



Markets Committee

Date: WEDNESDAY, 15 JULY 2020

Time: 12.00 pm

Venue: VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

Members:

James Tumbridge, Tower (Chairman)	Gregory Lawrence, Farringdon Without North Side
John Chapman, Langbourn (Deputy Chairman)	Deputy Edward Lord, Farringdon Without
Matthew Bell, Farringdon Within	Alderman Bronek Masojada
Peter Bennett, Wallbrook	Wendy Mead, Farringdon Without North Side
Nicholas Bensted-Smith, Cheap	Deputy Robert Merrett, Bassishaw
Mark Bostock, Cripplegate	Deputy Brian Mooney (Chief Commoner), Queenhithe
Deputy David Bradshaw, Cripplegate Within	Deputy Joyce Nash, Aldersgate
John Edwards, Farringdon Within	John Petrie, Billingsgate
Deputy Kevin Everett, Candlewick	Stephen Quilter, Cripplegate Without
Helen Fentimen	John Scott, Broad Street
Alderman David Graves	Ian Seaton, Cornhill
Michael Hudson	Deputy Dr Giles Shilson, Bread Street
Deputy Henry Jones, Portsoken	Mark Wheatley, Dowgate
Angus Knowles-Cutler, Castle Baynard	Deputy Philip Woodhouse
	Dawn Wright

Enquiries: Antoinette Duhaney, 020 7332 1408,
antoinette.duhaney@cityoflondon.gov.uk

Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:
<https://youtu.be/Y-bHZnaQccg>

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 4th March 2020.

For Decision
(Pages 1 - 8)

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

The Superintendents of Billingsgate, New Smithfield and Spitalfields Markets to be heard.

For Information

5. **MARKETS COMMITTEE RISK UPDATE**

Report of the Director of Markets & Consumer Protection

For Information
(Pages 9 - 18)

6. **REVENUE OUTTURN 2019/20**

Joint report of the Chamberlain and the Director of Markets & Consumer Protection

For Information
(Pages 19 - 40)

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

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

9. **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

10. NON-PUBLIC MINUTES

To agree the non-public minutes of the meeting held on 4th March 2020.

For Decision
(Pages 41 - 44)

11. CITY'S WHOLESALE MARKETS CONSOLIDATION PROGRAMME-INTERIM BUSINESS CASE AND BUDGET

Joint report of the City Surveyor and the Director of Major Projects.

For Information
(Pages 45 - 82)

12. BILLINGSGATE SITE - REVISED STRATEGY PROPOSAL

Report of the City Surveyor.

For Information
(Pages 83 - 90)

13. VARIATION TO APPROVED TERMS FOR THE INSTALLATION OF A RAPID VEHICLE CHARGE POINT AT BILLINGSGATE MARKET

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

For Decision
(Pages 91 - 94)

14. MARKETS DEBTS ARREARS - PERIOD ENDING 31ST MAY 2020

Report of the Director of Markets and Consumer Protection

For Information
(Pages 95 - 112)

15. REPORT OF ACTION TAKEN UNDER URGENCY - MARKET TENANTS AND COVID 19 - PROPOSALS FOR ADDITIONAL SUPPORT

Report of the Town Clerk

For Information
(Pages 113 - 116)

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 AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

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MARKETS COMMITTEE

Wednesday, 4 March 2020

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

Present

Members:

James Tumbridge (Chairman)	Michael Hudson
John Chapman (Deputy Chairman)	Deputy Henry Jones
Matthew Bell	Gregory Lawrence
Nicholas Bensted-Smith	Deputy Edward Lord
Mark Bostock	Wendy Mead
Deputy David Bradshaw	Deputy Joyce Nash
John Edwards	John Petrie
Deputy Kevin Everett	Stephen Quilter
Helen Fentimen	Dawn Wright
Alderman David Graves	

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
Peter Young	- 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 for absence were received from Peter Bennett, Alderman Bronek Masojada, Deputy Robert Merrett, Deputy Brian Mooney, John Scott, Ian Seaton, Deputy Giles Shilson and Mark Wheatley.

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

There were no declarations.

3. PUBLIC MINUTES

That the public minutes of the meeting held on 29.01.20 be approved as a correct record.

