



Markets Committee Agenda

Date: WEDNESDAY, 29 JANUARY 2020
Time: 11.30 am
Venue: COMMITTEE ROOMS 3 & 4 - 2ND FLOOR, WEST WING, GUILDHALL

Members:

James Tumbridge (Chairman)	Deputy Edward Lord
John Chapman (Deputy Chairman)	Alderman Bronek Masojada
Matthew Bell	Wendy Mead
Peter Bennett	Deputy Robert Merrett
Nicholas Bensted-Smith	Deputy Brian Mooney
Mark Bostock	Deputy Joyce Nash
Deputy David Bradshaw	John Petrie
John Edwards	Stephen Quilter
Deputy Kevin Everett	John Scott
Helen Fentimen	Ian Seaton
Alderman David Graves	Deputy Dr Giles Shilson
Michael Hudson	Mark Wheatley
Deputy Henry Jones	Deputy Philip Woodhouse
Angus Knowles-Cutler	Dawn Wright
Gregory Lawrence	

Enquiries: Antoinette Duhaney, 020 7332 1408,
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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 of the meeting held on 27.11.19
For Decision
(Pages 1 - 6)
4. **SUPERINTENDENT UPDATES (ORAL REPORT)**
For Information
5. **MARKETS COMMITTEE RISK UPDATE**
Report of the Director of Markets & Consumer Protection
For Information
(Pages 7 - 16)
6. **MARKETS COMMITTEE BUSINESS PLAN UPDATE PERIOD 2 2019/20 (AUGUST-NOVEMBER)**
Report of the Director of Markets & Consumer Protection
For Information
(Pages 17 - 34)
7. **MARKETS COMMITTEE BUDGET ESTIMATES AND HIGH-LEVEL SUMMARY BUSINESS PLAN 2020/21**
Joint report of the Chamberlain and the Director of Markets & Consumer Protection
For Decision
(Pages 35 - 68)
8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
10. **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.
For Decision

Part 2 - Non-Public Agenda

11. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the meeting held on 27.11.19.

For Decision
(Pages 69 - 72)

12. **NEW FOOD SCHOOL AS PART OF THE MARKETS CONSOLIDATION PROGRAMME**

Joint report of the City Surveyor and the Director of Markets & Consumer Protection

For Information
(Pages 73 - 92)

13. **MARKETS CONSOLIDATION PROGRAMME LEASING STRATEGY (ITEM WITHDRAWN)**

Report of the City Surveyor. This report has been withdrawn

For Decision

14. **MARKETS CONSOLIDATION PROGRAMME MAINTENANCE STRATEGY (ITEM WITHDRAWN)**

Report of the City Surveyor. This report has been withdrawn

For Decision

15. **TENANCIES AT WILL AND ASSIGNMENTS**

Report of the Director of Markets & Consumer Protection

For Information
(Pages 93 - 96)

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

17. **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, 27 November 2019

Minutes of the meeting of the Markets Committee held at Committee Rooms 3 & 4 - 2nd Floor, West Wing, Guildhall on Wednesday, 27 November 2019 at 11.30 am

Present

Members:

James Tumbridge (Chairman)	Michael Hudson
John Chapman (Deputy Chairman)	Gregory Lawrence
Peter Bennett	Wendy Mead
Mark Bostock	Deputy Robert Merrett
Deputy David Bradshaw	Deputy Brian Mooney
John Edwards	Mark Wheatley
Alderman David Graves	Dawn Wright

Officers:

Jon Averbs	- Director of Markets and Consumer Protection
Donald Perry	- Markets and Consumer Protection Department
Daniel Ritchie	- Markets and Consumer Protection Department
Mark Sherlock	- Markets and Consumer Protection Department
Debbie Howard	- Markets and Consumer Protection Department
Peter Young	- City Surveyor's Department
Anna Dunne	- City Surveyor's Department
Steven Chandler	- City Surveyor's Department
Simon Owen	- Chamberlain's Department
Leyla Dervish	- Chamberlain's Department
Andrew Fothergill	- Comptroller & City Solicitor's Department
Antoinette Duhaney	- Town Clerk's Department

1. APOLOGIES

Apologies were received from Mathew Bell, Nicholas Bensted-Smith, Deputy Henry Jones, Alderman Bronek Masojada, Deputy Joyce Nash, John Petrie, John Scott and Deputy Philip Woodhouse.

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

There were no declarations.

3. PUBLIC MINUTES

RESOLVED – That the public minutes of the meeting held on 25.09.19 be approved as a correct record.

Matters arising

- Tenant engagement meeting for Smithfield Market – officers advised that this concept design meetings had taken place at New Spitalfields and Billingsgate, but unfortunately Smithfield market traders at Smithfield did not attend.. It was also reported that the Chair of the Tenants Association had a regular dialogue with the Committee Chairman. Mr Lawrence added that liaison meetings had taken place in April and September and the Chairman reported that he had regular conversations with other key members to maintain the momentum to drive the MCP.
- Fundamental Review Meetings – the Chairman reported that he had not been invited to attend these meetings but had extensive discussions with the Director of Markets and Consumer Protection. Two Member/Officer Sounding Boards would support the MCP and would be tasked with
 - (a) Considering the future of current market sites
 - (b) The new market facility

4. **SUPERINTENDENT UPDATES (ORAL REPORT)**

Billingsgate

The Superintendent reported that

- Most of the recommendations of the recent Traffic Management Assessment related to signage and the lack of cross hatched markings on walkways and crossing points which were being addressed.
- Extinction Rebellion protestors had visited Billingsgate overnight on 11th October 2019. There was a high police presence to ensure the 250 protestors did not impact on access and egress to the site and 28 arrests were made, mainly for non-dispersal.

Smithfield

The Superintendent reported that

- The Extinction Rebellion protest on 7th October had passed off peacefully with only 1 arrest for trespass. Debriefs were in progress to share learning which would be valuable preparation for any future protests.
- A meeting with tenants had been held the previous week to discuss energy costs and a planning strategy meeting would take place in June 2020 to consider options for energy pricing when the current contract expired. This would involve tenants in the strategy decision-making process where appropriate.
- Sprinkler head replacement works had been completed 1week ahead of schedule.
- The risk score for HGV deliveries had been reduced from 12 to 8 in view of the low levels of non-compliance. The Superintendent would continue to report the outcome of continuing audits.

- The Christmas auction would take place in Grand Avenue from 10.30am to 12.30pm on 24th December 2019.

New Spitalfields

The Committee congratulated Deborah Howard on her appointment as Superintendent at New Spitalfields Market. The Superintendent reported that

- Partial road closures would be in place at Ruckholt Road for 5 nights during March 2020. Officers were liaising with Waltham Forest to ensure that any impact on access and egress to the market was minimised.
- Use of the newly installed controlled barrier entry system had been delayed due to faulty equipment which had to be replaced.
- CCTV cameras had been increased from 86 to 144 to enhance security on site and deter flytippers.

5. MARKETS COMMITTEE RISK UPDATE

The Committee considered a report of the Director of Markets and Consumer Protection outlining measures in the Department of Markets and Consumer Protection to monitor and effectively manage risk.

Officers advised that the report had been republished as an earlier draft was inadvertently included in the original agenda despatch. It was also reported that

- Risk MCP-SM 001 - HGV unloading at Smithfield Market had been downgraded in view of the low levels of non-compliance.
- Risk MCP-SM 008 - Fire alarm panel at Smithfield Market was being addressed. There had been a change of contractor and officers were liaising with the City Surveyors Team to resolve outstanding items.

RESOLVED –

That the actions taken in the Department of Markets and Consumer Protection to monitor, and manage risk be noted.

6. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

7. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

- National Association of British Markets (NABMA) – The Director of Markets & Consumer Protection reported on a NABMA event hosted by the Corporation of London the previous week. The event was launched by the Deputy Chairman of the Committee and was well attended with positive feedback from delegates. Members commended officers for

hosting a successful event which enhanced the CoL image and reputation.

- Bringing the Wholesale Markets Together Stakeholders Brochure – The Committee Chairman reminded Members of the drop-in sessions, details of which were in the brochure. Aspirations included a food school for Smithfield Market to offer vocational training and support the long-term viability of the consolidated markets.

8. **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:-

Items	Paragraph
9 - 14	3

9. **NON-PUBLIC MINUTES**

RESOLVED – That the non-public minutes of the meeting held on 25.09.19 be approved as a correct record.

10. **BILLINGSGATE MARKET DEBTS**

The Committee considered a report of the Director of Markets and Consumer protection on proposals to recover outstanding debts at Billingsgate Market.

11. **MARKETS DEBTS ARREARS FOR PERIOD ENDING 31ST OCTOBER 2019**

The Committee considered a report of the Director of Markets and Consumer Protection outlining arrears in respect of Billingsgate, New Smithfield and Spitalfields Markets.

12. **MARKETS CONSOLIDATION PROGRAMME UPDATE**

The Committee considered a report of the City Surveyor updating Members on the business case for pursuing the Markets Consolidation Programme.

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

There were no questions.

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

There were no urgent items.

The meeting ended at 1.00 pm

Chairman

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Agenda Item 5

Committee:	Date:
Markets Committee	29 January 2020
Subject: Markets Committee Risk	Public
Report of: Director of Markets and Consumer Protection	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-BG 001– Workplace Traffic Management, Billingsgate (Current Risk: AMBER)
- MCP-NS 001 – Workplace Traffic Management, New Spitalfields (Current Risk: AMBER)
- MCP-SM 001 – HGV Unloading Operations, Smithfield (Current Risk: AMBER)
- MCP-SM 008 Fire Alarm Panel Performance, Smithfield (Current Risk: AMBER)
- MCP-SM 011 Brexit - impact of no-deal Brexit on traders and imports, Smithfield (Current Risk: AMBER)

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 (the City) 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.
7. 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

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

MCP-BG 001 – Workplace Traffic Management Billingsgate (Current Risk: AMBER constant)

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 all 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.

This risk has been reviewed and is being temporarily increased to Amber as there is a perception by City staff that there has been a recent increase in non-compliance with our traffic management policies.

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 all 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 decreasing)

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.

MCP-SM 008 Fire Alarm Panel Performance Smithfield (Current Risk: AMBER constant)

A number of performance issues have been identified including faults with graphines, zones and pre-alarms. Issues have also been identified with the Planned Preventative Maintenance (PPM) schedule. These issues have been escalated to Head of Facilities Management.

There is a risk of injury and/or loss of life to members of the public, market staff and other service users as well as irreparable or costly damage to the Market structure in the event that the alarm were not to activate when required.

Realisation of this risk could result in prosecution, fine and serious reputational damage to the City.

MCP-SM 011 Brexit - impact of Brexit on traders and imports (Current Risk: AMBER)

The Smithfield Market Tenants fail to adequately prepare for the UK departure from the EU in January 2020.

If the UK departs the EU on or before 31 January 2020 without a trade deal in place the UK would be obliged under World Trade Organization rules to impose average food import tariffs and potentially to conduct inspections at borders, leading 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

9. 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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New Spitalfields Market:
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Billingsgate Market:
Superintendent – Daniel Ritchie
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MCP Markets Committee Risk Report Appendix A

Report Author: John Smith

Generated on 10 January 2020





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-BG 001 Workplace Transport 28-Apr-2017 Daniel Ritchie	Cause: A lack of suitable and sufficient training and adequate management controls in relation vehicle movements at Billingsgate Market. Event: There is a risk of a life changing injury to a pedestrian if vehicle movements including forklift trucks 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.		12	This risk has been reviewed and is being held at Amber as there is a perception by City of London staff that there has been an increase in non compliance with our traffic management policies. 09 Jan 2020		8	31-Jul-2020	 Constant




Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
MCP-BG 001e Produce action plan	Respond to recommendations and agree an action plan.	An action plan has been put in place to deal with the highest risk factors. A further meeting was held on 26 November 2019 where current progress and lower rated actions were discussed. A further progress meeting will be held by 28 February 2020.	Daniel Ritchie	08-Jan-2020	31-Mar-2020
MCP-BG 001f Actions complete	Complete actions and record evidence with a view to reducing the risk rating (if appropriate).	Final report has been received and an action plan has been put in place. Actions are currently being addressed in order of priority.	Daniel Ritchie	08-Jan-2020	31-Dec-2020

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 Debbie Howard	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	12	SpMTA are to arrange further training sessions for the remainder of tenants. Once sessions are complete any tenant who has not attended the training will be subject to an admin fee in line with the tenants compliance inspection process. 09 Jan 2020	 Likelihood	8	31-Mar-2020	Constant

Action no, Title,	Action description	Latest Note		Action owner	Latest Note Date	Due Date
MCP-NS 001i Main Managers In Forklift Safety	A member of staff from all tenants to be nominated and trained in FLT safety procedures.	The deadline of 31.01.2020 is approaching and the SpMTA have been sent an email informing that enforcement action will be made against all non-compliant tenants		Debbie Howard	06-Jan-2020	31-Jan-2020
MCP-NS 001k Install Barrier System	Controlled barriers entry system for pedestrians and vehicles.	There have been delays with this project caused by equipment delivery delays and testing delays. Provider has given us an update today and gate and turnstiles will be installed 17.01.2020, testing is ongoing this week. Soft live will be in 2 weeks with a view to go live, taking payments etc by 31.01.2020		Debbie Howard	06-Jan-2020	31-Jan-2020

