolidation centres to congestion reduction and air quality.

Current Position, including Options

6. A summary of the short, medium and long-term actions agreed in 2016 are set out in the table below:

Timescale	Action
Short Term	<ul style="list-style-type: none"> • Maintain the car parks as fit for purpose facilities, including a review of the cyclical works programme • Adopt a two-step strategy for adjusting the tariffs, with step one likely around June 2017 • Upgrade & increase electric vehicle charging infrastructure
Medium Term	<ul style="list-style-type: none"> • Complete long-term Life Care Plans for each car park • Monitor the results of the tariff increase, helped by better data from new barrier equipment • Consider better promotion & alternative uses of the car parks such as consolidation centres • Review motorcycle provision • Facilitate the needs of the City Police at London Wall • Continue to benchmark tariffs against competitors
Long Term	<ul style="list-style-type: none"> • Monitor the structure at Minories car park • Review the long-term role of off-street car parking in the future revised Local Plan and Transport Strategy • Consider development opportunities in light of this long-term approach • Summarise and bring back future reviews to Members as appropriate.

7. Since that report, significant progress has been made on these actions, albeit with London Wall now descoped from the Police accommodation project. The following paragraphs summarise that progress & next steps in four key areas:
 - Fire safety;
 - Parking tariffs;
 - Parking policy;
 - Development planning.

Fire safety

8. Members will clearly be aware of the implications of the Grenfell Tower fire, with local authorities across the country reviewing their premises to ensure they are

fundamentally safe and that fire precautions are fit for purpose. The City's public car parks have been no different, and an overall review of fire safety has been carried out, resulting in a general raised awareness of fire safety issues, a review of policies & procedures, and a number of minor safety-related works being expedited.

9. However, Members may not be aware of a major fire on New Year's Eve 2017 at the King's Dock car park next to the Echo Arena in Liverpool. Although no-one was injured, the fire destroyed over 1,000 cars and the car park itself may now have to be demolished. That car park met current building regulations, but the implications of a fire spreading rapidly from vehicle to vehicle & floor to floor, accelerated by the failure of plastic fuels tanks, re-emphasised the need for effective sprinkler systems, ventilation and fire management procedures to underpin an integrated risk management plan.
10. Given these incidents and the interdependencies between different City departments responsible for various aspects of the car park function, it is critical that DBE, City Surveyors, Markets and their respective contractors work closely together to ensure the safety of staff and the public. To that end, a review is well underway to ensure that roles & responsibilities are fully understood, procedures are followed and that safety-critical work is identified and delivered.
11. To that end, the City Surveyor and District Surveyor (for building control purposes) recently undertook a further fire safety review, taking on board the findings from the Merseyside Fire & Rescue Service in relation to the King's Dock fire. This highlighted a further set of safety works without which safety risks could escalate in the medium term to impact the safety of each car park as a functioning facility.
12. Each car park has different requirements, but these items include new safety signage, vent system refurbishment, fire alarm replacement, sprinkler system upgrades and emergency lighting. This will require the respective car park Life Care Plans, the City Surveyor's cyclical work programme and the 20 Year Plan to be updated, prioritised and funding confirmed for each item. At present it is anticipated that the upcoming tariff increases (see below) will provide additional income to help fund this work with any shortfall met from the City's On-Street Parking Account (subject to the necessary Gateway and resource allocation approvals).

Tariffs

Net Profitability

13. Over most of the last ten years, the City's public car parks have operated at an increasing loss funded by the On-Street Parking account. This has been caused by several related trends including the fall in demand for commuter parking, increased usage by residents & motorcycles (who park at discounted or free rates) and the introduction of the London Living Wage for car park attendants.