Matters arising

In response to a follow up question from a Member, Chamberlain advised that efforts were made to ensure that Departments did not incur overspends by a combination of reducing expenditure and/or increasing income streams and that any overspends were carried forward to the following financial year and remedial action taken to achieve a balanced budget.

4. SUPERINTENDENT UPDATES (ORAL REPORT)

Billingsgate

- Billingsgate Market had received an award for Market of the year from NABMA and received special recognition for the resilience demonstrated during climate activist protests and the collaborative engagement with stakeholders.
- Officers had attended the NABMA centenary event and the Superintendent of Billingsgate Market had been appointed to the NABMA Board of Directors.

Members congratulated officers for their achievements and on the recommendation of a Member, the Committee unanimously agreed to report the award and the board appointment to the Court of Common. It was also agreed that the Committee's congratulations be conveyed to Billingsgate Market tenants.

New Spitalfields

- The entry barrier had been operational since 4th February 2020. There were some minor technical issues post implementation, most of which had been addressed and one of the payment machines was being converted for cash payments. Officers were exploring the scope for claiming compensation from the supplier for the operational delays and the SMTA would be kept informed of developments.
- A small group of Members visited the market on 28th February 2020 to engage with traders and stakeholders in respect of the MCP project and the visit was well received.
- Measure were being explored to reduce pollution and improve air quality including prohibited vehicle idling, using nearest vehicle exits and phased replacement to ULEZ compliant vehicles.

Smithfield

- Energy saving measures were continuing and the installation of LED lighting in the car park was expected to realise savings of approximately £30-£40k.
- Representatives from TfL visited on 28th February to engage with traders and buyers to promote the ULEZ scrappage scheme which had been enhanced by the Mayor of London. However, TfL received some

feedback that although appreciated, some still felt it did not compensate for the pressure that the ULEZ would put on small businesses.

5. **MARKETS COMMITTEE TERMS OF REFERENCE AND FREQUENCY OF MEETINGS**

The Committee considered a report of the Town Clerk seeking the views of Members on the Committee's terms of reference and proposed frequency of meetings for 2020/21 and the Committee supported the current frequency of meetings being held 6 times a year.

The Committee considered the existing terms of reference and felt that they were not fit for purpose. Members felt very strongly that the changes made to the Committee's terms of reference by the Policy & Resources Committee in April 2019 had resulted in the Markets Committee not having overall oversight of the developing MCP. This had also led to key information not always being communicated to the Chairman, Deputy Chairman and Markets Committee Members in a timely manner.

Members expressed the view that the Markets Committee was integral to the developing MCP and it was essential that the Markets Committee was retained with a higher profile to facilitate meaningful input onto the evolving MCP aspirations and to retain oversight of the management of the largest wholesale markets in the UK which were crucial to supplying traders and businesses across the country.

The Chairman urged Members to make representations as part of the Governance Review and it was felt that the Markets Committee should be retained as a Ward Committee with a more significant role in leading the MCP, in close dialogue with the Chairmen of the Finance and Policy & Resources Committees and that the existing terms of reference be updated to reflect this.

The Chairman moved, the Deputy Chairman seconded, and it was

RESOLVED –

1. That the report be noted.
2. That in light of the deliberations of the Markets Committee, the Policy & Resources Committee be recommended to alter the terms of reference of the Markets Committee to read as follows: ***(additional wording in emboldened italics)***

“To be responsible for:

- (a) Oversight of the ***provision and*** management of all matters relating to Smithfield Market, Billingsgate Market and New Spitalfields Market and the letting of all premises therein.

- (b) The appointment of the Director of Markets and Consumer Protection (acting jointly with the Port Health and Environmental Services and Licensing Committees)."

- 3. That in light of the deliberations of the Markets Committee, Lord Lizvane's review and in turn the Policy & Resources Committee be recommended to retain the Markets Committee as a Ward Committee with a more significant role in leading the MCP, given that the Committee is integral to the management of the largest wholesale markets in the UK and the supply of traders and business nationally.

6. **MARKETS COMMITTEE RISK UPDATE**

The Committee considered a report of the Director of Markets and Consumer Protection updating the Committee on Risk Management Measures in accordance with the Corporate Risk Management Framework.