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	8	Following extensive audits of the banksman control process, the target and current risk have been reduced to 8. Across the last 18 months of audit, the non-compliance rate has averaged 1.5% reducing the level of likelihood. However, the current score and target score will not reduce any further in order to maintain focus on the need to reduce the average still further as much as possible. 08 Jan 2020	 Likelihood Impact	8	31-Dec-2019	Constant

Action no, Title,	Action description	Latest Note		Action owner	Latest Note Date	Due Date
MCP-SM 001k Traffic Management Audit Review	Keep the risk under review.	Night audit was undertaken from 1-5 December 19. 113 movements of HGV's 2 Unguided movements Damage caused to roller shutter by unguided movement. Evidence captured on CCTV and costs will be sought from the offending company.		Mark Sherlock	20-Dec-2019	02-Feb-2020

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 008 Fire Alarm Panel Performance 10-Apr-2019 Mark Sherlock	Cause: Failure of the fire alarm system Event: Serious risk of injury and loss of life to members of the public, market staff and other service users as well as irreparable or costly damage to the Market structure. The cause would be a result of unreliable or incorrect pre alarms and fire alarms and delay to evacuation if a fire were to occur. Effect: Realisation of this risk could result in prosecution, fine and serious reputational damage to the City.5	 Likelihood Impact	8	A number of actions to reduce the likelihood have now been completed. The results of the Cause & Effect tests in December 2019 are now in review for final mitigation works by City Surveyors. 08 Jan 2020	 Likelihood Impact	4	28-Feb-2020	 Decreasing

Action no, Title,	Action description	Latest Note		Action owner	Latest Note Date	Due Date
MCP-SM 008a Progress update from FM	Request progress update from Karyn Burnham and update the risk accordingly.	No further updates have been issued by the FM team. This item is still being reviewed.		Mark Sherlock	01-Nov-2019	31-Jan-2020

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 011 Brexit - impact of no-deal Brexit on traders and imports 06-Sep-2019 Mark Sherlock	Cause: The outcome of Brexit negotiations between the UK government and the EU results in failure to agree a mutually acceptable exit agreement. Event: The UK departs the EU in January 2020 without a trade deal in place. Effect: In the event of a no-deal Brexit, the UK would be obliged under World Trade Organization rules to impose average food import tariffs and conduct product inspections, leading 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.	 Likelihood	8	Now the results of the election are known, the detail of the withdrawal agreement and future trade relationship with the EU needs quantifying in relation to quotas and tariffs. This will allow us to plan the most effectively in consultation with the Tenants' Association, varying scenarios and mitigation measures we can implement to lessen the impact as much as possible. 16 Dec 2019	 Likelihood	3	31-Dec-2020	Constant

Action no, Title,	Action description	Latest Note		Action owner	Latest Note Date	Due Date
MCP-SM 011a Review HGV parking	Review the possibility of establishing HGV parking / holding areas in the vicinity of the market to cope with the anticipated increased volume of traffic, including the suspension of some on-street parking bays for this purpose. Other suggestions were West Poultry Avenue, where there is currently an contractor's compound, and Giltspur Street, which is apparently used for parking buses overnight at present.	MS met with Kay English and shared proposals. In principle the suspension of pay parking bays is ok. The Market will provide a plan/list of the locations for consideration. West Poultry is unlikely to become available due to the project site compound. Giltspur St is highly contentious as it forms the ring of steel. If opened, CoLP have to man it so unlikely to be an option.		Mark Sherlock	25-Oct-2019	31-Jan-2020
MCP-SM 011b Reschedule staff hours	Reschedule working hours for market staff to cover possible extended trading hours.	MS is reviewing annual leave remaining entitlements and will place a moratorium on leave if necessary, across the Maintenance and Constabulary function. There could be the need for additional resource particularly in the Rail man and cleaning teams. No budget for this.		Mark Sherlock	25-Oct-2019	31-Jan-2020
MCP-SM 011c Review parking hours	Extend parking permissible on-street parking periods. Be prepared to be flexible in response to demand possibly up to 1pm each day.	KE is open to this.		Mark Sherlock	25-Oct-2019	31-Jan-2020

MCP-SM 011d Allow two-way traffic	Open Charterhouse Street and Long Lane to two-way traffic.	KE to review road safety audits and traffic management plans.	Mark Sherlock	25-Oct- 2019	31-Jan- 2020
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Committee:	Date:
Markets	29 January 2020
Subject: Markets Committee Business Plan Update Period 2 2019/20 (August-November)	Public
Report of: Director of Markets and Consumer Protection	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 2019-20 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

- Direct on-site engagement with tenants continues through the work of the Superintendents and the Markets Coordinator.

Billingsgate Market

- The revised Code of Practice will include the recommendations of the Transport Risk Assessment.
- The 71 recommendations from the Transport Risk Assessment are being actioned.
- Rapid Electric Vehicle charge points being installed.

Smithfield Market

- Income from the Rotunda car park for period 2 is £9k above budget.
- Reduction in energy cost of £68k against last year due to several energy saving initiatives.
- Mayor works to complete replacement of the sprinkler-head pendants in Grand Avenue and East & West Market buyers walks was completed on 22nd November.

New Spitalfields Market

- The programme to install LED lights in the carpark is continuing and the project to replace lights on the towers in the carpark will commence in January 2020.
- Installation of the CCTV is 95% complete, work is being carried out to correct a fault on some cameras that are not registering number plates. Initial testing is proving positive.
- There are setbacks in phase 4 of the controlled entrance barrier project due to delays in deliveries from Italy. The back-office system is complete.

Finance

- At the end of November 2019, the Department of Markets & Consumer Protection was £421k (305%) underspent against the local risk budget to date of £138k, over all the services managed by the Director of Markets & Consumer Protection covering the Markets Committee. The Director of Markets & Consumer Protection is currently forecasting a year end underspend position of £205k (12.8%) for his City Fund and City's Cash services.

Recommendation(s)

Members are asked to:

- Note the content of this report and its appendices.

Main Report

Background

1. The 2019-20 Markets Business Plan set out four Key Performance Indicators (KPIs) and 15 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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Progress against Key Performance Indicators 2019-20
Period Two: 1 August – 30 November 2019

	Target 2019/20			Period 1	Period 2	Period 3
MKP 1	a) 90% of debts to be settled within 60 days.	Billingsgate	S	43%	*Each Market's outstanding debt as a percentage of their total invoiced income. Maximum 2% KPI target.	
			P	59%		
		Smithfield	S	77%		
			P	99%		
		Spitalfields	S	76%	Billingsgate	2.26%
			P	69%		
	b) 100% of debts settled within 90 days.	Billingsgate	S	77%	Smithfield	0.31%
			P	78%		
		Smithfield	S	100%	Spitalfields	3.68%
			P	99%		
		Spitalfields	S	82%		
			P	70%		

*For Period 2 adopting the new KPI of analysing invoiced debt outstanding at each market.

Comments:

Billingsgate - at 30 November 2019 Billingsgate had debt aged 31+ days of £149,384 - 57% of this was owed by one tenant who has since paid £63k against that debt and with whom we have an ongoing dialogue for the payment of the remainder; 15% of this was owed by a firm that had gone into liquidation; 8% of this was owed by a firm that was in a protracted insurance dispute involving C&CS; 2% was owed by several firms - we are working with Chamberlain's, C&CS and City Surveyor's to clarify details of five debts amounting to £3,000 before further action is taken

New Spitalfields - at 30 November 2019 New Spitalfields had debt aged 31+ days of some £537k - 22% of this debt is being repaid under payment plans of which half is now in the process of forfeiture of lease; 14% of total debt was being actioned by C&CS and Chamberlain under the debt collection procedures; 11% of the debt was paid during early December 2019. The local team are working with the Chamberlain to resolve possible anomalies in the reported debt figure which may have arisen due to payments not having been transferred from the suspense account to tenants' accounts.

	Target 2019/20			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%	

Appendix A

	Target 2019/20		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	100%*	100%*	
		Spitalfields	99%	99%	
Comments: * Smithfield reporting against lettable space only; previous reporting has included non-lettable space within the Poultry Market.					
	Target 2019/20		Period 1	Period 2	Period 3
MKP 4	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 2019-20

Period one: 1 August – 30 November 2019

Ref:	Objective	Progress to date
MKT01	Work with the Project Team to ensure that the Markets Consolidation Programme receives adequate, timely input and that the requirements of Markets' stakeholders are taken into account as the programme progresses.	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> The initial public consultation closed on 6 August. A series of very successful design workshops have been held during the summer for Billingsgate and New Spitalfields markets with a good level of engagement from tenants. Further workshops are planned. <p>Period 2: August – November 2019</p> <ul style="list-style-type: none"> Direct on-site engagement with tenants continues through the work of the Superintendents and the Markets Coordinator.
MKT02	<u>Billingsgate Market</u> Review Billingsgate Code of Practice.	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> The Superintendent has written to the Chair of the LFMA to suggest that the tenants review the current Code of Practice and identify any areas they feel need to be revised or updated. The recommendations from the recent Transport risk assessment, will be added to the revised Code of Practice. <p>Period 2: August – November 2019</p> <ul style="list-style-type: none"> The essential recommendations from the Transport Risk Assessment are being actioned and will be incorporated into the Code of Practice. The revised Code of Practice will be shared with tenants in early 2020 and agreed before the end of the financial year.
MKT03	<u>New Spitalfields Market</u> Improve communication with Tenants, Customers. <ul style="list-style-type: none"> <i>Tenant Survey SERVMARKET to be carried out.</i> 	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> A Market survey was carried out and received positive results. The survey will be repeated in the 2020/21 business planning period to measure if there have been any changes. <p>Period 2: August – November 2019</p> <ul style="list-style-type: none"> There is nothing to report in this period.
MKT04	<u>Smithfield Market</u> Maximise the usage of Rotunda car park to increase income.	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> Income from the Rotunda car park for period 1 is £10.5k above budget. Based on last year's figures for the same period, there has been a small decline in income. This may be due to the Ultra-Low Emission Zone that came into force on the 8 April 2019. <p>Period 2: August – November 2019</p> <ul style="list-style-type: none"> Income from the Rotunda car park for period 2 is £9k above budget.

Ref:	Objective	Progress to date
MKT05	<u>Billingsgate Market</u> Generate additional income at Billingsgate Market.	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> • A major filming project has meant that the filming budget for the year has already been achieved. • Installation of Rapid Electric Vehicle charge points have received committee approval; the next stage is to confirm Heads of Terms. <p>Period 2: August – November 2019</p> <ul style="list-style-type: none"> • Facilitating filming projects continues. • Rapid EV charge point installation progresses but not yet complete. • Additional container space let on a Tenancy at Will.
MKT06	<u>New Spitalfields and Smithfield</u> Work with the Energy team to optimise the Building Management System and realise cost saving from reduced energy consumption.	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> • At Spitalfields Market, a programme is underway to replace the floodlights in the car park with LED lights. This has a projected £40k spend with an expected 2-year payback period. It is estimated that electricity in the common parts of the Market could be reduced by 60%. <p>Period 2: August – November 2019</p> <ul style="list-style-type: none"> • At Spitalfields Market LED lights have been installed along the entrance road, the perimeter columns, and along the outside perimeter of the Market Hall. • The project to replace lights on the towers will commence in January 2020. • Tenants will be encouraged to consider converting to LED lamps on their premises as this will be a cost saving benefit to them. • Smithfield Market has reduced energy costs by £68k against last year for the period April – November 2019. <p>The reasons for the reduction are:</p> <ul style="list-style-type: none"> ◦Running key plant when required and not continuously. ◦Linking car park air extraction to actual CO levels within legal parameters. ◦Re-programming BMS controls. ◦Replacing faulty sensors, actuators, and switches within the HVAC plant ◦Changing operational set points ◦Reduce heating delivery in the summer months and cooling in the Winter months.
MKT07	<u>New Spitalfields Market</u> Tender and install CCTV system.	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> • A contract has been awarded for 146 CCTV cameras to be installed across the site: installation began on 27 August 2019.

