



Markets Committee

Date: WEDNESDAY, 4 MARCH 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,
antoinette.duhaney@cityoflondon.gov.uk

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 29.01.20.
For Decision
(Pages 1 - 6)
4. **SUPERINTENDENT UPDATES (ORAL REPORT)**
For Information
5. **MARKETS COMMITTEE TERMS OF REFERENCE AND FREQUENCY OF MEETINGS**
Report of the Town Clerk
For Decision
(Pages 7 - 8)
6. **MARKETS COMMITTEE RISK UPDATE**
Report of the Director of Markets & Consumer Protection
For Information
(Pages 9 - 18)
7. **MARKETS CONSOLIDATION PROGRAMME GOVERNANCE UPDATE: WORKING PARTY CREATION**
Joint report of the Town Clerk and the City Surveyor.
For Information
(Pages 19 - 24)
8. **SMITHFIELD MARKET - CAR PARK UTILISATION FROM AUGUST 2019 - JANUARY 2020**
Report of the Director of Markets and Consumer Protection
For Information
(Pages 25 - 28)
9. **CONCESSIONARY PARKING AND PROVISION OF TRAFFIC STEWARDS AT SMITHFIELD MARKET DURING THE EASTER PERIOD 2020**
Report of the Director of Markets and Consumer Protection
For Decision
(Pages 29 - 32)
10. **ENERGY COSTS UPDATE**
Report of the City Surveyor
For Information
(Pages 33 - 38)

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

12. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

13. **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

14. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the meeting held on 29.01.20.

For Decision
(Pages 39 - 40)

15. **CITY'S WHOLESALE MARKETS - INTERIM MAINTENANCE STRATEGY, EXISTING SITES LEASING STRATEGY, FUTURE LEASING STRATEGY AND RELOCATION PRINCIPLES**

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

For Decision
(Pages 41 - 50)

16. **LEASE RENEWAL - NEW SPITALFIELDS MARKET**

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

For Decision
(Pages 51 - 54)

17. **DEBTS ARREARS - MARKET - PERIOD ENDING - 31ST JANUARY 2020**

Report of the Director of Markets and Consumer Protection

For Information
(Pages 55 - 72)

18. **POULTRY MARKET PARABOLIC DOME REPAIRS (TO FOLLOW)**

Report of the City Surveyor

For Decision

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

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

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MARKETS COMMITTEE

Wednesday, 29 January 2020

Minutes of the meeting of the Markets Committee held at Committee Rooms 3 & 4 - 2nd Floor, West Wing, Guildhall on Wednesday, 29 January 2020 at 11.30 am

Members Present:

| | |
|--------------------------------|-------------------------|
| James Tumbridge (Chairman) | Deputy Henry Jones |
| John Chapman (Deputy Chairman) | Deputy Edward Lord |
| Matthew Bell | Wendy Mead |
| Peter Bennett | Deputy Brian Mooney |
| Mark Bostock | Deputy Joyce Nash |
| Deputy David Bradshaw | John Petrie |
| John Edwards | Stephen Quilter |
| Helen Fentimen | Deputy Dr Giles Shilson |
| Alderman David Graves | Mark Wheatley |
| Michael Hudson | Dawn Wright |

Officers in Attendance

| | |
|--------------------|---|
| Jon Averbs | - Director of Markets and Consumer Protection |
| Donald Perry | - Markets and Consumer Protection Department |
| Debbie Howard | - New Spitalfields Market Superintendent |
| Daniel Ritchie | - Billingsgate Market Superintendent |
| Mark Sherlock | - Smithfield Market Superintendent |
| 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 Nicholas Bensted-Smith, Gregory Lawrence, Alderman Bronek Masojada, John Scott, Ian Seaton 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 27.11.19 be approved as a correct record.

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

The Committee heard oral updates from the Superintendents of the City's Wholesale Markets.

Billingsgate - It was reported that

- Officers were continuing to follow up on actions arising from the traffic management audit.

New Spitalfields - It was reported that

- A lease forfeiture had taken place and thus far, no application for relief from forfeiture had been received.
- Officers were exploring the scope for redress from the suppliers following delays in delivering parts for the controlled barrier.

Smithfield - It was reported that

- The annual Christmas Eve Auction in Grand Avenue was well attended and passed without incident.

5. **MARKETS COMMITTEE RISK UPDATE**

The Committee considered a report of the Director of Markets & Consumer Protection providing an update on risk management measures in accordance with the Corporate Risk Management Framework.

Officers reported that as a result of faulty vesta heads, false fire alarms were being triggered at Smithfield Market and once this had been addressed, the risk would be reduced considerably

RESOLVED – That the report be noted.

6. **MARKETS COMMITTEE BUSINESS PLAN UPDATE PERIOD 2 2019/20 (AUGUST-NOVEMBER)**

The Committee considered a report of the Director of Markets & Consumer Protection providing an update on performance against Key Performance Indicators for Quarter 2 (August – November 2019).

RESOLVED – That the report be noted.

7. **MARKETS COMMITTEE BUDGET ESTIMATES AND HIGH-LEVEL SUMMARY BUSINESS PLAN 2020/21**

The Committee considered a joint report of the Chamberlain and the Director of Markets & Consumer Protection presenting the latest revenue budget for 2019/20 and proposing capital and revenue budgets for 2020/21.

In response to questions and comments from Members, Officers advised that the format of the report had been changed to align with standardised templates which had been agreed by the Chamberlain. It was also reported that the reason for the variance was a result of the “asset verification process” and a member disputed whether this was in fact the case.

(Subsequent to the meeting, Officers clarified that information in the Chamberlain's report was inaccurate and that the variances were a result of increased services required at the Markets and a higher level of reactive spend than was originally anticipated).

RESOLVED –

1. That the Markets Committee proposed revenue budget for 2020/21 be approved for submission to the Finance Committee.
2. That the Markets Committee proposed capital and supplementary revenue projects budgets for 2020/21 be approved for submission to the Finance Committee.
3. That the Chamberlain, in consultation with the Director of Markets & Consumer Protection, be authorised to revise these budgets to allow for any further implications arising from Corporate Projects, other reviews and changes to the Cyclical Works Programme.
4. That authority be delegated to the Chamberlain to agree that minor amendments for 2019/20 and 2020/21 budgets arising during budget setting.
5. That the factors taken into consideration in compiling the Department of Markets & Consumer Protection Business Plan, including efficiency measures be noted.
6. That the draft high-level summary business plan for 2020/21 be approved, subject to the incorporation of any changes recommended by the Markets Committee.