In response to questions and observations from Members, Officers advised that replacement parts had been ordered which would resolve the number of fire alarm activations at Smithfield Market and reduce the risk level to its intended target. It was also reported that random audits of HGV unloading were carried out regularly to monitor compliance of safety standards required of tenants for their deliveries. With reference to the Smithfield Brexit risk, there was no indication currently of when proposed changes to traffic flow on Charterhouse Street might be implemented.

RESOLVED –

That the report be noted.

7. **MARKETS CONSOLIDATION PROGRAMME GOVERNANCE UPDATE: WORKING PARTY CREATION**

The Committee considered a joint report of the Town Clerk and the City Surveyor outlining proposals to establish a dedicated Working Party of the Policy & Resources Committee to advise on options and make decisions on certain practicalities.

The Chairman welcomed the establishment of this group following the cessation of the previous Relocation of the Markets Working Party. The Chairman and Deputy Chairman suggested that given the key input required from the Markets Committee, both the Chairman and another member, perhaps the Deputy Chairman of the Markets Committee (or nominated representative) should be appointed to the new Working Party and this suggestion was endorsed by Members. Concerns were also raised in respect of the lack of detail on governance and reporting arrangements for the new working party.

It was moved, seconded, and

RESOLVED –

1. That the report be noted.
2. That it be noted that whereas on 20th February 2020, the Policy & Resources Committee resolved to establish a working party based on the Chairman meetings initiated at the original request of the Markets Committee, this new working party is not something that was discussed with the Markets Committee in advance of the Policy & Resources Committee resolution.

Recommendation to Policy & Resources Committee

3. Whereas: On February 20th the Policy & Resources Committee resolved to establish a working party based on the chairman meetings initiated at the original request of the Markets Committee. This new working party is not something that was discussed with the Markets Committee in advance of the Policy & Resources Committee resolution.

Request: The Markets Committee is naturally keen to provide input to the work on the Markets Consolidation Programme, and whilst welcoming the inclusion of the Markets' Committee Chairman in the working party, the Markets Committee asks that it be allowed to nominate another member in addition to the Chairman of the Markets Committee, to the working party, to ensure there is always someone with knowledge of the Markets Committee available to participate in any meetings, and to reflect the significant interests of the Markets Committee as the service committee that initiated this programme and will oversee the future market.

8. SMITHFIELD MARKET - CAR PARK UTILISATION FROM AUGUST 2019 - JANUARY 2020

The Committee considered a report of the Director of Markets and Consumer Protection outlining recent Smithfield Market car park usage levels. The Committee noted that usage levels were lower than the corresponding period for the previous year and this was due largely to the implementation of the ULEZ. It was also reported car parks across the CoL had witnessed a similar decline in usage.

RESOLVED

–

That the report be noted.

9. CONCESSIONARY PARKING AND PROVISION OF TRAFFIC STEWARDS AT SMITHFIELD MARKET DURING THE EASTER PERIOD 2020

The Committee considered a report of the Director of Markets and Consumer Protection recommending concessionary rates for car parking immediately prior to Easter. Officers reported that on the basis of the 2.3% decline in car park usage compared to the corresponding period last year, officers were recommending that 1 night of concessionary parking was granted for 8th/9th April (Wednesday night – Thursday morning).

A member requested that additional concessions should be granted on the grounds that the 2 nights leading up to Good Friday were historically the busiest trading nights of the year. In response the Chairman stated that although he did not dispute that the days immediately prior to Easter were a busy time for traders, the data on car park usage showed a general decline in usage overall and on this basis, 2 nights of concessions prior to Easter could not be justified. Furthermore, if the downward trend in car park usage continued, the Committee would consider whether future pre-Easter parking concessions were necessary.

Members requested information on further analysis on the reasons for the decline in car park usage and modes of transport being used for visitors to the market, with input from the SMTA be presented to a future meeting. This should be evidence/data based.

RESOLVED

1. That option 2 was agreed, as recommended by officers
2. That information on further analysis on the reasons for the decline in car park usage and modes of transport being used for visitors to the market be presented to a future meeting, with input from the SMTA.