14. In this context, the previous 2016 report highlighted the lack of a justification for having three different hourly rates across five public car parks, and that these rates (between £2 and £3 per hour) were well below the market rate (**see Appendix 3**). The report therefore recommended a two-step approach, firstly harmonising the various rates at £3 per hour, then increasing that new single rate to £3.50 per hour (**see Appendix 2**).
15. This change was felt justified because it would involve:
- Simplification & closing the gap with our competitors;
 - Reducing the financial loss made by the car parks;
 - Reinforcing the City's policy of discouraging commuting by car
16. In addition, using a two-step approach would allow time to assess the impact of the first increase before introducing the second change.
17. The first tariff change was subsequently implemented in July 2017, and as a result, the financial position of DBE's four car parks has markedly improved. In the first full year since the increase, DBE's four car parks are budgeted to operate at an overall surplus of £189k for 2018/19 compared to a loss of £495k in 2016/17 (**see Appendix 1**). However, only Minorities remains significantly in profit, and with the need to invest in further fire safety works and the City's tariffs still well below our competitors, the second planned tariff increase remains fully justified.

Residential season ticket rates

18. As noted in the 2016 report, season tickets rates for residents in the City's public car parks had not changed for over 15 years. In that time, the cost base of the car parks had changed completely, and it was argued that residents were not covering their share of the cost to the City of operating and maintaining the car parks. However, with only 185 permits currently in use, no tariff increase would generate sufficient revenue to do so.
19. Nevertheless, in 2016 Members of Planning & Transportation and Markets Committees agreed to increase tariffs for residential season ticket holders from their historic cost of £740 pa to £1000 pa (discounted by 20% if paid in one payment). This change appears to have had little impact on the number of season tickets issued, albeit some residents & Members to the east of the City did ask whether a form of means testing could be adopted to allow the 20% discount to be offered to those who couldn't afford to pay in one go.
20. However, this change has served to highlight one considerable anomaly in that residential season tickets for the Barbican Estate's on-site car park are charged the equivalent of a rate per m² for the parking bay they occupy, set by the City Surveyor on the basis of commercial benchmarking.
21. This is intended to make the rate more closely match the cost of the floorspace occupied, resulting in the residents at the Barbican currently being charged £1,340 pa to park in the Estate car park. Over time this had led to around 15

residents choosing London Wall and Smithfield car parks for their parking, thereby saving between £340 and £600pa.

22. The City currently has no policy to prevent any resident who has access to pre-existing on-site parking facilities from choosing to pay for season tickets in a public car park at this lower rate. However, in the context of a recent commercial review of parking rates by the Barbican Residential Committee, it is now thought appropriate to consider whether this price differential should be accepted and continued, or whether other alternatives should be adopted.
23. In other words, although both London Wall and Smithfield car parks have enough space to accommodate these extra residents, is it appropriate to maintain a differential tariff that effectively drives parking occupancy & income from the Department of Community & Children's Services to DBE and Markets, and should wider policy considerations also be brought to bear?
24. A number of options could be available to Members of the Planning & Transportation and Markets Committees to address this disparity.

Option 1: No Change

25. The disparity could be left in place, with some residents with existing on-site parking facilities choosing to take up season tickets elsewhere.

Option 2: Stop residents with existing on-site facilities from purchasing season tickets in the City's public car parks

26. This maintains the cost differential but requires residents to use the on-site facilities they already have available. As a concession, existing season tickets could be honoured to minimise the impact on those who have had this facility for some time.

Option 3a: Introduce a phased increase to bring the residential tariff in line with the rate per m²

27. If it's accepted that these rates should be aligned at the rate per m², the cost of the residential tariff could be increased in phases over time (say three years).

Option 3b: Align the residential tariff & the rate per m², but maintain a differential for zero emission capable vehicles

28. This option adds the concept of emissions-based tariffs to the phased increase of Option 3a, and would be similar to the change made last year to introduce differential tariffs based on emissions for the City's on-street pay & display bays.

Smithfield Market tariffs

29. Of all the tariff changes implemented in 2017, the changes at Smithfield Market were the most fundamental. This replaced a paper-based discount system for

market traders and customers with a fully time-based tariff that linked discounts to the market's operational hours.

30. Under the new system:

- Market customers pay £1.50 and are defined as those arriving & leaving during market hours & staying up to three hours;
- Market traders pay £3 and are defined as those arriving & leaving during market hours & staying more than three hours.

31. This change in tariff structure has been highly successful, with few issues & complaints. The new format has simplified the payment process, also ensuring a more auditable and accountable system without the need to check and manage a paper-based pass system.