Ref:	Objective	Progress to date
		Period 2: August – November 2019 <ul style="list-style-type: none"> Installation of the CCTV is 95% complete and initial testing has already seen a 50% increase in dumping enforcements made as more of the market is now covered by the new cameras. Initial use has highlighted that some cameras are not reading number plates and work to correct this fault is being carried out. Sign off for the project is expected late December 2019.
MKT08	<u>Billingsgate Market</u> To carry out procurement exercise into installing a new CCTV system.	Period 1: April – July 2019 <ul style="list-style-type: none"> The Superintendent has met with City Procurement and discussed a planned timeline with a view to having CCTV installed before the next financial year. Period 2: August – November 2019 <ul style="list-style-type: none"> The CCTV Project has been put back due to the scale of the work involved in actioning the Transport Risk Assessment recommendations. A Gateway report to be completed by end of financial year with a view to the project being completed by summer 2020.
MKT09	<u>New Spitalfields Market</u> Install a controlled barrier entry system.	Period 1: April – July 2019 <ul style="list-style-type: none"> Phase 3 is complete (all groundworks and civils). The back-office system is being created and a staff database collated to enable staff to gain free access to the site. The system is expected to go live mid-September. The final barrier will be installed by 10 September 2019. Period 2: August – November 2019 <ul style="list-style-type: none"> There has been a delay in phase 4. The project has been pushed back due to delays in deliveries from Italy to enable the installation of barrier equipment, pedestrian gates and fencing. This setback has resulted in delays to testing of the payment application, webpage and ID card software. The back-office system, registration and tenant staff database are complete to enable free access using an ID card. Completion date expected end of January 2020.
MKT10	<u>Smithfield Market</u> Continue to control the risk associated with the HGV Banksman duties at Smithfield Market and monitor compliance with operating procedure.	Period 1: April – July 2019 <ul style="list-style-type: none"> The audit carried out in May showed that tenants' banksman were 100% compliant. The next audit is planned for 10th September 2019. Period 2: August – November 2019 <ul style="list-style-type: none"> An Audit carried out on the 10th September resulted in 99% compliance, and one

Ref:	Objective	Progress to date
		<p>carried out on the 1st December resulted in 98% compliance.</p> <ul style="list-style-type: none"> The transport companies responsible for non-compliance have been written to and reminded of the rules. The risk status remains amber.
MKT11	Work with City Surveyors Asset Manager to ensure that the Markets Buildings remain safe and compliant without costly investments.	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> Asset Management Plans are in place for each of the markets and are being developed to reflect the changing needs of each site. <p>Period 2: August – November 2019</p> <ul style="list-style-type: none"> The City Surveyor's Dept have written reports on Markets Maintenance, and Leasing Strategy to support the Market Consolidation programme, and these will be reported to this Committee separately.
MKT12	Work with City Surveyors Facilities Management Team to implement the MICAD system at the Markets	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> Due to problems with the MICAD system, Markets data on active and reactive maintenance is not yet being recorded. <p>Period 2: August – November 2019</p> <ul style="list-style-type: none"> The problems with MICAD remain to be resolved.
MKT13	<u>Billingsgate Market</u> Transport Risk: undertake an independent transport and vehicular movement risk assessment.	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> A transport consultant has been appointed and risk assessments carried out. The report will be completed during period 2. The Superintendent will organise an expert panel to ensure the report recommendations are delivered. <p>Period 2: August – November 2019</p> <ul style="list-style-type: none"> The Transport Risk Assessment returned in September 2019 with 71 recommendations. Local team supported by directorate, corporate and transport departments are working through the recommendations with a view to all being addressed by the end of the financial year.
MKT14	<u>Smithfield Market</u> Improve Fire Safety and System performance and compliance	<p>Period 1: April – July 2019</p> <ul style="list-style-type: none"> Managing fire safety systems compliance is a top priority, which is reflected in the risk register. There is a programme of improvements underway, and outstanding issues are regularly escalated to the City Surveyors Department (CSD), in addition to bi-weekly and monthly local meetings to track and deliver progress. A control sheet of outstanding actions is owned and managed by CSD and tabled at every review meeting.

Ref:	Objective	Progress to date
		Period 2: August – November 2019 <ul style="list-style-type: none"> Major works to complete replacement of the sprinkler-head pendants in Grand Avenue and East & West Market buyers walks were completed on the 22nd November.
MKT15	<u>Smithfield Market</u> Investigate opportunities for PDA based Security inspection software. Improve efficiencies and centralised record keeping	Period 1: April – July 2019 <ul style="list-style-type: none"> The recent bid for additional funds was unsuccessful. The Market is now seeking to identify funds from existing budgets to continue this work this financial year. If this is not possible, it will be submitted in the financial budget for 2020-21.
		Period 2: August – November 2019 <ul style="list-style-type: none"> The Superintendent and Operations Manager will visit New Spitalfields Market to consider if the Guardtec software would benefit the security staff and if so, existing budgets would be managed to ensure funding is available for procurement and implementation by March 2020.

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Matters of General Interest to the Committee

Billingsgate Market

Visitors/Filming/photography

		<u>Activity</u>	<u>Fee Received</u>
<u>August</u>	10 th	Personal Use	No fee
	10 th	Personal Use	No fee
	16 th	Personal Use	No fee
	17 th	Personal Use	No fee
	21 st	Personal Use	No fee
	21 st	Personal Use	No fee
	24 th	Documentary for UCL's schoolwork	No fee
<u>September</u>	12 th	Hong Kong production – Filming with MKT for travelogue programme	£250+VAT
	17 th	Personal Use	No fee
<u>October</u>	2 nd	Boundless Theatre – Filming for charity shot	£100+VAT
	5 th -6 th	355 Productions – Filming around the MKT for short film	£1,050+VAT
	12 th	Personal Use	No fee
	12 th	Personal Use	No fee
	19 th	Personal Use	No fee
	23 rd - 24 th	Personal Use	No fee
	29 th	Personal Use	No fee
<u>November</u>	1 st	Personal Use	No fee
	8 th	Remembrance Service & breakfast	No fee
	10 th	Independent Films – Unit base parking	£600+VAT
	19 th	Personal Use	No fee
	20 th	Personal Use	No fee
	23 rd	Personal Use	No fee
	29 th	Personal Use	No fee

Smithfield Market

Visitors/Filming/photography

		<u>Activity</u>	<u>Fee Received</u>
August	16 th	GLA Smithfield Market Tour	No fee
	21 st	Museum of London Staff Tour	No fee
September	None		
October	22 nd	Lord Mayor's Visit	No fee
November	12 th	Personal Use	No fee

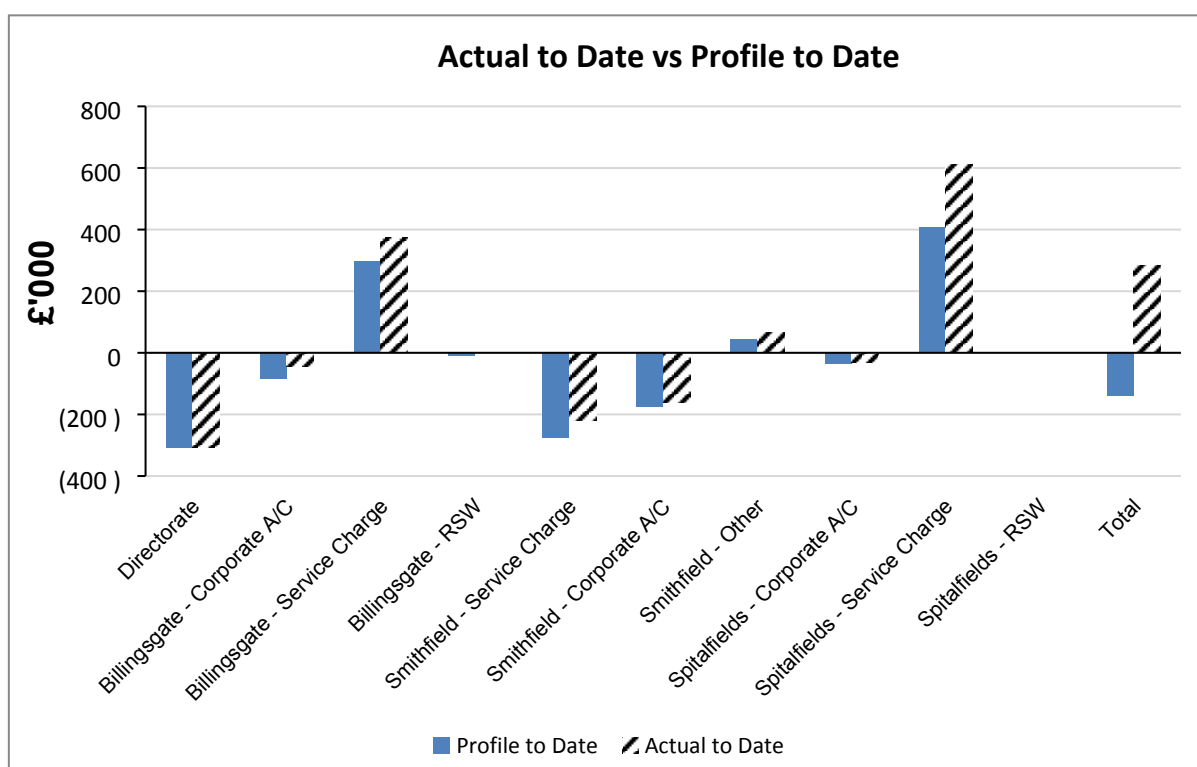
New Spitalfields Market

Visitors/Filming/photography

		<u>Activity</u>	<u>Fee Received</u>
August	None		
September	5 th	A small delegation from the Uganda High Commission, including the Deputy High Commissioner.	No fee
October	31 st	Members visit that included Policy Chair Catherine McGuinness, Chris Hayward and John Chapman	No fee
November	None		

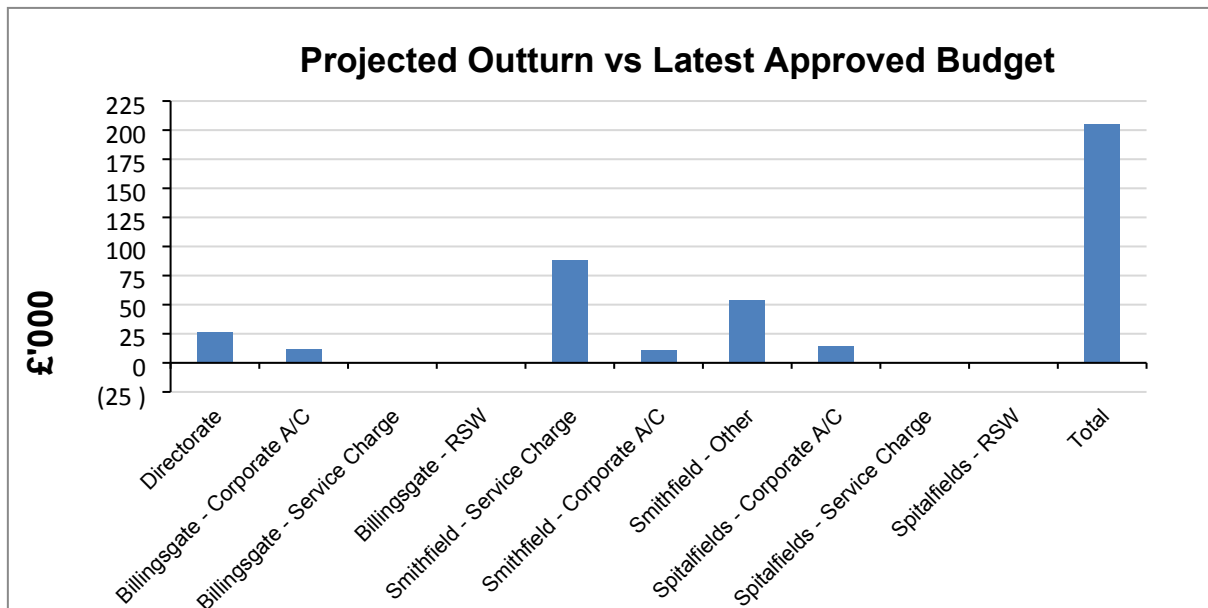
Appendix C

1. At the end of November 2019, the Department of Markets & Consumer Protection was £421k (305%) underspent against the local risk budget to date of £138k, over all the services managed by the Director of Markets & Consumer Protection covering the Markets Committee.
2. Overall the Director of Markets & Consumer Protection is currently forecasting a year end underspend position of £205k (12.8%) for his City Fund and City's 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. Markets total actual to date net income of £283k is £421k under the profiled budget to date of £138k expenditure.



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 £205k at year end.

3. The reasons for the significant budget variations are detailed in Table A below, 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 2019 relates mainly to current staffing vacancies and additional income generated at Spitalfields Market, this will, however, be offset at year end by reduced service charge bills to tenants. Other underspends to date relate to savings at Smithfield Market due to the levels of prior year accruals raised for Citigen water services and energy costs at year end and seasonal variations in usage and finally further underspends at Billingsgate Market relating to additional filming income received, which is expected to continue until year end.
5. The Director of Markets & Consumer Protection anticipates this current better than budget position will continue until year end mainly because of forecast underspends at Smithfield Market as a result of reduced Citigen heating and cooling costs, electricity costs for the basement being charged to the Museum of London project, and energy efficient measures introduced at the car park, plus higher levels of income at the car park.