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

There were no questions.

9. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

- Museum of London Planning Application – The Committee Chairman reported that the Museum of London had submitted a planning application in respect of the Smithfield Market site even though the site was still in use and had yet to be declared surplus to requirements.
- Smithfield Market Energy Costs – The Chairman reported that he had received representations on behalf of New Spitalfields Market Tenants regarding spiralling energy costs and the lack of consultation with tenants as part of the procurement process. In response Officers stated that there were aware of the concerns raised and were liaising with colleagues in the City Surveyors and Comptrollers Departments to consider how best to address these concerns.

10. **EXCLUSION OF THE PUBLIC**

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

| Items | Paragraph |
|--------------|------------------|
| 11 - 17 | 3 |

11. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 27.11.19 were approved as a correct record.

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

The Committee considered a joint report of the City Surveyor and the Director of Markets and Consumer Protection proposing the establishment of a Food School as part of the MCP.

13. **MARKETS CONSOLIDATION PROGRAMME LEASING STRATEGY**

Item withdrawn to allow further discussions and report to be presented to the next meeting on 4th March 2020.

14. **MARKETS CONSOLIDATION PROGRAMME MAINTENANCE STRATEGY**

Item withdrawn to allow further discussions and report to be presented to the next meeting on 4th March 2020.

15. **TENANCIES AT WILL AND ASSIGNMENTS**

The Committee considered a report of the Director of Markets & Consumer Protection outlining the most recent Tenancies and Will granted and Lease Assignments.

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

There were no non-public questions.

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

There were two urgent items.

The meeting ended at 12.41 pm

Chairman

**Contact Officer: Antoinette Duhaney, 020 7332 1408,
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| | |
|--|----------------------------------|
| Committee | Date |
| Markets Committee | 4th March 2020 |
| Subject Markets Committee Terms of Reference and Frequency of Meetings | Public |
| Report of Town Clerk | For Decision |

Summary

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

Recommendations

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

Appendix – Order of the Court of Common Council – 25th April 2019.

Antoinette Duhaney
Town Clerk's Department
Telephone: 020 7332 1408
Email: antoinette.duhaney@cityoflondon.gov.uk

| | |
|---------------|---|
| ESTLIN, Mayor | RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Thursday 25th April 2019, doth hereby appoint the following Committee until the first meeting of the Court in April, 2020. |
|---------------|---|

MARKETS COMMITTEE

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

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

3. **Membership 2019/20**

ALDERMEN

- 3 David Andrew Graves
- 1 Bronek Masojada

COMMONERS

| | | |
|----|--|--------------------|
| 17 | Joyce Carruthers Nash, O.B.E., Deputy | Aldersgate |
| 3 | Richard Peter Crossan | Aldersgate |
| 3 | Andrien Gereith Dominic Meyers | Aldgate |
| 11 | Robert Allan Merrett, Deputy | Bassishaw |
| 2 | John Petrie | Billingsgate |
| 3 | Tom Sleigh, Deputy | Bishopsgate |
| 9 | Dr Giles Robert Evelyn Shilson, Deputy | Bread Street |
| 10 | John George Stewart Scott, J.P | Broad Street |
| 4 | Kevin Malcolm Everett, Deputy | Candlewick |
| 12 | Michael Hudson | Castle Baynard |
| 3 | Angus Knowles-Cutler | Castle Baynard |
| 6 | Nicholas Michael Bensted-Smith, J.P | Cheap |
| 1 | Stuart John Fraser, C.B.E. | Coleman Street |
| | (Cordwainer has paired with Bread Street for this appointment) | Cordwainer |
| 7 | Ian Christopher Norman Seaton | Cornhill |
| 8 | Stephen Douglas Quilter. | Cripplegate |
| 2 | Mark Bostock | Cripplegate |
| 6 | Mark Raymond Peter Henry Delano Wheatley | Dowgate |
| 3 | Thomas Alexander Anderson | Farringdon Within |
| 3 | Matthew Bell | Farringdon Within |
| 3 | Gregory Alfred Lawrence | Farringdon Without |
| 7 | Charles Edward Lord, O.B.E., J.P., Deputy. | Farringdon Without |
| 13 | John Douglas Chapman | Langbourn |
| 11 | Henry Llewellyn Michael Jones, Deputy | Portsoken |
| 3 | Brian Desmond Francis Mooney, Deputy. | Queenhithe |
| 11 | James Richard Tumbridge | Tower |
| 3 | Peter Gordon Bennett | Wallbrook |

4. **Terms of Reference**
To be responsible for:-
 - (a) Oversight of the management of all matters relating to Smithfield Market, Billingsgate Market and New Spitalfields Market and the letting of all premises therein.
 - (b) The appointment of the Director of Markets and Consumer Protection (acting jointly with the Port Health and Environmental Services and Licensing Committees).

Agenda Item 6

| | |
|--|-------------------------------|
| Committee: Markets Committee | Date: 04 March 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 constant)

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

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

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 constant)

The outcome of Brexit negotiations between the UK government and the EU results in failure to agree a mutually acceptable exit agreement.