32. However, one anomaly has been identified in the tariff structure due to the fact these discounts only apply to overnight parking when the market is in operation (i.e. Sunday night to Friday morning). Most other car parks in the local vicinity (including those under the control of the Planning & Transportation Committee) apply some form of overnight parking discount, so whereas any 24-parking period at Smithfield from Friday morning to Sunday night costs £72, the equivalent period elsewhere can cost between £22.50 and £40.

33. As a result, Smithfield is highly unattractive to casual users during this period and is virtually empty. It is therefore recommended to apply the overnight parking discount at Smithfield seven nights a week, which would result in that 24-hour cost being reduced to £36. This will make the car park far more competitive and is likely to result in a net increase in revenue during these periods.

Transport Strategy

34. The City Corporation's draft Transport Strategy is out for consultation until 13 January 2019. The Strategy, once adopted in spring 2019, will set out the 25-year framework for future investment in and management of the City's streets.

35. In the context of this report, the Strategy proposes a City-wide kerbside and car park review to be undertaken during 2019 in order to deliver more efficient & effective use of both types of parking facility. This will consider:

- Opportunities to reallocate space from on-street car and motorcycle parking to increase the space available for people walking, cycling and public space
- Provision for short stay commercial parking, disabled bays, taxi ranks, loading bays and coach bays
- Alternative uses for spare capacity in City car parks
- Changes to the current operation of parking and loading on-street, including;
 - introducing variable charging for motorcycles based on engine size and emissions;

- encouraging the use of car parks for long stay parking by reducing the maximum parking time for cars and vans on-street and introducing a maximum on-street parking time for motorcycles.

Electric Vehicle Charging

36. At present, fast charge points are available in all City Corporation public car parks as well as the Barbican residents' car park. Officers are working in partnership with TfL to deliver a rapid charging hub for taxis in Baynard House car park and a single taxi-only rapid charge point on-street in Noble Street.
37. To help deliver a cleaner and quieter City, the draft Transport Strategy proposes to install additional publicly accessible electric vehicle (EV) rapid charge points by 2025 to support the transition to zero emission capable vehicles. Locations will be identified through engagement with the TfL EV Infrastructure Taskforce as the changes in the market and available technology mean that we want to ensure new charge points go in to the most suitable locations around the City.
38. Given the narrowness of the City's footways, this means the first preference for these charge points is likely to be in the City's car parks or other suitable off-street locations, ensuring they have a role to play in the longer term.

Last Mile Logistics

39. The draft Transport Strategy proposes to deliver two last mile logistic hubs in underutilised City Corporation assets by 2022, and a further three hubs by 2025. This is part of a package of proposals to minimise the impact of freight by reducing the number of motorised freight vehicles in the City. Any provision of last mile logistics space would not close the car park to the public but repurpose underutilised space to maximise the efficiency and revenue of the site whilst delivering the objectives of the draft Transport Strategy.
40. The City Corporation is already scoping opportunities to deliver last mile logistics facilities, with soft market testing with the freight industry undertaken in November 2018 to establish requirements for last mile logistics infrastructure. London Wall appears to be the most suitable site given its spare capacity, access points and location, with the initial preference being for secure storage facilities for cargo cycles to help enable couriership companies to transition from diesel vans. A freight update paper detailing this work is expected to be brought forward in March 2019.

Development Planning

41. In terms of property issues, the City Surveyors continue to work with DBE and the Chamberlains in terms of sharing information on the redevelopment potential of the City's car parks. At the time of writing, only Minories has attracted recent redevelopment interest. The car park had been a leasehold from Societe Generale who occupy the adjacent building, but in 2016 Societe Generale completed a sale of their interest to China Minsheng Bank subject to a leaseback

until around 2020, and this could make redevelopment of the overall site more likely in the medium to long term.

42. If driven forward by a development opportunity, this will be of particular note given that Minories remains the City's most profitable car park, effectively supporting the rest of the car park function. However, the draft Local Plan (also currently undergoing public consultation) suggests that if car park facilities in general are deemed surplus to requirements as car parks, then they would be considered for transport uses before necessarily being made available for redevelopment.
43. Finally, Members may also recall that Minories is still subject to special structural monitoring as a result of cracks and concrete spalling being identified during previous routine structural checks. This is to gain a full understanding of how the building structure is performing before a decision is taken on whether more extensive repairs are required.