10. ENERGY COSTS UPDATE

The Committee considered a report of the City Surveyor setting the context for energy pricing and options for future energy procurement for the City's wholesale markets

The Chairman requested further details on the mitigation measures referred to in paragraph 8 of the report and in response, Officers stated that a number of actions were proposed including

- Energy efficiency measures at Smithfield Market which had generated savings of £350k.
- Proposals for advance buying of energy through a 15 year Power Purchase Agreement to secure the best commercial advantage and remove volatility/fluctuation for 50% of the City's energy costs including the wholesale markets.
- Updated risk profiling to assess whether further mitigation measures are required.

Officers also advised that different rates were charged for day and night consumption and that the CoL would take full advantage of the reductions in energy charges and these reductions would be passed on to tenants and traders.

The Chairman urged officers to engage with tenants and traders so that they were kept informed of developments and requested that a briefing paper be prepared within the next few days so that the Chairman could formally respond to the concerns raised by SMTA. Officers agreed to provide draft notes and a letter to the Chairman that could be sent to the tenant associations before the Committee Dinner on 12th March 2020.

RESOLVED –

1. That the report be noted.
2. That a briefing paper be prepared within the next few days so that the Chairman can formally respond to the concerns raised by tenants associations, in particular Spitalfields tenants.

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

There were no questions.

12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

13. EXCLUSION OF THE PUBLIC

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

Item(s)	Paragraph
14 - 20	3

14. NON-PUBLIC MINUTES

RESOLVED – That the non-public minutes of the meeting held on 29.01.20 be approved as a correct record.

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

The Committee considered a joint report of the Director of Markets and Consumer Protection and the City Surveyor covering a range of issues including the leasing and maintenance strategies and relocation principles for the MCP.

16. LEASE RENEWAL - NEW SPITALFIELDS MARKET

The Committee considered a joint report of the City Surveyor and the Director of Markets and Consumer Protection regarding a lease renewal at New Spitalfields Market.

17. **DEBTS ARREARS - MARKET - PERIOD ENDING - 31ST JANUARY 2020**
The Committee considered a report of the Chamberlain regarding debt levels in respect of services provided at Billingsgate, New Spitalfields and Smithfield Markets.
18. **POULTRY MARKET PARABOLIC DOME REPAIRS**
The Committee considered a report of the City Surveyor in respect of repairs to the parabolic dome roof of the Poultry Market.
19. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There was one question.
20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was one urgent item.

The meeting ended at 1.25 pm

Chairman

Contact Officer:
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Agenda Item 5

Committee: Markets Committee	Date: 15 July 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 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.

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

7. As part of the City Corporation's response to the threat of the Covid -19 virus affecting the operation of services and support for its stakeholders, a command and control structure has been implemented with Gold, Silver and Bronze levels to manage the on-going situation.

Gold requested that all Silver Groups should develop Covid-19 risks that may affect the departments that report to these groups. These risks are now recorded on the Pentana Risk system.

Guidance has been issued to all Chief Officers to report relevant Silver Group risks to their appropriate service/Grand Committee with the regular risk update reports that committee would receive. These risks are attached as appendix B. Members are asked to note that no target date has been included for the mitigation of each risk given the current uncertainty of the duration of this pandemic.

This approach enables Members to question and seek assurance that departmental Covid-19 risks, held at Silver Group, are being managed and mitigated effectively.

Summary of Key Risks

8. The Department of Markets and Consumer Protection's Risk Register for Markets, attached as Appendix A to this report, has Four 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 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 fails to secure continuity of contracts and/or security of supply chains.

If the market tenants fail to prepare appropriately for the end of the Brexit transition period on 31 December 2020, this could lead 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
- Appendix B – Markets Covid-19 Risk Summary

Background Papers

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

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Billingsgate Market:
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MCP Markets Committee Risk Report Appendix A

Report Author: John Smith

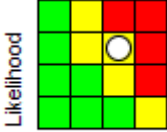
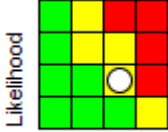

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Rows are sorted by Risk Score

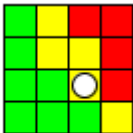


Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
MCP-BG 001 Workplace Transport 26-Apr-2017 Daniel Ritchie	Cause: A lack of suitable and 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.	 Likelihood	12	This risk has been reviewed and is being held at Amber until we have total compliance with our traffic management policies. 25 Jun 2020	 Likelihood	8	31-Jul-2020	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
MCP-BG 001e	Respond to recommendations and agree an action plan.	An action plan has been put in place to deal with the highest risk factors.	Daniel Ritchie	25-Jun-2020	31-Dec-2020
MCP-BG 001f	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	25-Jun-2020	31-Dec-2020