If the UK departs the EU after the transition period 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:
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MCP Markets Committee Risk Report Appendix A

Report Author: Joanne Hill

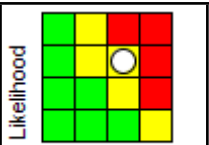
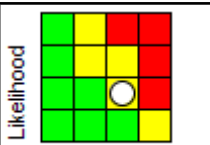

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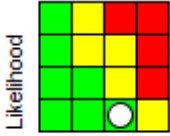

| Risk no, Title, Creation date, Owner | Risk Description (Cause, Event, Impact) | Current Risk Rating & Score | | Risk Update and date of update | Target Risk Rating & Score | | Target Date | Current Risk score change indicator |
|---|--|-----------------------------|----|--|----------------------------|---|-------------|-------------------------------------|
| MCP-BG 001 Workplace Transport Apr-2017 Daniel Ritchie | <p>Cause: A lack of suitable and sufficient training and adequate management controls in relation vehicle movements at Billingsgate Market.</p> <p>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.</p> <p>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.</p> | | 12 | <p>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.</p> <p>09 Jan 2020</p> | | 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 |
|--------------------------------------|---|-----------------------------|--------------------------------|----------------------------|-------------|-------------------------------------|
|--------------------------------------|---|-----------------------------|--------------------------------|----------------------------|-------------|-------------------------------------|

| | | | | | | | | |
|---|--|--|------------------|--|---|-----------------|--------------------|--|
| <p>MCP-NS 001 Workplace Traffic Management</p> <p>24-Feb-2015 Sean Benton; Debbie Howard</p> | <p>Cause: Over 200 forklift trucks operate on the New Spitalfields Market site.</p> <p>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.</p> <p>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.</p> |  <p>Likelihood</p> <p>Impact</p> | <p>12</p> | <p>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.</p> <p>09 Jan 2020</p> |  <p>Likelihood</p> <p>Impact</p> | <p>8</p> | <p>31-Mar-2020</p> | <p></p> <p>Constant</p> |
|---|--|--|------------------|--|---|-----------------|--------------------|--|

| Action no, Title, | Action description | Latest Note | Action owner | Latest Note Date | Due Date |
|--|--|--|-------------------------------|------------------|-------------|
| MCP-NS 001i Train Managers In Forklift Safety | A member of staff from all tenants to be nominated and trained in FLT safety procedures. | Most tenants have complied and taken the training. There are a few SMEs still to carry out the training and these tenants will receive an enforcement notice under the enforcement policy until they are compliant. | Sean Benton; Debbie Howard | 10-Feb-2020 | 06-Mar-2020 |
| MCP-NS 001k Install Barrier System | Controlled barriers entry system for pedestrians and vehicles. | Testing was carried out in live mode but this did not highlight several issues with the payment app and website. These matters are being investigated by the technical developer who are subcontracted to Ansador. The project will not be signed off until all the issues are resolved. | Sean Benton; Debbie Howard | 10-Feb-2020 | 27-Mar-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 | 31-Mar-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. | Only replacement of 3 frozen VESDA pipes in the East Market remains outstanding. City Surveyors have a quote to replace and are raising funds. The Market has requested (10th Feb) an estimated completion date and are waiting to be advised. | Mark Sherlock | 10-Feb-2020 | 31-Mar-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 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 Impact | 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. 11 Feb 2020 |  Likelihood Impact | 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 a contractors' compound, and Giltspur Street, which is apparently used for parking buses overnight at present. | The Superintendent met with the Traffic Manager, DBE, 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. | Mark Sherlock | 11-Feb-2020 | 30-Sep-2020 |
| MCP-SM 011b Reschedule staff hours | Reschedule working hours for market staff to cover possible extended trading hours. | The Superintendent 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 | 11-Feb-2020 | 30-Sep-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. | Traffic Manager, DBE, is open to this. | Mark Sherlock | 11-Feb-2020 | 30-Sep-2020 |
| MCP-SM 011d Allow two-way traffic | Open Charterhouse Street and Long Lane to two-way traffic. | Traffic Manager, DBE, to review road safety audits and traffic management plans. | Mark Sherlock | 11-Feb-2020 | 30-Sep-2020 |

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| Committee(s): | Date(s): |
| Policy and Resources Committee (for decision) Markets Committee (for information) | 20 February 2020 4 March 2020 |
| Subject: Markets Consolidation Programme Governance Update – Creation of Markets Consolidation Working Party | Public |
| Report of: Town Clerk and City Surveyor | For Decision |
| Report author: Peter Lisley, Director of Major Projects | |

Summary

Following the approval by the Court of Common Council (the Court) of the extension and funding of the Markets Consolidation Programme (MCP) to November 2020, the governance of the MCP has been reviewed to ensure that it will support submission of the private bill to move the City’s markets (Billingsgate, New Spitalfields and Smithfield) at the end of November 2020. Your Chair has also had a number of conversations with external individuals with experience of governance or delivery of very large public sector projects, to inform a revised approach.

Whilst key decision making on the programme, such as approval to submit the bill and funding to support the programme during the passage of the bill, will continue to require the approval of the Court and the Policy and Resources (P&R) Committee, it is clear that, to move at pace, a governance arrangement is needed that allows a relatively small group of individuals to be kept up to date with the project, advise on options and, if necessary, make decisions on practical issues within an agreed policy framework. In addition, such a group of individuals would benefit from independent advice and support to ensure that the projects team has delivering the brief. This would be a form of Quality Assurance.

Whilst the Governance Review may address some of the wider issues around the speed of decision-making, it will not do so in the timescale of this phase of the Markets Consolidation Programme, which runs until November 2020.

It is, therefore, recommended that a dedicated Working Party of the Policy and Resources Committee is created for this specific piece of work. Membership of the Working Party would be limited to elected Members; however, it is recommended that Members receive advice at meetings from two external advisors with experience in major projects. This would serve as a means of quality assuring the advice that is being offered by officers. The Working Party will guide the programme, meeting monthly, until November 2020. A report in October 2020 will be recommending to P&R and the Court the submission of the private bill and budget and this will cover how the governance of the programme should continue once the private bill has been submitted. This would be an opportunity to incorporate any recommendations emerging from the Governance Review.

Recommendations

Members are asked to:

1. Approve the creation of a Markets Consolidation Working Party, with terms of reference as set out at Appendix A.
2. Approve the suggested composition of the Working Party and schedule of monthly meetings up until November 2020, as set out in Appendices A and B.
3. Note that a report will be submitted to P&R and Court in October 2020 recommending the submission of the private bill and budget, which will address how the governance of the programme should continue once the private bill has been submitted.