Proposals

44. Based on the above, this report makes recommendations for decision in just two areas, namely the tariff for residential season ticket holders (see paragraphs 18-28 above) and the overnight parking tariff at Smithfield (see paragraphs 32 & 33 above).
45. On balance, Option 3b (aligning the residential tariff with the cost per m² whilst maintaining a discount for zero-emission capable vehicles) is thought to be the option that most closely meets the City Corporation's wider transport strategy and air quality objectives. A phased increase over three years would allow residents time to reconsider their choice of vehicle in light of this tariff change, and a 20% discount for those making a full one-off annual payment (compared to instalments) would be retained.
46. As for the Smithfield overnight tariff, it is proposed to amend the current five-night a week tariff to apply seven nights a week, making the weekend tariff more competitive and thereby helping to increase net revenue by attracting more custom.

Corporate & Strategic Implications

47. Management of the City's car parks is now fully integrated into its long-term Transport Strategy and Local Plan as outlined earlier in this report. The provision of car parking facilities also contributes to the City's thriving economy and flourishing society in accordance with the Corporate Plan, and the fire safety work helps satisfy the need to ensure people are safe and feel safe by protecting the consumers & users of our buildings.
48. In terms of relevant policies incorporated in the City's Corporate Asset Management Strategy, the actions outlined in this report also cover:
 - **SO1** – Operational Assets remain in a good, safe and statutory compliant condition

- **SO2** – Operational Assets are fit for purpose and meet service delivery needs
- **SO4** – Annual revenue expenditure is reduced
- **SO5** – Opportunities to maximise income generation be explored and promoted where feasible
- **SO8** – Service Committees Business Plans properly reflect not only short-term objectives but medium and long-term ones, to enable effective forward planning.

Implications

49. There is power in Section 32 of the Road Traffic Regulation Act 1984 for a local authority to provide off-street parking places for relief of congestion, and power in Section 33 of the 1984 Act to let parts of buildings not used for parking

Conclusion

50. This report updates Members on the short, medium and long-term strategies for the City's public car parks with a view to ensuring that they reflect current transport, parking and air quality policies, as well as the City's financial considerations, maintenance responsibilities and property management opportunities.

Appendices

- Appendix 1 – Financial Position 2016/17 and 2018/19
- Appendix 2 – Summary of Tariff Changes
- Appendix 3 – Car Park Daily Rate: Central London Benchmarking
- Appendix 4 – Car Park Roles, Responsibilities & Hierarchy
- Appendix 5 – Car Park Location Plan

Background Papers

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Appendix 1 – Financial Budgeted Position 2016/17 and 2018/19

Prior to the tariff increase in June 2017, the overall budgeted financial position for each car park in 2016/17 is set out below.

The Sub-Total line reflects DBE's local risk budget and takes into account income, contractor & DBE costs, rates & utilities. At that level, the profitability of Minorities allowed the car parks as a whole (excluding Smithfield) to make an overall profit to DBE of £290k. However, taking into account overheads and the cost of maintaining these buildings, they made an overall loss of £495k.

Car Park Financial budgeted position (2016/17)

Car Park	Baynard House	London Wall	Minorities	Tower Hill	Smithfield
Income	520	518	1001	521	894
Expenditure	-530	-548	-473	-719	-588
Sub-Total	-10	-30	528	-198	306
O/H & Recharge	-304	-180	-144	-157	-112
TOTAL	-314	-210	384	-355	194

* (£000), £ = income / profit, -£ = expenditure / loss, O/H = Overheads

The financial implications of the tariff change in June 2017 resulted in a much more positive net position as set out below for the current financial year. The operating position (excluding Smithfield) represents a profit of £667k, and taking into account overheads and maintenance recharges, an overall profit of £189k has been budgeted for.