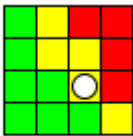
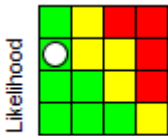

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
MCP-NS 001 Workplace Traffic Management 24-Feb-2015 Sean Benton; Debbie Howard	Cause: Over 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. This will not now happen until after the current situation is over. 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. 25 Jun 2020	 Likelihood	8	31-Dec-2020	 Constant

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
MCP-NS 001i	A member of staff from all tenants to be nominated and trained in FLT safety procedures.	Most tenants have complied and taken the training. There are a few SME's 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	25-Jun-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-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. 25 Jun 2020	 Likelihood Impact	8	01-May-2021	 Constant

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
MCP-SM 001k	Keep the risk under review.	A HGV audit will commence on Friday PM, to assess the number of vehicles that are sitting over the weekend idling. We have received a complaint, linking pollution to COVID-19 infection. A formal response has been sent by the Air Pollution team as well as Mark Sherlock, Superintendent of Smithfield, to showcase that the air quality in and around Smithfield, is lower than expected, with legal levels being adhered to. The HGV audit is to identify and persistence offenders who sit at the Market all weekend. Emails sent w/c 27/4/2020			Mark Sherlock	25-Jun-2020	01-Sep-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 Brexit on traders and imports 06-Sep-2019 Mark Sherlock	Cause: The outcome of Brexit negotiations between the UK government and the EU fails to secure continuity of contracts and/or security of supply chains. Event: The market tenants fail to prepare appropriately for the end of the Brexit transition period on 31 December 2020. Uncertainty around the potential outcomes until it is too late to react. Effect: Delays and disruption in the food supply chain, and shortages of product over a prolonged period. There is also 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	Trade discussions with the EU continue although the UK's chief negotiator has recently stated that the two sides had "made very little progress towards and agreement on the most significant outstanding issues". The Prime Minister has insisted he will not consider an extension to the negotiations. The next round of negotiations has begun and will be followed by a summit with the Prime Minister and the head of the European Commission. 25 Jun 2020	 Likelihood Impact	3	31-Dec-2020	 Constant

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
MCP-SM 011a	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 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, CoL have to manage it so unlikely to be an option.		Mark Sherlock	25-Jun-2020	30-Sep-2020
MCP-SM 011b	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-Jun-2020	30-Sep-2020
MCP-SM 011c	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-Jun-2020	30-Sep-2020
MCP-SM 011d	Open Charterhouse Street and Long Lane to two-way traffic.	KE to review road safety audits and traffic management plans.		Mark Sherlock	25-Jun-2020	30-Sep-2020

M&CP Covid-19 Silver - Appendix B

Report Author: John Smith
Generated on: 25 June 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
CVD19 SG BE 03 Wholesale Markets (M&CP) <div>Page 17</div>	<p>Cause: The spread of COVID-19 continues to escalate affecting staff, businesses and stakeholders.</p> <p>Event: Trading at the markets reduces to a point where businesses will begin to close, either temporarily or cease trading permanently. Absence levels of CoL staff increase to a point where we are unable to provide critical services. This includes maintaining regulatory compliance</p> <p>Effect: The spread of COVID-19 impacts on the City's ability to safely operate the three wholesale food markets leading to partial or full closure which may lead to permanent business closures and affect the future viability of the markets. Reputational and damage to the City and public health risks may be realised due to overcrowding. The City may also be unable to recover debts if businesses are not sufficiently able to mitigate the threat of coronavirus to enable them to reopen post lockdown.</p>	<div> <div>Likelihood</div> <div>Impact</div> </div>	12	<p>A consequence of the spread of COVID 19 will be that we must prioritise critical services. This includes maintaining minimum regulatory compliance at the City's three Wholesale markets. These wholesale markets are a vital link in the supply chain between manufacturers and food retailers not just in London, but also across the South East.</p> <p>Through effective management of staff and social distancing measures, we have endeavoured to keep the markets operating throughout this difficult time. Even though we have been successful and have reduced the risk score, businesses may still fail due to reduced trade in the catering and hospitality sectors or, closure of the markets by Central Government if this outbreak is followed by a second, larger wave.</p> <p>25 June 2020</p>	<div> <div>Likelihood</div> <div>Impact</div> </div>	4		Decreasing
09-Apr-2020 Jon Avern								