Main Report

Background

1. In January 2020, the Court approved a report concerning the Markets Consolidation Programme (MCP) which outlined a complex programme of activities, including:
 - Submission of outline planning followed by negotiation of any S106 requirements.
 - Work with TFL to develop a transport strategy for the A13 corridor to support planning and the submission of the private bill.
 - Engagement and negotiation with tenants on the developing design of the market, the type of facilities and services to be provided and the incentives available to tenants to move to the new consolidated market.
 - Management of a more proactive communication strategy including the publication of articles.
 - Agreement on the future of the existing market sites with the local boroughs of Waltham Forest and London Borough of Tower Hamlets.
 - Agreement on the likely future concept for the re-use of Smithfield.
 - Agreement on the contents of the private bill for submission with associated evidence on the 27th November.
2. There is, clearly, a large volume of complex activity to be undertaken and co-ordinated, with challenging timescales and significant budgets to be managed. Ensuring effective governance structures and Member oversight of these activities is in place is, therefore, of the utmost importance.

Current position

3. Formal decision-making by Members concerning the design and budget for the programme will still be made through the P&R Committee and the Court, with issues affecting the current market operations being the responsibility of Markets Committee.
4. Two informal Member groups have been established to provide advice to and guide the officer project team. One is chaired by the Chair of P&R and is concerned with the existing market sites; the other is chaired by Sheriff Chris Hayward and is concerned with the new consolidated market.
5. Regular meetings have also taken place between relevant chairmen (P&R, Finance, Markets and Capital Buildings) to ensure that issues are joined up.

Membership of the Working Party

6. It is proposed that a new Markets Consolidation Working Party is established to formalise the current chairmen's meetings. Membership would comprise of ex-officio posts for the Chairmen of the Policy & Resources, Finance, Markets, and Capital Buildings Committees, all of whom are already aware of the details of the programme and bring the breadth of perspectives to balance costs and benefits required to deliver this complex programme. It is proposed that they be joined by the Chair of the informal New Markets Member Group (referenced in paragraph 4), to link to the informal Member groups on the new market (and existing sites) which is chaired by Sheriff Chris Hayward.
7. It is further recommended that two external advisors are appointed, in consultation with the Chair of P&R, to provide advice to the Members and assist in quality assurance. These costs would be met through the Markets Consolidation Programme budget and would be subject to approval in the usual way once costs have been identified.
8. The Working Party will meet on a monthly basis to consider the progress of the programme, next steps, major risks, and a high-level communications strategy. This will provide the supporting senior officer group (and related Member groups) with advice on issues as they occur.
9. It is not considered that delegating power to act is necessary at this stage; hence, the proposal for a Working Party (rather than a Sub-Committee). The Working Party would provide officers with strategic direction and assurance in respect of actions to be taken within the budgets and policy parameters already agreed by the Policy & Resources Committee, as well as informing future requests and submissions to that Committee.

Support to the Working Party

10. It is intended that the Member groups for the New Sites and for the Existing Sites will continue to meet during the year to help consider specific deliverables, providing feedback from a wider Member base.

11. The City Surveyor will lead a design authority for the new market which will consider the desirability of requirements and the cost according to the agreed objectives for the programme. This will make recommendations to the Working Party each month to confirm the principles governing the future design.
12. A senior officer group will continue to meet to oversee the detailed progress of the programme, the items to be brought to the Working Party and to manage the delivery of the programme.

Conclusion

13. The Markets Consolidation Programme is a significant London-wide programme which should bring many benefits. These include: a sustainable and resilient solution to the provision of the benefits of food wholesale to Greater London; provision of a river transport solution for freight; support for better food education for Londoners; and the release of three important sites for uses suited to London in the 21st Century.
14. The programme is highly ambitious and complex and will consume significant resources before it can be fully delivered. Therefore, it is recommended that an agile and dedicated Working Party with in-depth knowledge of the programme is required to guide the programme at pace, making robust decisions that will influence the success of the private bill process and the progress of the programme over many years.

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Appendices

Appendix A – Draft Terms of Reference for the Markets Consolidation Working Party

Appendix A – Draft Terms of Reference for the Markets Consolidation Working Party

MARKETS CONSOLIDATION WORKING PARTY

1. Constitution

A Working Party consisting of the following ex-officio Members:

- The Chairman of the Policy and Resources Committee
- The Chairman of the Markets Committee
- The Chairman of the Finance Committee
- The Chairman of the Capital Buildings Committee
- The Chairman of the New Markets Site Member Group

The Committee shall be assisted by two external advisors, to be appointed by Policy and Resources Committee, who will attend meetings as non-voting observers.

2. Quorum

The quorum consists of any three Members.

3. Terms of Reference

For a period from 20 February 2020 to 19 November 2020, to be responsible for oversight of the management of the project to consolidate the three City markets (Billingsgate, Smithfield and New Spitalfields) and specifically support submission of the private bill to move the City's markets.

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| Committee(s): Markets | Date: 4 th March 2020 |
| Subject: Smithfield Market – Car Park Utilisation August 2019 – January 2020 | Public |
| Report of: Director of Markets & Consumer Protection | For Information |
| Report author: Mark Sherlock, Superintendent, Smithfield Market | |

Summary

This report updates Members about the utilisation of Smithfield Market Car Park for the 6 month period from August 2019 to January 2020, with reference to Christmas, the introduction and impact of the Ultra-Low Emission Zone (ULEZ) by the Mayor of London in April 2019, occupancy levels in the last 12 months and proposed capital works.

Recommendation(s)

Members are invited to note the contents of this report.