Car Park Financial budgeted position (2018/19)

Car Park	Baynard House	London Wall	Minorities	Tower Hill	Smithfield
Income	466	656	1355	619	868
Expenditure	-511	-546	-560	-812	-639
Sub-Total	-45	110	795	-193	229
O/H & Recharge	-142	-116	-122	-98	-294
TOTAL	-187	-6	673	-291	-65

* (£000), £ = income / profit, -£ = expenditure / loss, O/H = Overheads

Appendix 2 – Summary of Tariff Changes

Hourly Car Park Tariff Proposals

Car Park	2016	July 2017	April 2019
Baynard Hse	£2.50	£3	£3.50
London Wall	£3	£3	£3.50
Minories	£2	£3	£3.50
Smithfield	£2	£3	£3.50
Tower Hill	£2.50	£3	£3.50

Planning & Transportation Committee Tariff Proposals (Baynard House, London Wall, Minories, Tower Hill)

User	2016	July 2017	April 2019
Commercial Season Tickets	£4,264 to £6,396	£6,396 to £7,462	£7,462
Resident	£740	£1000 (Discounted to £800 if paid in one payment)	Change in 2022
Coaches	<ul style="list-style-type: none"> First 15mins free £10 1st hour (9am-5pm, Apr-Sept only) £6 per hour (9am-5pm) £20 flat rate (5pm to 9am) 	<ul style="list-style-type: none"> First 15mins free £10 per hour (9am – 5pm) £25 cap (5pm to 9am) 	No change

Markets Committee Tariff Proposals (Smithfield Only)

User	2016	July 2017	April 2019
Market Customers	£1.50 per visit	£1.50 for up to 3hrs; £3 for 3hrs or more (9pm-10am Sun-Fri)	To apply seven days a week
Market Traders	£2.75 per day		
Market Season Tickets	£712 pa	£720 pa	No Change
Commercial Season Tickets	£2,000 pa	£4,000 pa	
Resident	£740 pa	£1000 (Discounted to £800 if paid in one payment)	Change in 2022

Appendix 3 - Car Parking Daily Rate: Central London Benchmarking

Location	Capacity (no.)	2 hours (£)	8 hours (£)
EC1			
Charterhouse Square (Euro Car Park)	14	£4	£11
Farringdon (NCP)	294	£12.80	£34
Saffron Hill (NCP)	353	£14.95	£19.95
Aldersgate (NCP)	670	£12	£38
Smithfield (CoL)	581	£6	£24
EC2			
Finsbury Square (NCP)	258	£38	£55
Barbican (CoL)	388	£7.50	£24
London Wall (CoL)	218	£6	£24
EC3			
Minories (CoL)	321	£6	£24
Tower Hill (CoL)	110	£6	£24
EC4			
Baynard House (CoL)	233	£6	£24
Vintry, Bell Wharf Lane (NCP)	466	£34	£45
E1			
Whitechapel High Street (NCP)	100	£22.95	£27.95
Plumbers Row	10	£10	£10
SE1			
London Bridge (NCP)	250	£25	£35
Gainsford Street (Q Park)	115	Not hourly	£25
SW1			
Spring Gardens (Q Park)	205	Not hourly	£41
WC1			
Judd Street (NCP)	35	£9.95	£28
WC2			
Covent Garden (NCP)	330	£15.75	£21.50

Appendix 4 – Car Park Roles, Responsibility & Hierarchy

The Director of the Built Environment is responsible for:

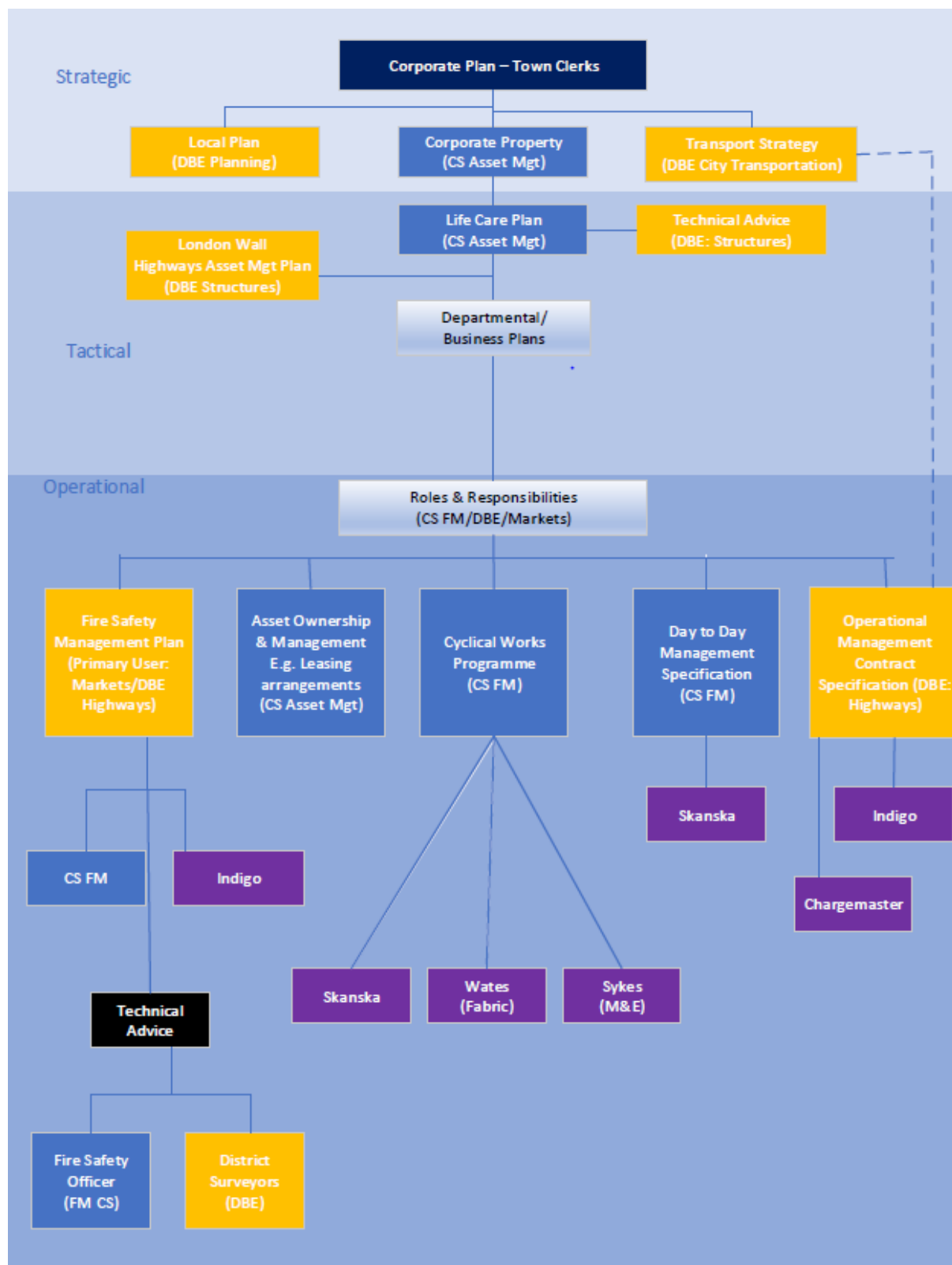
- Managing the delivery of the off-street parking service, including the contract to manage the facilities day-to-day, currently held by Indigo until 2021;
- The City's Local Plan and Transport Strategy, including the overarching policy towards parking provision;
- Reviewing & recommending any changes to the car park tariff structure for Planning & Transportation Committee approval, taking into account operational, financial and policy considerations;
- Fire safety management in DBE's car parks;
- Technical structural inspections & advice on all the car parks;
- The overall Asset Management Plan for London Wall underground car park which is managed as a highway structure.