Appendix C

Table A

Department of Markets & Consumer Protection Local Risk Revenue Budget - 1st April to 30th November 2019
(Expenditure and unfavourable variances are shown in brackets)

	Latest Approved Budget 2019/20 £'000	Budget to Date (Apr-Nov)			Actual to Date (Apr-Nov)			Variance Apr-Nov £'000	Forecast for the Year 2019/20			Notes
		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	
Markets (City Cash)												
Directorate	(489)	(309)	0	(309)	(307)	0	(307)	2	(489)	(463)	26	
Billingsgate - Corporate Account	(138)	(175)	92	(83)	(189)	143	(46)	37	(138)	(126)	12	1
Billingsgate - Service Charge	0	(1,593)	1,889	296	(1,620)	1,995	375	79	0	0	0	2
Billingsgate - Repainting and Special Works	0	(10)	0	(10)	(6)	6	0	10	0	0	0	
Smithfield - Service Charge	(810)	(1,947)	1,673	(274)	(1,895)	1,674	(221)	53	(810)	(722)	88	3
Smithfield - Corporate and Direct Recovered	(193)	(1,047)	873	(174)	(981)	820	(161)	13	(193)	(182)	11	
Smithfield - Other (Including Car Park)	122	(487)	531	44	(472)	538	66	22	122	176	54	4
	(1,508)	(5,568)	5,058	(510)	(5,470)	5,176	(294)	216	(1,508)	(1,317)	191	
Markets (City Fund)												
Spitalfields - Corporate Account	(68)	(34)	0	(34)	(38)	5	(33)	1	(68)	(54)	14	
Spitalfields - Service Charge	(21)	(3,477)	3,883	406	(3,375)	3,985	610	204	(21)	(21)	0	5
Spitalfields - Repair and Repainting	0	(16)	16	0	(18)	18	0	0	0	0	0	
	(89)	(3,527)	3,899	372	(3,431)	4,008	577	205	(89)	(75)	14	
TOTAL MARKETS COMMITTEE LOCAL RISK	(1,597)	(9,095)	8,957	(138)	(8,901)	9,184	283	421	(1,597)	(1,392)	205	

Notes:

- 1. Billingsgate Corporate Account** - underspend to date due to additional income received from a one-off filming job £68k.
- 2. Billingsgate Service Charge** - underspend to date due to additional income from recharging utilities costs to tenants as a result of energy price rises, as well as extra income from pay and display car parking.
- 3. Smithfield Service Charge** - underspend to date is due to reduced Citigen heating & cooling costs as a result of changes in the operation of equipment, plus savings on electricity & gas due to seasonal variations in usage and a large credit note received.
- 4. Smithfield Other** - underspend as a result of electricity costs for the basement being recharged to the Museum of London project and energy efficient measures introduced at the car park, plus higher levels of income at the car park.
- 5. Spitalfields Service Charge** - underspend to date due to staffing vacancies for maintenance and security staff, as well as additional income recharged to tenants for utilities and waste collection, and higher levels of recyclable waste rebate income from Countrystyle. These will be offset at year-end within the balancing service charge to tenants, which is estimated to be higher due to delays in the opening of the entry barrier and lost income forecast.

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Committee:	Date:
Markets Committee	29 January 2020
Subject: Markets Committee Budget Estimates and High-Level Summary Business Plan 2020/21	Public
Report of: The Chamberlain Director of Markets & Consumer Protection	For Decision
Report author: Leyla Dervish, Chamberlain's Department Don Perry, Dept. of Markets & Consumer Protection	

Summary

This report is the annual submission of the revenue and capital budgets overseen by your Committee. In particular it is asking members to note the latest revenue budget for 2019/20 and approve the proposed revenue and capital budgets for 2020/21, for subsequent submission to the Finance Committee and final high-level summary business plan for Markets Committee for 2020/21.

The 2019/20 Latest Budget totals net expenditure of (£290k), an increase in total net expenditure of (£1.211m) compared with the 2019/20 Original Budget of net income £921k.

The proposed 2020/21 Original Budget totals net income of £94k, an increase in net income of £384k compared with the 2019/20 Latest Budget of net expenditure (£290k).

Recommendation

Members are asked to:

- i) review and approve the Markets Committee proposed revenue budget for 2020/21 for submission to Finance Committee;
- ii) review and approve the Markets Committee proposed capital and supplementary revenue projects budgets for 2020/21 for submission to Finance Committee;
- iii) authorise the Chamberlain, in consultation with the Director of Markets & Consumer Protection to revise these budgets to allow for any further implications arising from Corporate Projects, other reviews and changes to the Cyclical Works Programme;
- iv) agree that minor amendments for 2019/20 and 2020/21 budgets arising during budget setting be delegated to the Chamberlain;

- v) note the factors taken into consideration in compiling the Department of Markets & Consumer Protection Business Plan, including efficiency measures; and
- vi) approve, subject to the incorporation of any changes sought by this Committee, the draft high-level summary business plan for 2020/21.

Main Report

Background

1. As part of the new framework for corporate and business planning, departments were asked to produce standardised high-level, 2-side business plans for the first time in 2017 for the 2018/19 year. Members generally welcomed these high-level plans for being brief, concise, focused and consistent statements of the key ambitions and objectives for every department.
2. For 2020/21, the high-level summary business plan has been further evolved to make use of the information now available and give a better overview of how the department's work contributes to the Corporate Plan. It provides an overview of departmental activity and resources, mainly but not limited to the forthcoming 12 months, including capital and revenue projects. As a high-level summary, this document does not capture the granularity of departmental work but gives the overall picture of departmental activity, customer feedback, trends where applicable and direction of travel.
3. For the first time in 2020/21, high-level summary business plans are being brought forward alongside budget estimates, pending full integration of the processes for 2021/22, to inform medium-term financial planning and the development of spending priorities. This report therefore presents the budget estimates and draft final high-level summary Business Plan together as appendices.

Markets Committee Budget Estimates

4. This report presents at Appendix 1, the latest revenue budget for 2019/20 and the provisional 2020/21 budget for your Committee under the control of the Director of Markets & Consumer Protection, analysed between:
 - **Local Risk Budgets** – these are budgets deemed to be largely within the Chief Officer's control.
 - **Central Risk Budgets** – these are budgets comprising specific items where a 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.

- **Support Services and Capital Charges** – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.
5. The budget has been prepared within the resources allocated to the Director.
 6. Overall, the 2019/20 Latest Budget totals net expenditure of (£290k), an increase in net expenditure of (£1.211m) compared to the Original Budget of £921k net income. The 2020/21 proposed revenue budget totals net income of £94k, an increase in net income of £384k on the 2019/20 Latest Budget
 7. In this and subsequent tables, figures in brackets indicate expenditure, decreases in income or increases in expenditure. Figures without brackets represent income, increases in income or decreases in expenditure.

Table 1 - Summary Revenue Budgets 2019/20 and 2020/21			
	Original Budget 2019/20 £'000	Latest Budget 2019/20 £'000	Original Budget 2020/21 £'000
Expenditure	(16,615)	(17,359)	(17,185)
Income	19,989	19,676	19,785
Net (Expenditure)/ Income	3,374	2,317	2,600
Support Services and Capital Charges	(2,453)	(2,607)	(2,506)
Total Net (Expenditure)/Income	921	(290)	94

Latest Revenue Budget for 2019/20

8. Appendix 2 provides details on local risk, central risk, support services and capital charges budget movements between the 2019/20 Original Budget and the 2019/20 Latest Budget. Total net expenditure has increased by (£1.211m) from a net income position of £921k to a net expenditure position of (£290k). The increase in net expenditure relates to:
 - (£901k) increase in repairs and maintenance costs managed by the City Surveyors Department mainly relating to the Cyclical Works Programme and the Building Repairs and Maintenance contract managed by Skanska;
 - (£261k) decreased income mainly relates to reduced income from the entry barrier at New Spitalfields Market due to a delayed opening, reduction in income from chilled water and heating at Smithfield Market and a reduction in service charge income at Billingsgate Market as a result of lower service charge expenditure for tenants;
 - (£198k) increase in capital and depreciation charges following the installation of the entry barrier at New Spitalfields Market;

- (£193k) increase in employment costs, due to a 2.45% uplift on cost of living for grades A-C and a 2.00% uplift for grades D and above, plus a 5.00% increase in London Weighting costs, together with centrally provided budgets for apprenticeship costs and contribution pay;
 - (£85k) reduction in service charge contributions into the Repainting and Special Works Fund at Billingsgate Market due lower repairs and maintenance works taking place in 2019/20 and £33k increased use of the tenant reserve account;
 - (£78k) increase largely relates to changes in the recharging of internal legal fees;
 - (£3k) increase in Directorate recharges;
 - £428k reduction is mainly attributable to reduced service charge contributions into the reserve accounts. This is due to reduced income from the entry barrier at New Spitalfields Market and increased use of the reserves at Billingsgate Market;
 - £47k decrease in central support services costs, mainly relating to a decrease in recharges from the Comptrollers and City Solicitors Department;
9. A detailed breakdown of the budget changes by expenditure and income category can be found within the notes section of Appendix 2.

Proposed Revenue Budget for 2020/21

10. Appendix 3 provides details on local risk, central risk, support services and capital charges budget movements between the 2019/20 Latest Budget and the 2020/21 Original Budget. Total net income has increased by £384k from a net expenditure position of (£290k) to a net income position of £94k. The increase in net income relates to:
- £173k decrease in repairs and maintenance costs managed by the City Surveyors Department mainly relating to the Cyclical Works Programme and the Building Repairs and Maintenance contract managed by Skanska;
 - £136k increased income mainly from the entry barrier at New Spitalfields Market and increased car parking income from Smithfield Car Park;
 - £115k decrease in premises related expenditure which includes a £100k Fundamental Review saving relating to the Building Management System at Smithfield Market as agreed by Resource Allocation Sub Committee;

- £108k decrease in central support services costs, mainly relating to a decrease in central recharges from the Comptrollers and City Solicitors Department;
- £17k saving due to removal of one-off cost for previous year purchase of forklift truck;
- (£71k) increase primarily due to professional fees at New Spitalfields Market relating to advice for rent reviews;
- (£54k) increase in costs relating to the waste and cleaning contract at New Spitalfields Market primarily due to an uplift in the fixed element of the contract as a result of inflationary increases in the contract price;
- (£19k) reduction in income transfers from the New Spitalfields Market Repainting and Repairs Fund and the Billingsgate Market Repainting and Special Works Fund, as a result of reductions in repairs and maintenance works taking place in 2020/21;
- (£8k) income decrease mainly due to the removal of a one-off grant for the purchase of a vehicle at Billingsgate Market in 2019/20;
- (£7k) increase in Directorate recharges;
- (£6k) increase in employment expenditure due to a 2.00% uplift for cost of living for all grades plus a 2.00% uplift in London Weighting costs.

11. A detailed breakdown of the budget changes by expenditure and income category can be found within the notes section of Appendix 3.

Staffing Statement

12. The below table analyses the movement in manpower and related staff costs. This shows an increase in full-time equivalent posts from 123.4 to 125.4 and an increase in total employment costs of (£199k) from (£5.957m) to (£6.156m).

Table 2 - Staffing Statement OR 2019/20 - OR 2020/21				
	Original Budget 2019/20		Original Budget 2020/21	
	Manpower Full-time Equivalent	Estimated Cost £'000	Manpower Full-time Equivalent	Estimated Cost £'000
Directorate	5.4	(450)	5.4	(459)
New Spitalfields Market	35.0	(1,682)	35.0	(1,694)
Smithfield Market	44.0	(1,961)	45.0	(2,052)
Billingsgate Market	39.0	(1,864)	40.0	(1,951)
Total Markets	123.4	(5,957)	125.4	(6,156)

Operating Statement

13. The operating statement which shows the financial position of the individual Wholesale Markets (i.e. excluding the Directorate, Smithfield car park and outside properties at Smithfield Market) is shown in Appendix 4, with Appendix 5 detailing the reasons for all adverse variances, and all favourable variances over £50k.
14. There is an overall net income to the City of London Corporation for operating the Markets of £185k in 2020/21. The net income is higher than the overall Markets Committee total of £94k as the Operating Statement excludes a net cost of (£91k) for the operation of the car park and outside properties at Smithfield Market. The overall Markets net income for 2020/21 includes costs for capital depreciation charges of (£1.273m).

Draft Capital and Supplementary Revenue Budgets

15. The latest estimated costs of the Committee's current capital and supplementary revenue projects are summarised in table 3 below:

Table 3						
Service Managed	Project	Exp. Pre 01/04/19 £'000	2019/20 £'000	2020/21 £'000	Later Years £'000	Total £'000
New Spitalfields Market	Entry Barrier	(151)	(130)			(281)
New Spitalfields Market	CCTV System		(70)			(70)
Total Markets		(151)	(200)	0	0	(351)

16. 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 2020. Both of the New Spitalfields Market schemes listed are due for completion in the current financial year. The above table excludes the costs of the Markets Consolidation Programme.

Annual Capital Bid Process

17. Following a major fire safety review at Smithfield Car Park, two safety improvement recommendations were made. Smithfield Market submitted a £150k capital bid for the replacement of the car park sprinkler heads and fire doors, which were approved in principle by Resource Allocation Sub Committee in December 2019. This project will now progress through the Gateway approval process.