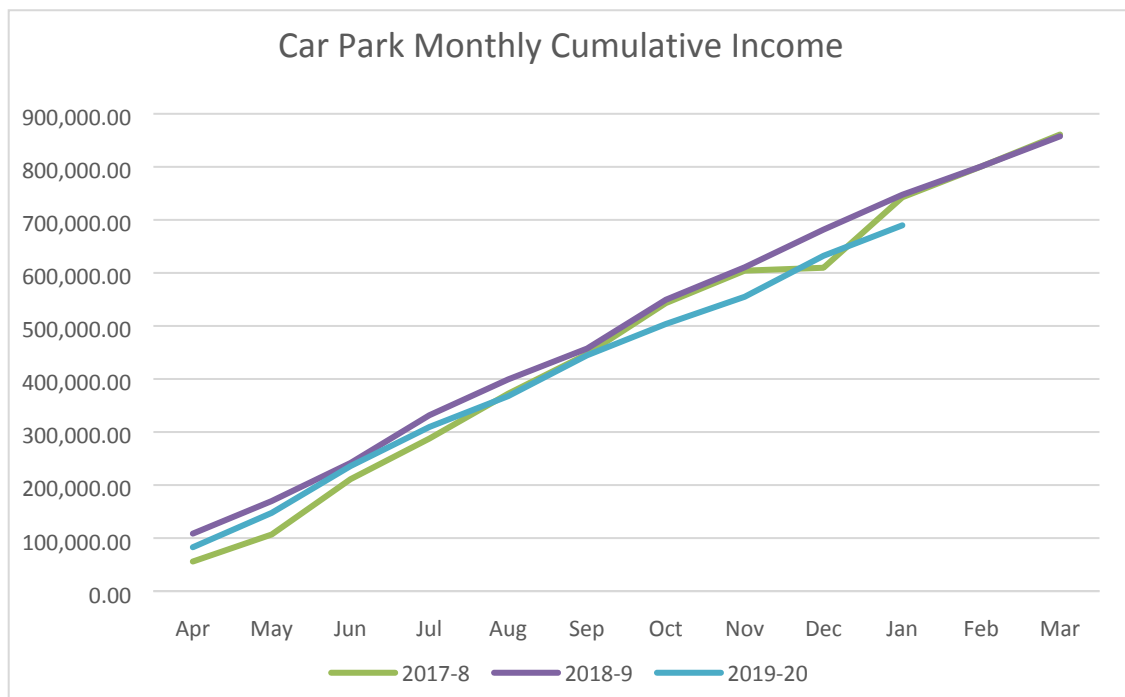
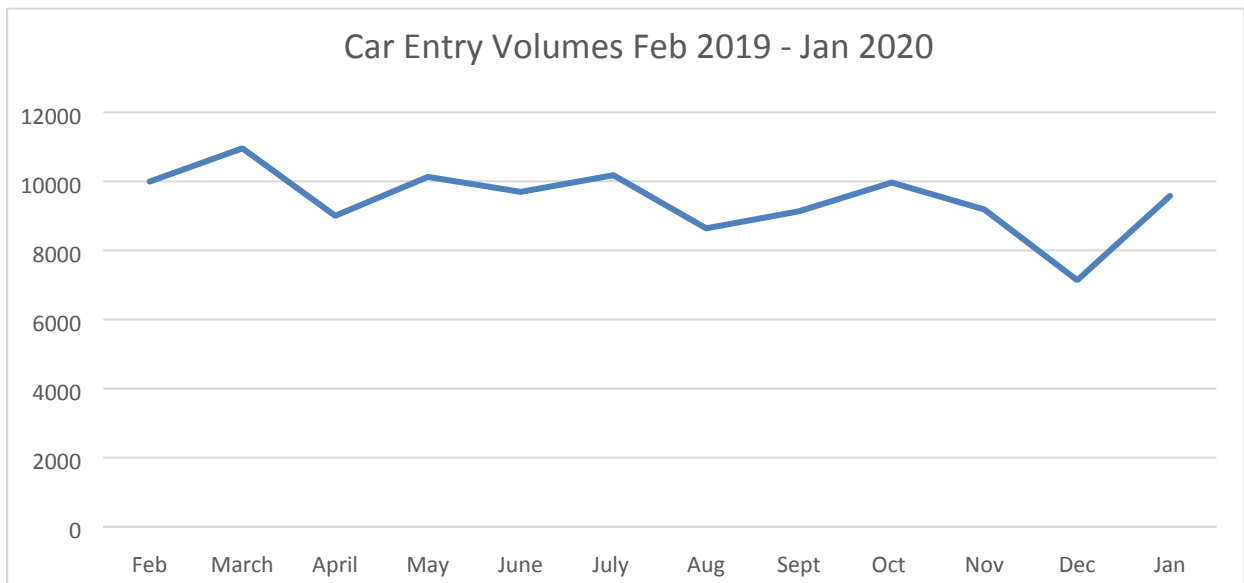
Main Report

Background

1. Increased parking tariffs were approved by the Markets Committee on 30th January 2019 and took effect on 1st April 2019. In addition, the overnight parking discount was extended to seven nights a week to make the car park more competitive with other car parks in the vicinity.
2. Automatic Number Plate Recognition (ANPR) was installed in February 2019 shortly followed by CCTV in July 2019. Both systems are managed by car park operator Saba in line with safety controls in other City car parks.

Current Position

3. Income for the 6-month period August 2019 to January 2020 was £380,276, a decrease of £35,526 (9%) for the same period last year. Income for 10 months of this financial year (April – January) is £689,777 a decrease of £57,647 (8%) against last year, with income cumulatively £6,000 behind budget. The decrease in income against last year is principally the introduction of the ULEZ which has been reflected in the forecast process, but there is a similar income decline in general across all City car parks. Factors such as Brexit uncertainty combined with businesses and individuals implementing expenditure prudence measures have contributed to declines in car park use.



4. There was a 13% decline in cars utilising the car park during the Christmas concession period against the same period in 2018, with peak occupancy of 418 spaces reached at 3am on the Thursday/Friday 19/20th December. The maximum number of available spaces is 530. Peak occupancy in 2018 was 449 and in 2017 was 510.

5. Resource Allocation Sub Committee have recently approved capital works to the car park for £150,000. This is to replace sprinkler heads and fire doors following a major review of fire safety in all City car parks, the works being over and above the standard cyclical works programme. Project works are now in the process of being programmed by the City Surveyor.
6. The proposed car park LED lighting installation is part of an energy department cost reduction programme which has reached a Gateway 2 stage for decision at the Corporate Projects Board, Projects Sub Committee and Corporate Asset Sub Committee by the 7th March 2020. The Superintendent will update your Committee on progress in due course.

Conclusion

7. As at the end of December 2019, the car park is currently operating at £2k under forecast. It is anticipated that the car park will recover this position for the remainder of the financial year and is expected to meet the full forecast income at year-end. The decline in car park usage continues both during concession and normal operating periods.