As Client for DBE at Smithfield car park, the Director of Markets & Consumer Protection is responsible for:

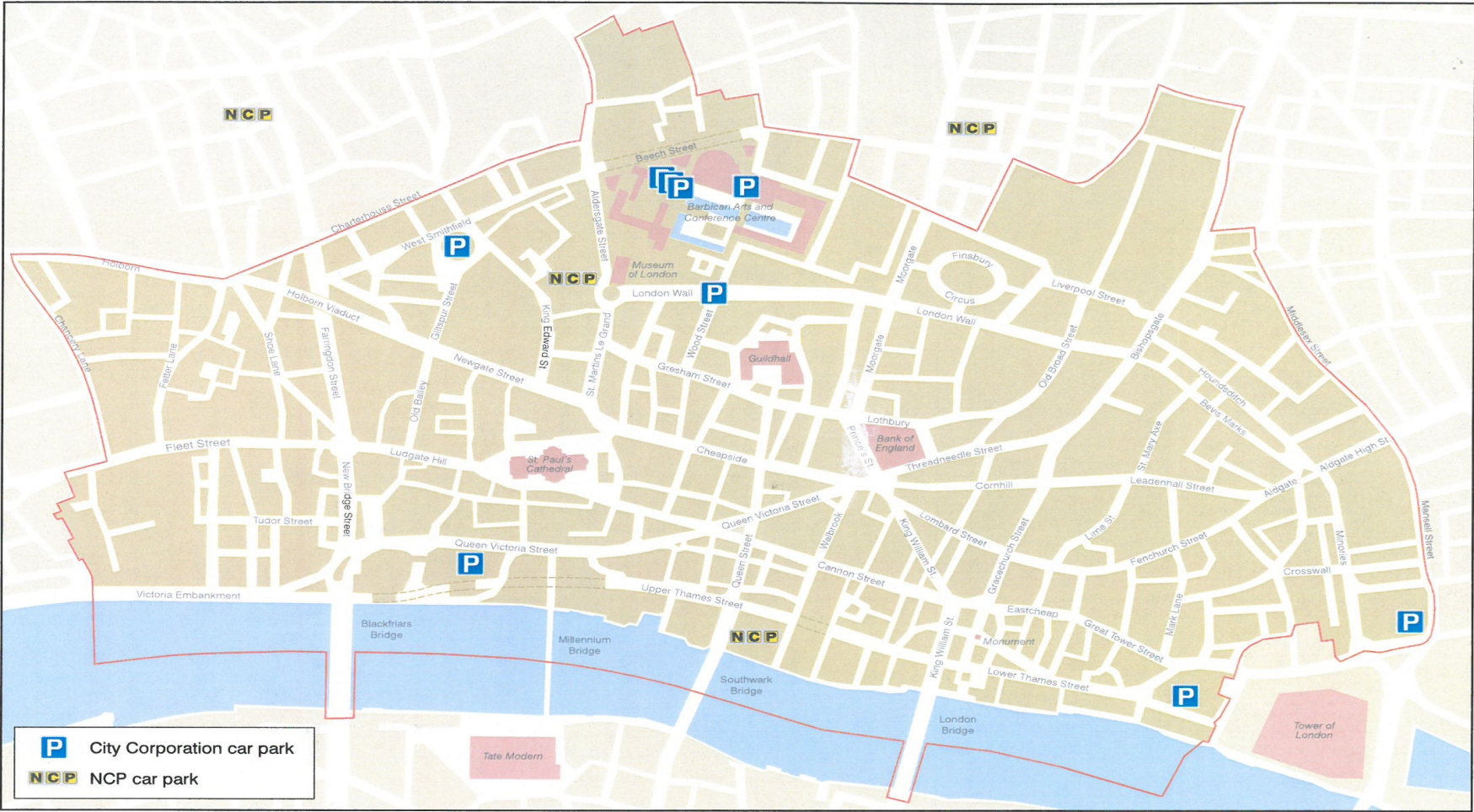
- Reviewing & recommending any changes to the tariff structure for that car park for Markets Committee approval;
- Fire safety management in Smithfield car park;
- Various minor improvement initiatives such as signage;
- Those aspects of the car park's building services that are combined with the market above (e.g. mechanical & electrical systems).

In turn, the City Surveyor is responsible for:

- Facility Management services, including general repairs & maintenance and the cyclical works programme;
- The long-term Life Care Plan for maintaining the car parks (with the exception of London Wall car park as noted above);
- Corporate property asset management, including non-parking related commercial leases within the facilities and ultimate redevelopment potential for these buildings.



Appendix 5: Car Park Location Plan



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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