Draft Final High-Level Summary Business Plan for 2020/21

18. This report presents, at Appendix 6, the final high-level summary Business Plan for 2020/21 for the Department of Markets & Consumer Protection.
19. This section outlines the following:
- a. the factors taken into consideration in compiling the elements of the Business Plan that relate to the operation of the Wholesale Markets;
 - b. how the 2020/21 efficiency target of £100k will be delivered;
 - c. initiatives, programmes and projects, identified through the Fundamental Review.
20. Our priorities are the proposed consolidation of all three markets onto a single site and maintaining existing facilities to a good operational standard during this process.
21. The City's Wholesale Markets are going through a period of unprecedented change with the Markets Consolidation Programme looking to deliver a new consolidated market that meets the needs of the wholesalers and their customers. This will be achieved by delivering a market that makes use of innovation; supports sustainability; makes use of digitisation; and attracts complementary uses including food manufacturing enterprises and provision of educational facilities.
22. During this time the Department's priorities will be to support the programme and ensure that the requirements of Markets' stakeholders are taken into account as it progresses, while continuing to operate safe, efficient and well-maintained Wholesale Markets on the existing sites for our tenants and customers.
23. The Markets will continue to work to deliver best value to our customers and will in the coming year be reviewing options to further reduce energy consumption.
24. The efficiency target for 2020/21 will be delivered through energy savings realised through the optimisation of the Building Management System (BMS) at Smithfield Market.

Corporate & Strategic Implications

25. The Department of Markets & Consumer Protection has reviewed the alignment of its activities with the outcomes in the Corporate Plan. The Department's activities contribute to nine of the 12 corporate outcomes.
26. Objectives for the Wholesale Markets align with the Corporate Plan by contributing to a flourishing society, through supporting access to suitable community facilities, workspaces and visitor accommodation.

Public Sector Equality Duty

27. The Department of Markets & Consumer Protection is committed to complying with the Equality Duty and considers all individuals when carrying out their day-to-day work in shaping policy, in delivering services and in relation to their own employees. We are carrying out the Equality, Diversity and Inclusion self-assessment that will identify gaps in our monitoring and an improvement plan to address those gaps will be developed which will be aligned to the Corporate Equality and Inclusion Plan.
28. Managers within the Department of Markets & Consumer Protection will work with our HR Business Partner to look at increasing the diversity of our staff in higher grades, particularly focusing on women, race and disability that are significantly under-represented in Grade G and above posts within the department.

Conclusion

29. This report presents the budget estimates and final high-level summary Business Plan for 2020/21 for Markets Committee to consider and approve.

Appendices

- Appendix 1 – Committee Summary Budget by Risk, Fund and Chief Officer
- Appendix 2 – Original Budget 2019/20 to Latest Budget 2019/20
- Appendix 3 – Latest Budget 2019/20 to Original Budget 2020/21
- Appendix 4 – Wholesale Markets Operating Statement 2019/20 Latest Budget and 2020/21 Original Budget
- Appendix 5 – Operating Statement Notes
- Appendix 6 – Final high-level summary Business Plan 2020/21

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Committee Summary Budget by Risk, Fund and Chief Officer

	Original Budget 2019/20 £'000	Latest Budget 2019/20 £'000	Original Budget 2020/21 £'000
LOCAL RISK			
Director of Markets & Consumer Protection			
City Fund			
New Spitalfields Market Service Charge	(21)	(21)	(19)
New Spitalfields Market Corporate Account	(27)	(87)	(55)
New Spitalfields Market Repainting and Repairs	0	0	0
Total City Fund	(48)	(108)	(74)
City's Cash			
Smithfield Market Service Charge	(810)	(934)	(851)
Smithfield Market Corporate Account	(129)	(193)	(115)
Smithfield Other Services	122	176	191
Billingsgate Market Service Charge	0	0	0
Billingsgate Market Corporate Account	(137)	(126)	(124)
Billingsgate Market Repainting and Special Works	0	0	0
Markets Directorate	(487)	(462)	(466)
Total City's Cash	(1,441)	(1,539)	(1,365)
Total Director of Markets & Consumer Protection	(1,489)	(1,647)	(1,439)
City Surveyor			
New Spitalfields Market Service Charge	(54)	(73)	(73)
New Spitalfields Market Corporate Account	(49)	(47)	(55)
Smithfield Market Service Charge	(410)	(540)	(420)
Smithfield Market Corporate Account	(227)	(756)	(829)
Smithfield Other Services	(160)	(365)	(273)
Billingsgate Market Service Charge	(163)	(183)	(141)
Total City Surveyor	(1,063)	(1,964)	(1,791)
TOTAL NET LOCAL RISK	(2,552)	(3,611)	(3,230)
CENTRAL RISK			
Director of Markets & Consumer Protection			
City Fund			
New Spitalfields Market Service Charge	402	410	411
New Spitalfields Market Corporate Account	2,102	2,092	1,992
New Spitalfields Market Repainting and Repairs	22	22	22
City Fund Total	2,526	2,524	2,425
City's Cash			
Smithfield Market Service Charge	(4)	(4)	(4)
Smithfield Market Corporate Account	1,520	1,492	1,523
Smithfield Other Services	83	101	101
Billingsgate Market Service Charge	347	366	324
Billingsgate Market Corporate Account	1,445	1,440	1,452
Billingsgate Market Repainting and Special Works	9	9	9
City's Cash Total	3,400	3,404	3,405
TOTAL NET CENTRAL RISK	5,926	5,928	5,830
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,453)	(2,607)	(2,506)
TOTAL NET (EXPENDITURE)/INCOME	921	(290)	94

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ORIGINAL BUDGET 2019/20 TO LATEST BUDGET 2019/20				
Analysis of Service Expenditure	Original Budget 2019/20 £'000	Latest Budget 2019/20 £'000	Movement Better/(Worse) £'000	Para Reference
EXPENDITURE - LOCAL RISK				
Employment Costs	(5,957)	(6,150)	(193)	1
Premises Related Expenses	(5,189)	(4,761)	428	2
City Surveyor – Repairs & Maintenance	(1,063)	(1,964)	(901)	3
Transport Related Expenses	(56)	(57)	(1)	4
Supplies & Services	(1,021)	(1,167)	(146)	5
Waste & Cleaning Contract at New Spitalfields Mkt	(2,816)	(2,840)	(24)	6
Transfer to Reserves	0	0	0	
Committee Contingency	(25)	0	25	7
Total Expenditure	(16,127)	(16,939)	(812)	
INCOME - LOCAL RISK				
Other Grants, Reimbursements & Contributions	445	360	(85)	8
Customer, Client Receipts	13,046	12,851	(195)	9
Investment Income	2	2	0	
Transfer from Reserves	82	115	33	10
Total Income	13,575	13,328	(247)	
TOTAL NET LOCAL RISK (EXP)/ INC	(2,552)	(3,611)	(1,059)	
EXPENDITURE - CENTRAL RISK				
Premises Related Expenses	(171)	(171)	0	
Supplies & Services	(101)	(33)	68	11
Capital Charges/Depreciation	(216)	(216)	0	
Total Expenditure	(488)	(420)	68	
INCOME - CENTRAL RISK				
Customer, Client Receipts	1,517	1,523	6	12
Customer, Client Receipts (Rent)	4,866	4,794	(72)	13
Transfer from Reserves	31	31	0	
Total Income	6,414	6,348	(66)	
TOTAL NET CENTRAL RISK (EXP)/ INC	5,926	5,928	2	
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services	(2,008)	(1,961)	47	14
Capital Charges/Depreciation	(859)	(1,057)	(198)	15
Recharges within Committee	0	0	0	
Recharges within Fund	77	77	0	
Recharges across Fund	337	334	(3)	16
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,453)	(2,607)	(154)	
TOTAL NET (EXPENDITURE)/INCOME	921	(290)	(1,211)	

Original Budget 2019/20 to Latest Budget 2019/20 – Variance Notes

Local Risk

1. **Employment Costs** – increase of (£193k) is due to a 2.45% uplift on cost of living for grades A-C and a 2.00% uplift for grades D and above plus a 5.00% increase in London Weighting costs, together with centrally provided budgets for apprenticeship costs and contribution pay.
2. **Premises Related Expenses** – decrease of £428k is due to the following:
 - £200k reduction in service charge contributions to the Repainting and Repair reserve fund as a result of reduced anticipated income from the entry barrier at New Spitalfields Market;
 - £100k reduced service charge contributions at Billingsgate Market to the Repainting and Special Works Fund as some works will be funded by the reserves;
 - £63k reduction in repairs and maintenance costs;
 - £68k decrease in energy expenditure as a result of energy efficient measures being introduced;
 - £47k reduction in Carbon Reduction Commitment costs as a result of changes in the energy contract whereby carbon reduction levies are now included within electricity costs;
 - £23k reduction in cleaning and domestic supplies;
 - (£39k) agreed carry forwards from 2018/19 relating to various premises related costs at Smithfield Market;
 - (£28k) increase in water expenditure as a result of increased water consumption and price rises;
 - (£6k) increase in rates expenditure.
3. **City Surveyor – Repairs & Maintenance** – the (£901k) increase is due to the following:
 - (£734k) increase in costs due to the re-phasing of works as part of the Cyclical Works Programme at Smithfield Market and Smithfield Car Park;
 - (£110k) increase in costs relating to the Building Repairs and Maintenance contract managed by Skanska at Smithfield Market as a result of the asset verification process;
 - (£30k) increase in pest control contract costs;
 - (£17k) increase in costs relating to the Building Repairs and Maintenance contract managed by Skanska at New Spitalfields Market as a result of the asset verification process;
 - (£10k) increase in costs relating to the Building Repairs and Maintenance contract managed by Skanska at Billingsgate Market as a result of the asset verification process.
4. **Transport Related Expenses** – (£1k) increase in transport related expenditure across all Markets.
5. **Supplies & Services** – the (£146k) increase is due to the following:
 - (£109k) increase in fees and services costs which is largely due to changes in the recharging of internal legal fees which now is met by local risk budgets;

- (£12k) additional management fees relating to the running of Smithfield Car Park;
- (£7k) additional costs relating to credit card transaction fees and expenditure incurred for a virtual tour of Smithfield Car Park;
- (£11k) rise in equipment, furniture and materials costs;
- (£7k) increase in printing, stationery and subscriptions;
- (£6k) in extra communications and computing costs;
- (£2k) increase related to subsistence and conference expenditure;
- £7k reduction in clothing and uniform costs;
- £1k decrease in advertising costs.

6. Waste & Cleaning Contract at New Spitalfields Market - the increase of (£24k) relates to increases in the rebate element of the waste collection contract due to increased levels of recyclable waste.

7. Committee Contingency – the £25k reduction is due to £2k being transferred to the Markets Directorate budget and the remaining £23k saving will offset necessary budget increases at Smithfield Market.

8. Other Grants, Reimbursements and Contributions – the (£85k) decrease is due to a (£100k) contribution reduction from the Billingsgate Market service charge to the Repainting and Special Works account due to reduced works taking place in 2019/20. This is partly offset by £15k grant income to fund 75% of the expenditure for the purchase of a cherry picker truck.

9. Customer, Client Receipts – the (£195k) reduction in income is due to the following:

- (£580k) decreased income due to delays in the installation of the entry barrier at New Spitalfields Market;
- (£124k) reduced service charge income at Billingsgate Market as a result of lower service charge expenditure and increases in sundry income;
- (£123k) reduction in income from chilled water and heating as a result of operational changes of heating and cooling equipment which has led to reduced consumption levels at Smithfield Market;
- (£50k) reduced waste collection income recharged to tenants at New Spitalfields Market;
- (£46k) decreased income at New Spitalfields Market from Carbon Reduction Commitment recharges to tenants;
- (£4k) reduction in casual rent income at Billingsgate Market;
- (£4k) decrease in public car parking at Billingsgate Market due to reduced occupancy levels and increased levels of competition;
- (£3k) reduction in service charge sundry income at Smithfield Market;
- £401k additional service charge income at New Spitalfields Market to offset increased service charge expenditure and reduced sundry income;
- £96k extra electricity and gas income as a result of increased energy price rises recharged to tenants at Smithfield Market;
- £74k increase in income from electricity and gas recharged to tenants at Billingsgate Market as a result of energy price rises;
- £33k in additional filming income at Billingsgate Market due to a large one-off filming project;
- £31k additional income from the rebate element of the waste collection contract at New Spitalfields Market due to increased levels of recyclable waste;

- £27k increase in income from water recharged to tenants as a result of water price rises at Billingsgate Market;
- £20k additional pallet income at New Spitalfields Market;
- £15k increase in refuse collection income at Billingsgate Market;
- £15k increase in income from trade car parking at Billingsgate Market;
- £13k extra income at the Rotunda Car Park at Smithfield Market;
- £12k increases in other sources of sundry income at New Spitalfields Market;
- £2k additional income from the Animal By-Product facility at Smithfield Market.

10. Transfer from Reserves – the £33k increase is to fund repairs and maintenance works on the Repairs and Special Works account at Billingsgate Market as a result of reduced service charge contributions.