Mark Sherlock

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| Committee(s): | Date(s): |
| Markets Committee | 4th March 2020 |
| Subject: Concessionary Parking and provision of Traffic Stewards at Smithfield Market during the Easter Period 2020 | Public |
| Report of: Director of Markets and Consumer Protection | For Decision |
| Report Author: Mark Sherlock, Superintendent, Smithfield Market | |
| Summary | |
| <p>The Smithfield Market Tenants' Association (SMTA) has submitted a request to the Superintendent for a period of free parking for all workers and customers for four nights from 9pm from Sunday 5th April until 10am Thursday 9th April 2020.</p> <p>In addition, the SMTA has suggested consideration is also given to the provision of traffic stewards for the last two nights of trading, i.e. Tuesday/Wednesday 7/8th April and Wednesday/Thursday 8/9th April.</p> <p>In reviewing this request, officers have suggested three options for Members consideration.</p> <ol style="list-style-type: none"> 1. Agree the SMTA request in total (four nights/mornings) with two nights of traffic stewards 2. Reduce the concessionary period to one night Wednesday/Thursday 8/9th April with no provision of traffic stewards. 3. No concessionary period or provision of traffic stewards. <p>Recommendation: -</p> <p>It is recommended that Members decide upon Option 2 for one night of concession on Wednesday/Thursday 8/9th April with no provision of traffic stewards, similar to their decision for Easter 2019, but this year for one less night.</p> | |

Main Report

Background

1. In previous years car parking concessions for the month of December have helped alleviate traffic congestion around the Market buildings and encourage customers to shop at the Market. The general rise in car park volumes at Easter and Christmas would manifest naturally and there is no indication that a waiver of the current £1.50 tariff for three hours has any associated contribution to higher parking volumes.

2. Members will be aware of the tariff changes that were implemented at the Smithfield Rotunda Car Park in April 2019. To summarise, the following tariff structure applies to all visitors, including Market workers and customers for this Easter.
 - a. £1.50 per visit for up to three hours parking between 9pm and 10am each night, seven days a week
 - b. £3.00 per visit for three hours or more parking between 9pm and 10am each night, seven days a week
 - c. £3.50 per hour or part thereof at all other times.

Current Position

3. On 6th February 2020, the Smithfield Market Tenants' Association (SMTA) submitted a request similar to that made for Easter 2019, that free parking in the Rotunda car park should be approved for four nights from Sunday 5th April to Thursday 9th April for all workers and customers arriving after 9pm and leaving before 10am the following day. In addition, the SMTA has requested that consideration be given to employing traffic stewards for the last two nights of trade on the Tuesday/Wednesday 7/8th April and Wednesday/Thursday 8/9th April.
4. The concession would be offered to vehicles between the hours of 9pm and 10am and vehicles parking outside of these hours will be deemed to be unrelated to Market operations and so charged the current normal hourly rate of £3.50 per hour, or part thereof, for the full duration of their stay.
5. The Market Constabulary resource base has been planned to deliver maximum staff availability for the Easter trade period from Sunday 5th April – Thursday 9th April.

Options

6. Officers have identified three options for Members consideration: -
 1. Agree the SMTA proposal requested from the 6th February, that the current tariff (shown above) be reduced to free for the Rotunda car park from Sunday 5th April to Thursday 9th April (four nights/mornings) for all workers and customers arriving after 9pm and leaving before 10am the following day. In addition, that consideration be given to the use of traffic marshals for the nights of 7th and 8th April.
 2. Reduce the concessionary period to one night/day for Wednesday 8th April with no provision of traffic marshals. The recommendation is made with reference to declining car volumes at Easter 2019 (a 2.3% reduction in use of the car park compared to the previous Easter), visible decreases in car volumes generally around the Market as witnessed by the Superintendent and additionally borne out by lower

income, financial year to date income 8% down on the same period last year. It is likely that the Ultra Low Emissions Zone (ULEZ) is the main contributory factor of declining car numbers.

3. No concessionary period or provision of traffic marshals. There is no or little impact expected from this. (Should a local assessment be made on the night that there is traffic congestion due to the car park barrier system operating, a decision can be made to open the barrier to help ease the traffic flow??).

Financial Implications

7. The provision of traffic marshals for two nights would cost approximately £5,086.
8. It is estimated that the SMTA proposed four night concession under option 1) could reduce car park revenue by £4,000. Therefore, the cost for the provision of traffic marshals and forgone income for option 1) would be approximately £9,086 which is unbudgeted. Forgone income has been estimated against April 2019 actual income.
9. Should Members wish to approve option 2), this could reduce revenue for the car park over the one night/day period by approximately £1,000.

Proposal

10. Officers have identified three options for Members consideration in response to the SMTA's request for temporary concessionary car parking rates and the potential use of traffic marshals over the 2020 Easter period. Members are asked to approve Option 2.

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| Committee: Markets Committee | Dated: 4 th March 2020 |
| Subject: Energy Costs Update | Public |
| Report of: The City Surveyor | For Information |
| Report author: James Rooke, City Surveyor's Department | |

Summary

This report presents the context for the recent energy price increases and a narrative on present commodity prices and forward strategy options.

Recommendations

Members are asked to receive this report.

Main Report

Background

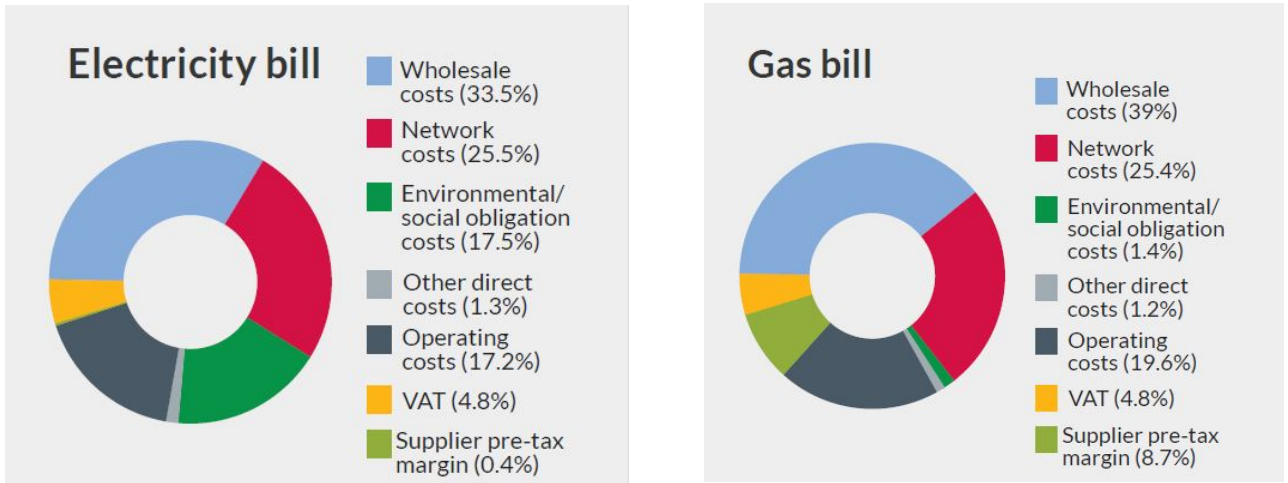
1. In 2017 The Court of Common Council directed the energy and procurement teams to undertake a tender exercise for the provision of energy procurement brokerage. The existing provider, Laser had been incumbent for in excess of 10 years. Following a tender process, Utilyx energy (recently acquired by the Mitie group) were successful in winning this bid. Consultation on the procurement of a new energy broker included working group representatives from the energy management team, procurement, housing, markets, DBE, Open spaces and finance.
2. The Corporation's previous arrangement for procuring energy via Laser expired in September 2018 and following an OJEU tender process Utilyx Energy have been appointed as our new broker. Total Gas & Power have also been appointed as the City's electricity and gas supplier with effect from October 1st, 2018. Energy for the core supply contract has been procured in four lots:
 - **Lot 1** – Supply of Electricity (Half Hourly and Non-Half Hourly) Flexible Purchase;
 - **Lot 2** – Supply of Gas Flexible Purchase;
 - **Lot 3** – Supply of Electricity (Half Hourly and Non-Half Hourly) Fixed Price; mainly for Housing - to provide individual households with price security;
 - **Lot 4** – Supply of Gas Fixed Price; mainly for Housing - to provide individual households with price security

Energy market conditions

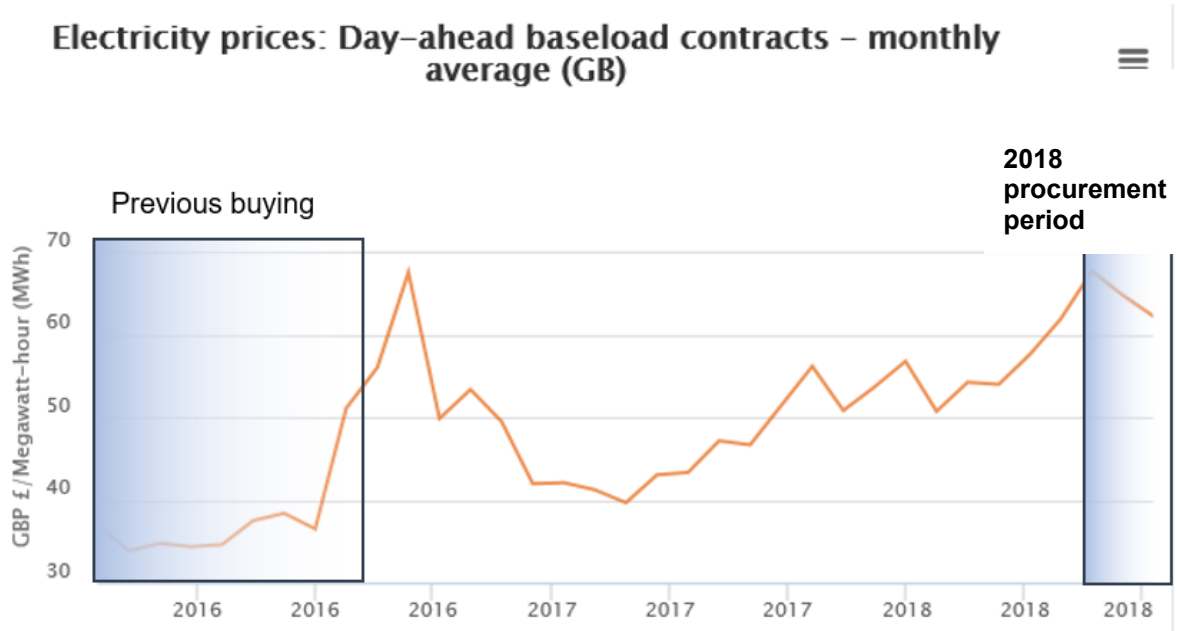
3. Energy market prices have proved to be extremely volatile in the last 24 months with the market seeing significant rises well above inflation due to a number of factors:

- Shortage of UK long-term gas storage increasing prices for winter gas supply
- Rapid escalation of carbon markets which is incurred by suppliers and passed through to consumers
- Increase in non-energy grid costs and environmental levies, which are now representing over half the delivered cost
- Increase in oil prices caused by sanctions and reduction in output from OPEC nations.
- Surge in energy commodity volatility caused by increase in trading from non-end users

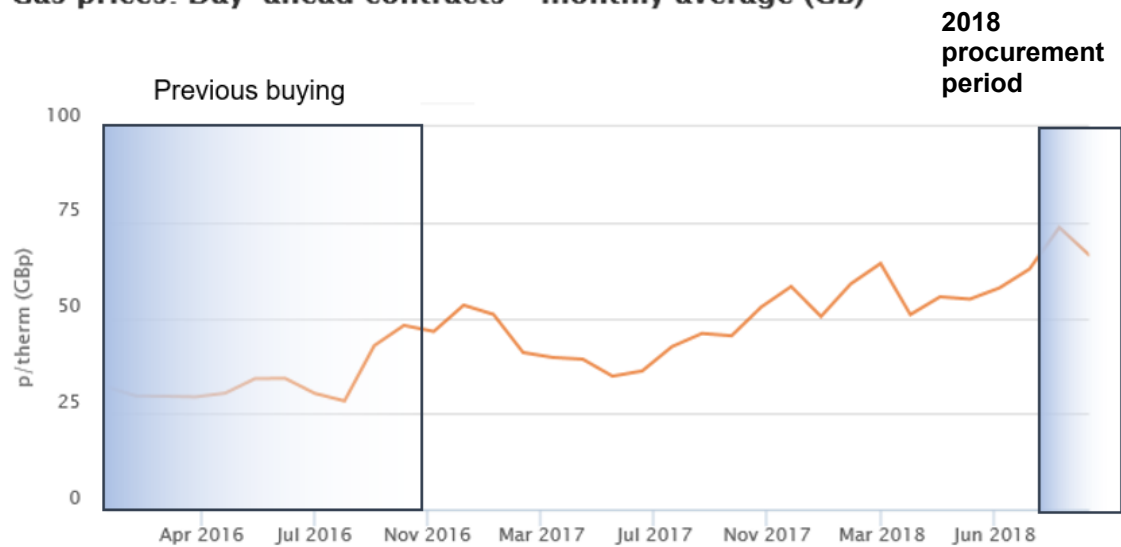
Figure below: Breakdown of typical electricity and gas bill – Source OFGEM