Central Risk

11. Supplies & Services – the £68k decrease in expenditure is due to:

- £80k reduction in professional fees at Smithfield Market as the Food Standards Agency (FSA) now invoices tenants directly;
- (£10k) additional professional fees at New Spitalfields Market relating to advice for rent reviews;
- (£2k) increase in professional fees at Billingsgate Market relating to the advertising hoardings.

12. Customer, Client Receipts – the £6k increase in income is due to:

- £19k increase in service charge income at Billingsgate Market;
- £8k increase in service charge income at New Spitalfields Market;
- (£16k) decrease in public car parking at Billingsgate Market due to reduced occupancy levels and increased levels of competition;
- (£5k) reduction in income from wayleaves and tolls at Billingsgate Market.

13. Customer, Client Receipts (Rent) – the net decrease of (£72k) is due to the following:

- (£108k) reduction in income due to rent reviews not taking place at Smithfield Market and reduced income as a result of agreed rent-free periods at the Poultry Market;
- £18k increase in rent income at Billingsgate Market due to the additional lettings of outdoor container units;
- £18k additional rent income for the Smithfield Outside Properties relating to a rent review at the Oriole Bar and additional rent from letting out part of the Rotunda Car Park.

Support Services and Capital Charges

14. Central Support Services – the net decrease of £47k is due to the following:

- £99k decrease in recharges from the Comptrollers and City Solicitors Department;
- £23k reduction in insurance recharges;
- £6k lower recharges from the Town Clerk's Department;
- (£49k) increase in recharges from the Chamberlain's Department;
- (£17k) additional IT recharges;
- (£7k) increase in City Procurement recharges;
- (£4k) rise in City Surveyor's recharges;
- (£4k) increased Administration Buildings recharges.

15. Capital Charges and Depreciation – the increase of (£198k) is due to additional depreciation charges at New Spitalfields Market primarily relating to the installation of the entry barrier.

16. Recharges Across Fund – the net decrease of (£3k) is due to reduced Directorate recharges to other areas of the Department of Markets & Consumer Protection.

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LATEST BUDGET 2019/20 TO ORIGINAL BUDGET 2020/21				
Analysis of Service Expenditure	Latest Budget 2019/20 £'000	Original Budget 2020/21 £'000	Movement Better/(Worse) £'000	Para Reference
EXPENDITURE - LOCAL RISK				
Employment Costs	(6,150)	(6,156)	(6)	1
Premises Related Expenses	(4,761)	(4,643)	118	2
City Surveyor – Repairs & Maintenance	(1,964)	(1,791)	173	3
Transport Related Expenses	(57)	(40)	17	4
Supplies & Services	(1,167)	(1,140)	27	5
Waste & Cleaning Contract at New Spitalfields Mkt	(2,840)	(2,894)	(54)	6
Transfer to Reserves	0	0	0	
Committee Contingency	0	0	0	
Total Expenditure	(16,939)	(16,664)	275	
INCOME - LOCAL RISK				
Other Grants, Reimbursements & Contributions	360	352	(8)	7
Customer, Client Receipts	12,851	12,984	133	8
Investment Income	2	2	0	
Transfer from Reserves	115	96	(19)	9
Total Income	13,328	13,434	106	
TOTAL NET LOCAL RISK (EXP)/ INC	(3,611)	(3,230)	381	
EXPENDITURE - CENTRAL RISK				
Premises Related Expenses	(171)	(174)	(3)	10
Supplies & Services	(33)	(131)	(98)	11
Capital Charges/Depreciation	(216)	(216)	0	
Total Expenditure	(420)	(521)	(101)	
INCOME - CENTRAL RISK				
Customer, Client Receipts	1,523	1,495	(28)	12
Customer, Client Receipts (Rent)	4,794	4,825	31	13
Transfer from Reserves	31	31	0	
Total Income	6,348	6,351	3	
TOTAL NET CENTRAL RISK (EXP)/ INC	5,928	5,830	(98)	
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services	(1,961)	(1,853)	108	14
Capital Charges/Depreciation	(1,057)	(1,057)	0	
Recharges within Committee	0	0	0	
Recharges within Fund	77	77	0	
Recharges across Fund	334	327	(7)	15
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,607)	(2,506)	101	
TOTAL NET (EXPENDITURE)/INCOME	(290)	94	384	

Latest Budget 2019/20 to Original Budget 2020/21 – Variance Notes

Local Risk

1. **Employment Costs** – the increase of (£6k) is due to a 2.00% uplift for cost of living for all grades plus a 2.00% uplift in London Weighting costs.
2. **Premises Related Expenses** – the decrease of £118k is due to:
 - £86k net decrease in repairs and maintenance costs of which £39k related to the removal of approved carry forwards from the previous financial year at Smithfield Market relating to an automated electricity system and refrigeration deck matting;
 - £44k net reduction in utility costs due to the introduction of energy efficiency measures;
 - £1k reduced service charge contribution to the Billingsgate Market Repainting and Special Works account;
 - (£12k) increase in rates costs;
 - (£1k) additional costs relating to cleaning and domestic supplies.
3. **City Surveyor – Repairs & Maintenance** – the decrease of £173k is due to:
 - £184k net decrease due to the re-phasing of works as part of the Cyclical Works Programme at Smithfield Market and Smithfield Car Park;
 - £39k decrease in costs relating to the Building Repairs and Maintenance contract managed by Skanska at Billingsgate Market as a result of the asset verification process.
 - £9k lower pest control contract costs;
 - (£51k) increase in costs relating to the Building Repairs and Maintenance contract managed by Skanska at Smithfield Market and Smithfield Car Park as a result of the asset verification process;
 - (£8k) additional costs relating to the Building Repairs and Maintenance contract managed by Skanska at New Spitalfields Market as a result of the asset verification process.
4. **Transport Related Expenses** – the decrease of £17k is due to the removal of one-off costs for the purchase of a forklift truck in the previous financial year.
5. **Supplies & Services** – the £27k decrease is due to the following:
 - £29k decrease due to one-off professional fees taking place at New Spitalfields Market during 2019/20 relating to Working Time Solutions and tenant training;
 - £5k net decrease in the cost of refuse collection and general office expenditure;
 - (£7k) additional management fees for the running of the Rotunda Car Park at Smithfield Market.
6. **Waste & Cleaning Contract at New Spitalfields Market** – the (£54k) increase is primarily due to an uplift in the fixed element of the contract as a result of inflationary increases in the contract price.
7. **Other Grants, Reimbursements and Contributions** – the (£8k) decrease is due to the removal of a one-off grant of (£15k) for the purchase of a cherry picker truck at Billingsgate Market in 2019/20. This is in addition to a (£1k) reduction in the contribution from the service charge to the Repainting and Special Works Fund at Billingsgate Market. This is

offset by additional income of £8k relating to business rates being recharged to tenants at Smithfield Market.

8. Customer, Client Receipts – the increase of £133k is due to:

- £370k additional income from the entry barrier at New Spitalfields Market;
- £27k increased income from the Rotunda Car Park at Smithfield Market;
- £20k in additional service charge income at Billingsgate Market as a result of increased service charge expenditure;
- £10k rise in utility income at New Spitalfields Market;
- £23k extra income from utility and chilled water recharges at Smithfield Market;
- £5k increase in car parking income at Billingsgate Market;
- (£287k) reduction in service charge income at New Spitalfields Market as a result of increased sundry income;
- (£19k) decrease in utility income at Billingsgate Market;
- (£13k) lower filming income at Billingsgate Market;
- (£3k) reduced sundry income at New Spitalfields Market.

9. Transfer from Reserves – the decrease of (£19k) is due to a reduced transfer of (£11k) from the New Spitalfields Market Repainting and Repairs Fund and (£8k) from the Billingsgate Market Repainting and Special Works Fund as a result of reductions in repairs and maintenance works taking place in 2020/21.

Central Risk

10. Premises Related Expenses – the (£3k) increase is due to higher rates expenditure of (£2k) and an increase of (£1k) in anticipated service charge voids at Billingsgate Market.

11. Supplies & Services – the increase of (£98k) is primarily due to professional fees at New Spitalfields Market relating to advice for rent reviews.

12. Customer, Client Receipts – the decrease of (£28k) is due to the following:

- (£42k) reduction in service charge income at Billingsgate Market as a result of reduced central recharges and repairs and maintenance costs managed by City Surveyor's;
- £12k additional public car parking income at Billingsgate Market;
- £1k uplift in insurance recharges at Billingsgate Market;
- £1k increase in service charge income at New Spitalfields Market as a result of higher central recharges and repairs and maintenance costs managed by City Surveyor's.

13. Customer, Client Receipts (Rent) – the increase of £31k is due to agreed rent-free periods at the Poultry Market in 2019/20.

Support Services and Capital Charges

14. Central Support Services – the net decrease of £108k is due to the following:

- £56k reduction in recharges from the Chamberlain's Department;
- £36k lower IT recharges;
- £15k decrease in recharges from the Town Clerk's Department;
- £10k reduction in recharges from the Property and City Solicitors Department;

- £6k lower City Procurement recharges;
- (£7k) increase in insurance recharges;
- (£6k) higher Administration Buildings recharges;
- (£2k) additional City Surveyor's recharges.

15. Recharges Across Fund – the net decrease of (£7k) is due to reduced Directorate recharges to other areas of the Department of Markets & Consumer Protection.

Wholesale Markets Operating Statement
2019/20 Latest Budget and 2020/21 Original Budget

	New Spitalfields Market						Billingsgate Market						Smithfield Market						Total Wholesale Markets				
	Original Budget	Latest Budget	Variance	Original Budget	Variance	Notes	Original Budget	Latest Budget	Variance	Original Budget	Variance	Notes	Original Budget	Latest Budget	Variance	Original Budget	Variance	Notes	Original Budget	Latest Budget	Variance	Original Budget	Variance
	2019/20 £'000	2019/20 £'000	2019/20 £'000	2020/21 £'000	2020/21 £'000		2019/20 £'000	2019/20 £'000	2019/20 £'000	2020/21 £'000	2020/21 £'000		2019/20 £'000	2019/20 £'000	2019/20 £'000	2020/21 £'000	2020/21 £'000		2019/20 £'000	2019/20 £'000	2019/20 £'000	2020/21 £'000	2020/21 £'000
Operating Expenditure:																							
Employment Costs (basic pay, NI, pension, overtime, training and recruitment advertising)	(1,682)	(1,697)	(15)	(1,694)	(12)	1	(1,864)	(1,949)	(85)	(1,951)	(87)	7	(1,961)	(2,055)	(94)	(2,052)	(91)	13	(5,507)	(5,701)	(194)	(5,697)	(190)
Premises (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials)	(1,699)	(1,439)	260	(1,468)	231	2	(1,387)	(1,253)	134	(1,203)	184	8	(3,320)	(4,016)	(696)	(3,842)	(522)	14	(6,406)	(6,708)	(302)	(6,513)	(107)
Transport (Vehicle running costs, congestion charge and travel costs)	(2)	(1)	1	(1)	1		(51)	(53)	(2)	(36)	15	9	(2)	(2)	0	(2)	0		(55)	(56)	(1)	(39)	16
Supplies and Services (Refuse collection, equipment hire/maintenance and purchase, uniforms and clothing, communication and office expenses)	(146)	(232)	(86)	(306)	(160)	3	(141)	(172)	(31)	(166)	(25)	10	(469)	(410)	59	(412)	57	15	(756)	(814)	(58)	(884)	(128)
Waste and Recycling Contract	(2,816)	(2,840)	(24)	(2,894)	(78)	4	0	0	0	0	0		0	0	0	0	0		(2,816)	(2,840)	(24)	(2,894)	(78)
Total Operating Expenditure	(6,345)	(6,209)	136	(6,363)	(18)		(3,443)	(3,427)	16	(3,356)	87		(5,752)	(6,483)	(731)	(6,308)	(556)		(15,540)	(16,119)	(579)	(16,027)	(487)
Operating Income:																							
Return on Investment	2,102	2,102	0	2,102	0		972	990	18	990	18		1,704	1,596	(108)	1,627	(77)	16	4,778	4,688	(90)	4,719	(59)
Charges for Services (Service charge income, filming, car parking, insurance, advertising hoarding, wayleaves and tolls, reimbursement of directly recovered costs and interest income, contributions to repair fund)	6,391	6,187	(204)	6,278	(113)	5	3,975	3,905	(70)	3,868	(107)	11	3,850	3,822	(28)	3,853	3	17	14,216	13,914	(302)	13,999	(217)
Total Operating Income	8,493	8,289	(204)	8,380	(113)		4,947	4,895	(52)	4,858	(89)		5,554	5,418	(136)	5,480	(74)		18,994	18,602	(392)	18,718	(276)
Net Operating (Expenditure)/Income	2,148	2,080	(68)	2,017	(131)		1,504	1,468	(36)	1,502	(2)		(198)	(1,065)	(867)	(828)	(630)		3,454	2,483	(971)	2,691	(763)
Central Costs:																							
Capital Charges and Depreciation	(859)	(1,057)	(198)	(1,057)	(198)	6	(117)	(117)	0	(117)	0		(99)	(99)	0	(99)	0		(1,075)	(1,273)	(198)	(1,273)	(198)
Other Central Costs (Transfer to and from reserves to fund repairs and works including non-government grants, support costs and Directorate apportionment)	(302)	(288)	14	(266)	36		(471)	(385)	86	(372)	99	12	(622)	(630)	(8)	(595)	27	18	(1,395)	(1,303)	92	(1,233)	162
Total Central Costs	(1,161)	(1,345)	(184)	(1,323)	(162)		(588)	(502)	86	(489)	99		(721)	(729)	(8)	(694)	27		(2,470)	(2,576)	(106)	(2,506)	(36)
Total Market (Expenditure)/Income	987	735	(252)	694	(293)		916	966	50	1,013	97		(919)	(1,794)	(875)	(1,522)	(603)		984	(93)	(1,077)	185	(799)

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 aggregate favourable variances over £50k and all adverse variances for the Wholesale Markets as reported on the Operating Statement which is attached at Appendix 4. The summary compares the budget variances between the 2019/20 Original Budget (OR) to the 2019/20 Latest Budget (LB) and budget variances between the 2019/20 OR and the 2020/21 OR. Brackets in the summary signify an expenditure item or an adverse variance. Figures without brackets indicate an income item or a favourable variance.