Figures below: Energy commodity (wholesale) market tracking



Gas prices: Day-ahead contracts – monthly average (GB)

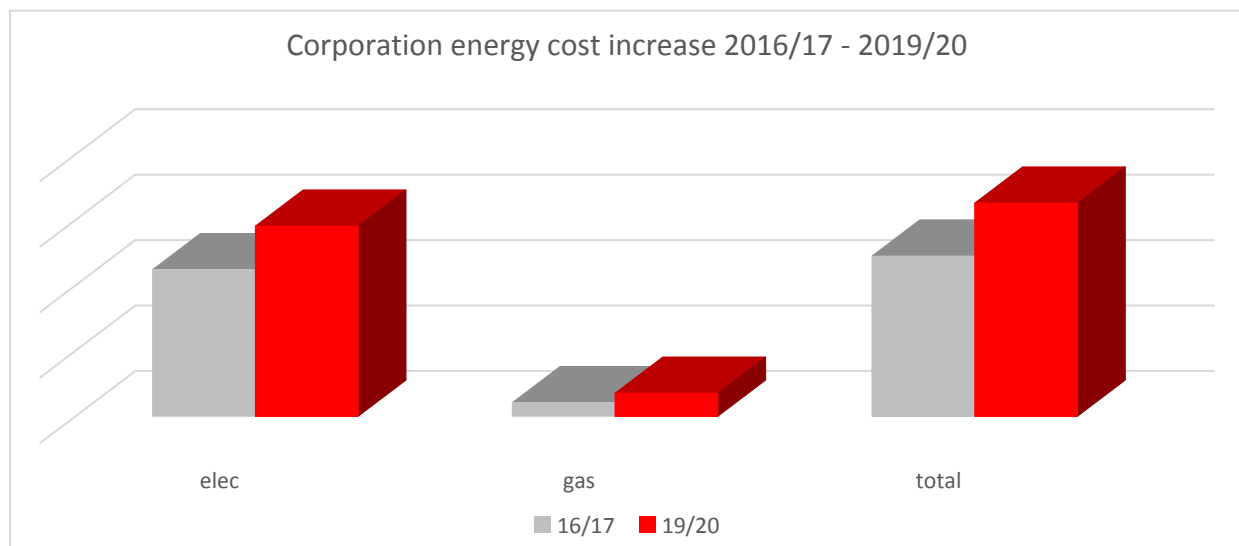


What this means for the City and the budget implications from October 2018 onwards is that gas and electricity prices for the Corporation have risen by 33%¹ across the portfolio compared to prices secured in 2016, which was purchased at the market low point. On average this means:

- 30% cost increase for electricity
- 70% cost increase for gas

Note: As of February 2020, forward commodity energy prices have fallen by almost 50% from October 2018. As a result of the City's flexible forward buying strategy these savings will be passed on to tenants in the forward billing as the prices take effect. (Commodity element only)

Figure below: Corporation Energy Cost Budgets



¹ This is an average figure across the portfolio and the energy team can provide individual figures per lot

Renewable Energy

4. In support of the City's Responsible Business plan the Corporation has committed to procure 100% renewable electricity across the portfolio from October 2018 onwards from a combination of certified solar, wind and hydro sources. This has incurred a very small cost premium <0.2% of overall energy costs, however this cost is being met centrally so that there is **No additional cost to departments for renewable energy provision.**

Future Outlook

5. The non-energy invoice elements, such as transmission, distribution and carbon taxes are set to continue rising for the next five years while commodity (energy elements) continue to show high volatility in the wholesale energy market. To cover this volatility the energy team are now forward buying to provide an element of protection.
6. As of February 2020, energy commodity prices have fallen drastically from a high of £70/MWh to £37/MWh. Due to the Corporations flexible buying strategies – these savings will be passed on to the tenants in forward invoicing.
7. The outcome of the UK leaving the European union is also likely to have a marked effect on energy prices going forward and prices are likely to remain volatile. Currency devaluation may also be a factor in forward energy prices.

Mitigation

8. Consumption management: A series of energy efficiency initiatives at Smithfield markets have avoided costs of £300k year to date. The energy team continues to work on identifying further consumption savings.

Commodity Price Risk

9. The energy team are presently undertaking a tender exercise to forward buy 50% of the Corporations electricity supply through a renewable energy development or power purchase agreement. The aim of this exercise will be to provide cost certainty and long-term reduced commodity cost. Should the tender prove attractive, the revised energy supply contract will take effect between 2021 and 2023.

Strategy

10. The present 'lots' which cover the provision of energy to the markets expire in September 2021. To allow sufficient time to develop any potential alternative strategy for the markets, the energy team propose a dedicated energy strategy session for the markets to fully crystalize constraints, risk appetite and communication requirements. Options:
 - a. The markets remain within the Corporations flexible buying lot
 - b. The markets energy is procured in a separate lot with a bespoke risk and price strategy, agreed by head of markets
 - c. The markets investigate exiting the City's buying service and procure separately using an independent broker, metering, billing and validation service.

Conclusion

11. **2018/19 energy price increases for the Corporation reflect price increase in the market more generally. Conversely, recent dramatic price falls will be passed on to tenants.** We recommend a separate review meet with markets to confirm future energy procurement risk and tenant communication strategy. In order to mitigate the unavoidable market rate increase for energy prices, the energy team have reduced consumption at Smithfield Market by circa £300k year to date and will continue to identify further savings.

Report Author:

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