New Spitalfields Market	Description	2019/20 OR to 2019/20 LB Variance Notes	2019/20 OR to 2020/21 OR Variance Notes
Note No.	Operating Expenditure		
1	Employment Costs	Increase of (£15k) is due to a 2.45% uplift for cost of living increases for grades A-C and 2% for grades D and above plus a 5% increase in London Weighting costs, together with centrally provided budgets for contribution pay and apprenticeship costs.	Increase of (£12k) is due to a 2% uplift for cost of living increases for all grades plus a 2% increase in London Weighting costs.
2	Premises	Decrease of £260k is due to: <ul style="list-style-type: none"> • £200k reduction in service charge contributions to the Repainting and Repair tenant reserves as a result of reduced income from the entry barrier; • £47k reduction in Carbon Reduction Commitment costs as a result of changes in the energy contract whereby carbon reduction levies are now included within electricity costs; • £16k decrease in locally managed repairs and maintenance costs; 	Decrease of £231k is due to: <ul style="list-style-type: none"> • £200k reduction in service charge contributions to the Repainting and Repair tenant reserves as a result of reduced income from the entry barrier; • £47k reduction in Carbon Reduction Commitment costs as a result of changes in the energy contract whereby carbon reduction levies are now included within electricity costs; • £21k decrease in locally managed repairs and maintenance costs;

		<ul style="list-style-type: none"> • £11k lower insurance costs; • £8k decreased cleaning and domestic supplies; • (£17k) increase in costs relating to the Building Repairs and Maintenance contract managed by Skanska; • (£3k) additional rates; • (£2k) higher gas costs. 	<ul style="list-style-type: none"> • £10k lower insurance costs; • £5k decrease in cleaning and domestic supplies; • (£25k) increase in costs relating to the Building Repairs and Maintenance contract managed by Skanska; • (£18k) additional electricity costs as a result of increased prices; • (£4k) higher gas costs; • (£4k) additional rates; • (£1k) increase in water costs.
3	Supplies and Services	<p>Increase of (£86k) is due to:</p> <ul style="list-style-type: none"> • (£75k) increase in fees and services costs of which (£30k) is due to changes in the recharging of internal legal fees which now is met by local risk budgets as well as planned tenant supervisor training and professional fees relating to rating advice and rent reviews; • (£5k) additional communications and computing costs; • (£4k) higher equipment, furniture and materials expenditure; • (£4k) increase in printing, stationery and subscriptions; • £2k reduction in uniforms and clothing costs. 	<p>Increase of (£160k) is due to:</p> <ul style="list-style-type: none"> • (£110k) increase in professional fees relating to rent reviews; • (£33k) increase in fees and services of which (£30k) is due to changes in the recharging of internal legal fees which now is met by local risk budgets; • (£8k) higher equipment, furniture and materials expenditure due to the planned equipment purchases in 2020/21; • (£7k) additional communications and computing costs; • (£3k) increase in printing, stationery and subscriptions; • £1k reduction in uniforms and clothing costs.

4	Waste and Recycling Contract	Increase of (£24k) relates to increases in the rebate element of the waste collection contract due to higher levels of recyclable waste.	Increase of (£78k) primarily relates to inflationary uplifts in the fixed element of the contract as well as increases in the rebate and variable elements of the contract.
Operating Income			
5	Charges for Services	<p>Decrease in income of (£204k) is due to:</p> <ul style="list-style-type: none"> • (£580k) reduction in income from the entry barrier due to installation delays; • (£50k) reduced waste collection income recharged to tenants; • (£46k) decreased income from Carbon Reduction Commitment recharges to tenants; • £409k increased service charge income to offset increased service charge expenditure and reduced sundry income; • £31k additional income from the rebate element of the waste collection contract due to increased levels of recyclable waste; • £20k additional pallet income; • £12k increase in other sources of sundry income. 	<p>Decrease in income of (£113k) is due to:</p> <ul style="list-style-type: none"> • (£210k) reduction in income from the entry barrier as a result of revised usage levels of the car park; • (£50k) reduced waste collection income recharged to tenants; • (£46k) decreased income from Carbon Reduction Commitment recharges to tenants; • £123k increased service charge income to offset increased service charge expenditure and reduced sundry income; • £31k additional income from the rebate element of the waste collection contract due to increased levels of recyclable waste; • £20k additional pallet income; • £10k higher utility income recharged to tenants; • £9k increases in other sources of sundry income.
Central Costs			
6	Capital Charges and Depreciation	Increase of (£198k) is due to additional depreciation charges primarily relating to the installation of the entry barrier.	Increase of (£198k) is due to additional depreciation charges primarily relating to the installation of the entry barrier.

Billingsgate Market	Description	2019/20 OR to 2019/20 LB Variance Notes	2019/20 OR to 2020/21 OR Variance Notes
Note No.	Operating Expenditure		
7	Employment Costs	Increase of (£85k) is due to a 2.45% uplift for cost of living increases for grades A-C and 2% for grades D and above plus a 5% increase in London Weighting costs, together with centrally provided budgets for contribution pay and apprenticeship costs.	Increase of (£87k) is due to an uplift of 2% for cost of living increases for all grades plus a 2% increase in London Weighting costs.
8	Premises	<p>Decrease of £134k is due to:</p> <ul style="list-style-type: none"> • £100k reduced service charge contribution to the Repainting and Special Works Fund as some works will be funded by the reserves; • £68k reduction in locally managed repairs and maintenance costs due to reduced works levels in 2019/20; • £15k lower cleaning and domestic supplies expenditure; • £7k reduction in insurance costs; • (£31k) increase in energy costs as a result of price rises; • (£10k) additional costs relating to the Building Repairs and Maintenance contract managed by Skanska; • (£10k) extra pest control contract costs managed by City Surveyor's; • (£4k) increase in water expenditure; 	<p>Decrease of £184k is due to:</p> <ul style="list-style-type: none"> • £101k reduced service charge contribution to the Repainting and Special Works Fund as some works will be funded by the reserves; • £82k reduction in locally managed repairs and maintenance costs due to reduced works levels in 2020/21; • £29k lower costs relating to the Building Repairs and Maintenance contract managed by Skanska; • £15k decrease in cleaning and domestic supplies; • £4k reduction in insurance costs; • (£31k) increase in energy costs as a result of price rises; • (£7k) extra pest control contract costs managed by City Surveyor's; • (£4k) increase in water expenditure;

		<ul style="list-style-type: none"> • (£1k) increase in rates. 	<ul style="list-style-type: none"> • (£4k) increase in rates; • (£1k) higher service charge voids for vacant premises.
9	Transport	Increase of (£2k) is due to the purchase of a forklift truck for use at the market.	
10	Supplies and Services	<p>Increase of (£31k) is due to:</p> <ul style="list-style-type: none"> • (£25k) increase in fees and services costs due to changes in the recharging of internal legal fees which now is met by local risk budgets; • (£8k) increase in equipment, furniture and materials; • (£2k) additional communications and computing costs; • (£2k) increase in printing, stationery and hospitality; • £5k reduction in clothing and uniform costs; • £1k decrease in advertising. 	Increase in supplies and services of (£25k) is due to an increase in fees and services costs as a result of changes in the recharging of internal legal fees which now is met by local risk budgets.
	Operating Income		
11	Charges for Services	<p>Decrease of (£70k) is due to:</p> <ul style="list-style-type: none"> • (£105k) decrease in service charge income as a result of reduced service charge expenditure and increased sundry income; • (£100k) reduced service charge contribution to the Repainting and Special Works Fund as some works will be funded by the reserves; 	<p>Decrease of (£107k) is due to:</p> <ul style="list-style-type: none"> • (£127k) decrease in service charge income as a result of reduced service charge expenditure and increased sundry income; • (£101k) reduced service charge contribution to the Repainting and Special Works Fund as some works will be funded by the reserves;

		<ul style="list-style-type: none"> • (£20k) lower public car parking income due to reduced occupancy levels and increased levels of competition; • (£5k) less income from wayleaves and tolls; • (£4k) reduction in casual rent income; • £74k increase in income from electricity and gas recharged to tenants as a result of energy price rises; • £33k in additional filming income due to a large one-off filming project; • £27k higher income from water recharged to tenants as a result of price rises; • £15k in additional refuse collection income; • £15k increase in income from trade car parking. 	<ul style="list-style-type: none"> • (£5k) lower public car parking income due to reduced occupancy levels and increased levels of competition; • (£5k) less income from wayleaves and tolls; • (£4k) reduction in casual rent income; • £59k increase in income from electricity and gas recharged to tenants as a result of energy price rises; • £23k higher income from water recharged to tenants as a result of price rises; • £20k in additional filming income; • £17k increase in income from trade car parking; • £15k in additional refuse collection income; • £1k in additional insurance income relating to the Satellite Unit.
		Central Costs	
12	Other Costs	Central Decrease of £86k due to: <ul style="list-style-type: none"> • £33k increased transfer from reserves to fund repairs and maintenance works on the Repainting and Special Works Fund; • £28k reduction in central support recharges; • £15k grant income to cover 75% of the costs of purchasing a new vehicle; • £15k decrease in Directorate recharges; • (£5k) increase in IT recharges. 	Decrease of £99k due to: <ul style="list-style-type: none"> • £53k reduction in central support recharges; • £25k transfer from reserves to fund repairs and maintenance works on the Repainting and Special Works Fund; • £13k lower Directorate recharges; • £6k decrease in IT recharges; • £2k reduced City Procurement recharges.

Smithfield Market	Description	2019/20 OR to 2019/20 LB Variance Notes	2019/20 OR to 2020/21 OR Variance Notes
Note No.	Operating Expenditure		
13	Employment Costs	Increase in employment costs of (£94k) is due to a 2.45% uplift for cost of living increases for grades A-C and 2% for grades D and above plus a 5% increase in London Weighting costs, together with centrally provided budgets for apprenticeship costs.	Increase in employment costs of (£91k) is due to a 2% uplift for cost of living increases for all grades plus a 2% increase in London Weighting costs.
14	Premises	<p>Increase of (£696k) is due to:</p> <ul style="list-style-type: none"> • (£529k) increase due to the re-phasing of works as part of the Cyclical Works Programme; • (£110k) additional costs managed by City Surveyor's relating to the Building Repairs and Maintenance contract delivered by Skanksa; • (£39k) agreed carry forwards relating to an automated electricity system and refrigeration deck matting; • (£24k) higher water expenditure as a result of backdated bills; • (£20k) increase in pest control contract costs managed by City Surveyor's; • (£16k) rise in locally managed repairs and maintenance works; • (£2k) increase in rates; • £36k reduction in energy expenditure which is primarily related to operational changes 	<p>Increase of (£522k) is due to:</p> <ul style="list-style-type: none"> • (£602k) increase due to the re-phasing of works as part of the Cyclical Works Programme; • (£24k) higher water expenditure due to backdated bills; • (£19k) increase in pest control contract costs managed by City Surveyor's; • (£7k) increase in rates; • £101k reduction in energy expenditure which is primarily related to operational changes with heating and cooling equipment which will lead to reduced costs; • £12k lower locally managed repairs and maintenance works; • £9k decrease in costs managed by City Surveyor's relating to the Building Repairs and Maintenance contract delivered by Skanksa; • £6k lower insurance costs;

		<p>with heating and cooling equipment which has led to reduced costs;</p> <ul style="list-style-type: none"> £8k lower insurance costs. 	<ul style="list-style-type: none"> £2k reduction in cleaning and domestic supplies.
15	Supplies and Services	<p>Decrease in costs of £59k is due to:</p> <ul style="list-style-type: none"> £80k reduction in professional fees as the Food Standards Agency (FSA) now invoices tenants directly; £1k lower costs for equipment, furniture and materials purchases; (£20k) increase in fees and services expenditure primarily due to changes in the recharging of internal legal fees which now is met by local risk budgets; (£2k) additional communications and computing costs. 	<p>Decrease in costs of £57k is due to:</p> <ul style="list-style-type: none"> £80k reduction in professional fees as the FSA now invoices tenants directly; £1k lower costs for equipment, furniture and materials purchases; £1k decrease in clothing and uniform costs; (£23k) increase in fees and services expenditure primarily due to changes in the recharging of internal legal fees which now is met by local risk budgets; (£2k) additional communications and computing costs.
Operating Income			
16	Rent	Decrease of (£108k) is due to rent reviews not taking place and reduced income as a result of agreed rent-free periods at the Poultry Market.	Decrease of (£77k) is due to rent reviews not taking place.
17	Charges for Services	<p>Decrease of (£28k) is due to:</p> <ul style="list-style-type: none"> (£123k) reduction in income from chilled water and heating as a result of operational changes of heating and cooling equipment which has led to reduced consumption levels; (£3k) less service charge sundry income; 	

			<ul style="list-style-type: none"> £96k increase in electricity and gas income recharged to tenants as a result of increased energy price rises; £2k additional income from the Animal By-Product facility. 	
			Central Costs	
18	Other Costs	Central	<p>Increase of (£8k) is due to:</p> <ul style="list-style-type: none"> (£12k) additional central support recharges; (£6k) in higher IT recharges; (£3k) increase in City Procurement recharges; £13k decrease in the Directorate recharge. 	

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Our key aims

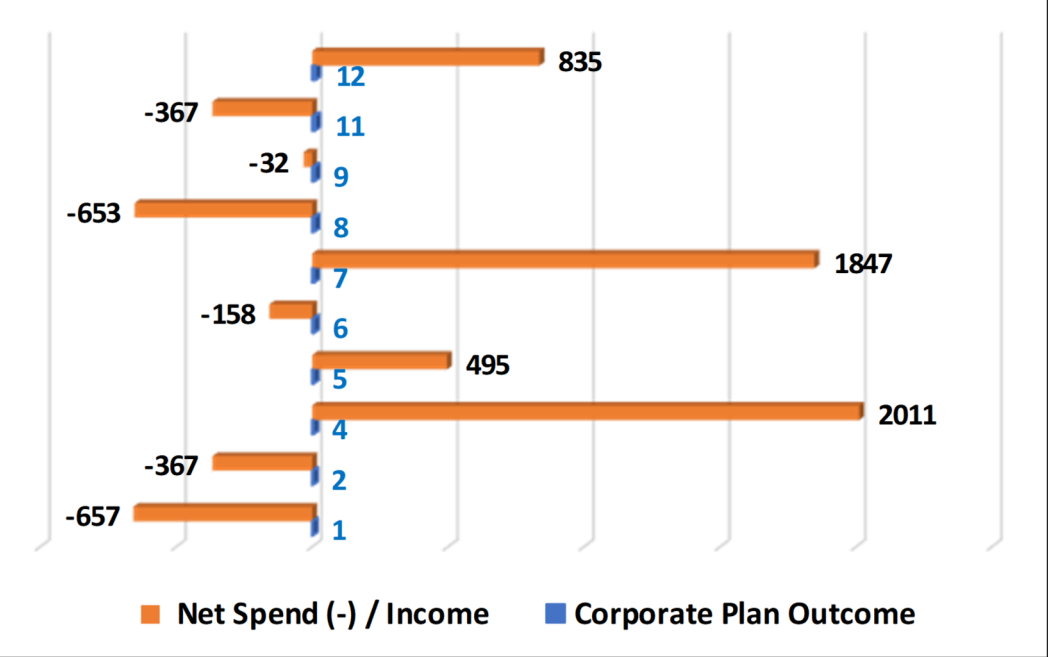
To protect consumers, public and animal health, and support legitimate business through advice and regulatory enforcement.

To provide a vital link in the food supply chain for London and the South by operating three thriving wholesale food markets.

Budget 2020-21

	Expenditure £'000	Income £'000	Net £'000	Outcome Supported
PHES Committee				
City Environmental Health	-2,522	319	-2,203	1,2,6,8,9,11
Animal Health Services	-2,994	4,493	1,499	5,6,9
Trading Standards	-365	0	-365	1,6,8
Port & Launches	-3,522	2,701	-821	1,6,7,8,9
Coroner	-290	0	-290	
Licensing Committee	-753	740	-13	1,5,6
Markets Committee				
Smithfield Market	-5,575	6,420	845	4,7,12
Billingsgate Market	-3,231	4,892	1,661	4,7,12
New Spitalfields Market	-6,122	8,473	2,351	4,7

Net Spend / Income Per Outcome (£ ,000)



Our main objectives		What we will measure	Link to Corporate Plan Outcomes
1	The Department will continue to monitor and evaluate the potential impacts of Brexit upon our services and put in place actions to mitigate them.	Robust contingency arrangements that minimise the possible impact.	6b, 7b
2	The Air Quality Team will deliver measurable improvements in nitrogen dioxide across the City by implementing the actions identified in the Air Quality Strategy 2019-2024.	Achievement of an average 5% reduction in annual average nitrogen dioxide concentrations, by 31/03/2021.	2b, 11a
3	The Licensing Team will continue to develop the Safety Thirst Award Scheme, which aims to promote responsible management and reduce crime and anti-social behaviour.	The number and quality of applications received for the Safety Thirst Award Scheme.	1b, 5c
4	The Licensing Team will undertake enforcement against illegal street traders, especially on and near City bridges.	Numbers of interventions and prosecutions taken against illegal street traders.	1b, 6a
5	The Trading Standards Team will maintain its focus on disrupting and preventing financial fraud particularly among vulnerable consumers.	The number of reported incidences of City residents experiencing financial fraud.	1b, 6c
6	The Commercial Environmental Health Team will focus on delivery of the food and health and safety interventions and projects in its annual Service Plan including the further development of Primary Authority and the implementation of a healthy eating strategy grounded in London's Healthier Catering Commitment Scheme.	The change in the overall Food Hygiene Ratings Scheme (FHRS) ratings profile for City food establishments.	1c, 6a
7	The Pollution Team will continue to implement the Action Plan of the Noise Strategy 2016-2026.	% of noise complaints satisfactorily resolved.	1c
8	The Pollution Team will implement the Monitoring Fee requirement of the Code of Practice for Deconstruction and Construction with developers and contractors.	Number and category type of construction sites contributing to the levy	1c, 11a
9	The Markets will work with the Project Team to ensure that the Markets Consolidation Programme receives adequate, timely input and that the requirements of Markets' stakeholders are taken into account as the programme progresses.	Markets' stakeholders are fully engaged in consultation about the programme and their requirements are reflected at each stage.	4b, 7c
10	The Port Health Service will strive to become the quickest processor in the UK for consignments of food and feed through the LPHA ports.	Products of Animal Origin (POAO): 85% processed within 5 days; Fish consignments: 85% processed within 5 days; High risk products of Non-Animal Origin (NAO): 85% processed within 5 days.	1c
11	Heathrow Animal Reception Centre (HARC) will explore income generation opportunities and contracts with partner organisations at the airport.	Level of income generated and consignment throughput against contract requirements.	5b, 9b
12	The Markets will ensure that the Wholesale Markets continue to be managed to deliver safe, compliant trading environments for our tenants.	No increase in accident statistics and engineering breakdowns/ failures.	4b

Our Departmental programmes and projects for 2020/21

1. PH&PP will move to a new cloud-based, hosted and browser-accessed line of business system in a joint project with DBE. **(9b)**
2. Review CCTV at Billingsgate and Smithfield Markets and prepare specifications for procurement based upon the review findings. **(12b)**
3. Work with Heathrow Airport Limited in a project to relocate the Animal Reception Centre to a 'Single Examination Area' on the airport boundary. **(9c)**
4. In liaison with the IT Department, continue to develop the use of technology and mobile working solutions. **(9b)**
5. Upgrade telephony system for HARC and Ports to improve call handling / answering for customers. **(9b)**
6. Develop shared back office / business units for HARC and Ports. **(9b)**
7. Develop a Primary Authority Partnership hub for Port Health, Public Protection (EH and TS) and Animal Health. **(6a)**
8. Prepare for a flexible grade scheme for Environmental Health, Port Health and Trading Standards. **(8d)**
9. Review of the "Head Office" function for the department. **(8c)**

Key Risks

Air Quality (CR21): Small particulate pollution has chronic health impacts from long term exposure at very low concentrations and is in evidence within the City and central London. There is also a health impact associated with long and short term exposure to nitrogen dioxide. Through implementation of a new Air Quality Strategy 2019—2025, we will raise awareness of the impact of poor air quality on health; take action to improve air quality; demonstrate leadership for London; and champion new powers to deal with non-road sources of air pollution.

Key Customer Feedback

Service users that had contact with either the Licensing or Pollution teams were 100% satisfied or very satisfied with the service they received.

Equalities & Inclusion

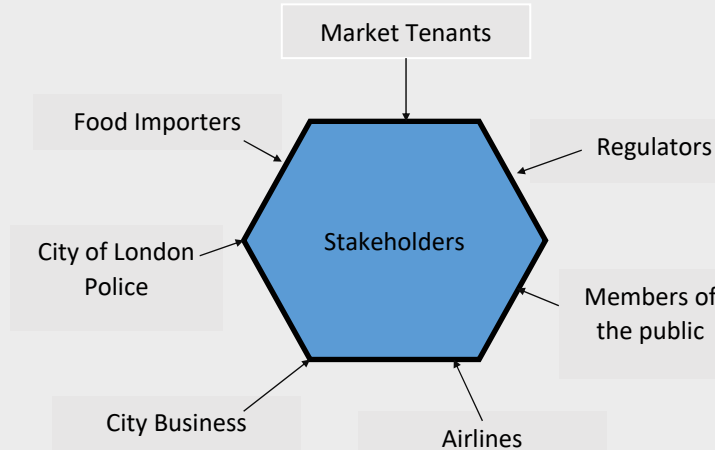
Our staff: 13 candidates from across the department, 85% of whom were female, completed a Talent Development Programme.



Our customers: Heathrow Animal Reception Centre offers a modified service for processing disability assistance animals which are imported under the Pet Travel Scheme.



Our delivery partners and key stakeholders



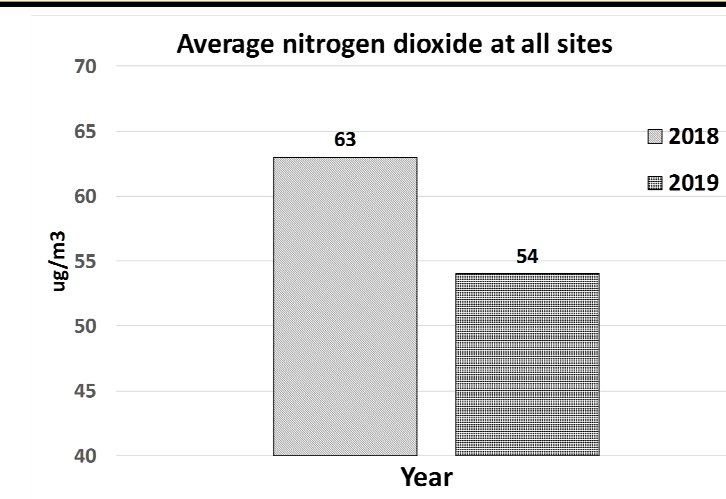
How we will contribute to Corporate programmes and projects

1. **Air Quality Programme:** to ensure that the City complies with the statutory requirements for London Local Air Quality Management, we will demonstrate leadership for London by implementing a refreshed Air Quality Strategy for 2019-2024.
2. **Corporate Apprenticeship Scheme:** we will support the scheme by continuing to offer a range of suitable placements for candidates.
3. **Energy Efficiency:** we will maintain our focus on achieving further reductions in energy usage at our sites.
4. **Secure City Programme:** we will contribute to the next phase of development of the Joint Contact and Control Room and the Customer Relationship Management System.

Our achievements and impact in 2019/20

- An amendment to Saturday morning construction work hours was implemented following consultation: the hours have changed from 0800-1300 to 0900 –1400. This adjustment was implemented in January 2019 and developers and their contractors have since complied with the new requirements.
- A Section 101 agreement with the London Borough of Tower Hamlets was signed and sealed. The City now has enforcement powers on all City Bridges and there has been a decrease in the number of traders present.
- iAuditor software is now being used for all Food Hygiene and Cooling Tower inspections on a variety of devices (iPhone and tablet).
- An entry barrier and a new CCTV system were installed at New Spitalfields Market.
- Achievement of a 5% reduction in annual average nitrogen dioxide concentrations

We are improving air quality



What we plan to do in future years

Investigate and develop new business models for Port Health and the Heathrow Animal Reception Centre to capitalise on opportunities that arise as a result of Brexit.

Improve air quality and manage the risk to our residents and stakeholders. Work with third parties to influence London-wide and national strategies.

Investigate alternative, more efficient methods of delivery across all the services we provide.

Review commercial opportunities to work with partner organisations to increase income.

By virtue of paragraph(s) 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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