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CVD19 SG BE 03a Planning	Prepare and implement plans that will be deployed based upon the continuing /evolving situation.	This is now complete.	Jon Avern	25-June-2020	31-Dec-2020
CVD19 SG BE 03b Review plans	Review and revise emergency and business continuity plans	Plans are being constantly reviewed as the situation develops.	Jon Avern	25-June-2020	31-Dec-2020
CVD19 SG BE 03c Market operations	Review market operations to evaluate the possibility of implementing social distancing, PPE and delivery of orders to reduce the need for collection and other measures to keep people safe.	<p>All three markets have implemented social distancing and public information measures. The following has been introduced at Billingsgate.</p> <ul style="list-style-type: none"> • The constabulary are visible on the market floor and advising the public to stay apart. • Posters are in place and visitors are given flyers reminding them of social distancing guidelines. • During trading hours there are regular public address system announcements reminding market users of social distancing guidelines. • Billingsgate will refuse to allow access to groups of people (families) that arrive. One member of the group will be admitted access. • The Superintendent will speak with tenants whose businesses attract more public sales and instruct them to do more to manage their customers. • The Superintendent has considered line marking but decided against this measure as the market floor is constantly wet, so tape will not stick, and coloured lines would fade quickly. • These measures compare favourably with the steps taken by other UK wholesale markets. 	Jon Avern	25-June-2020	31-Dec-2020
CVD19 SG BE 03d Financial considerations	Evaluate the implementation of temporary financial help for market tenants if packages provided by Central Government prove to be insufficient.	This is currently under review by Members. Tenants have been offered a 3-month rent deferment to be repaid over a period of 12 months commencing September 2020.	Jon Avern	25-June-2020	31-Dec-2020

Agenda Item 6

Committee(s):	Dated:
Markets	15.07.2020
Subject:	Public
Revenue Outturn 2019/20	
Report of:	For Information
Chamberlain Director of Markets & Consumer Protection	
Report author:	
Leyla Dervish, Chamberlain's Department	

Summary

This report compares the 2019/20 revenue outturn for the services overseen by your Committee with the final budget for the year. The outturn for the year shows net income of £3k, compared to the final budget of (£304k) net expenditure, representing an underspend of £307k as summarised below.

Table 1 - Summary Comparison of 2019/20 Revenue Outturn with Final Budget				
	Latest Budget	Final Budget	Revenue Outturn	Variance Better/ (Worse)
	£'000	£'000	£'000	£'000
	(A)	(B)	(C)	(C-B)
Local and Central Risk				
Director of Markets & Consumer Protection	4,281	4,296	4,377	81
City Surveyor	(1,964)	(1,964)	(1,776)	188
Total Direct Net Income/ (Expenditure)	2,317	2,332	2,601	269
Capital and Support Costs	(2,607)	(2,636)	(2,598)	38
Overall Total Net Income/(Expenditure)	(290)	(304)	3	307

The Director of Markets & Consumer Protection had a net underspend of £81k on his local and central risk budgets within Markets Committee. This mainly related to underspends in employment, energy and the waste & recycling contract operated at New Spitalfields Market. These underspends were partly offset by additional security costs incurred during the Animal Rebellion demonstration at Smithfield Market, increased bad debt provisions and reduced barrier income at New Spitalfields Market due to installation delays.

The City Surveyor's net underspend of £188k mainly related to savings and re-phasing on the three 3-year cyclical works programmes.

The Director of Markets and Consumer Protection has submitted a request to carry forward underspends and this will be considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee.

Recommendation(s)

Members are asked to:

- Note the report and the proposed carry forward of local risk underspends to 2020/21.

Main Report

Revenue Outturn for 2019/20

1. The outturn position for your Committee's services during 2019/20 totalled net income of £3k, an underspend of £307k compared to the final budget of (£304k) net expenditure. A summary comparison with the final budget for the year is tabulated below. 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 2 - Detailed Summary Comparison of 2019/20 Revenue Outturn with Final Budget

	Latest Budget	Final Budget	Revenue Outturn	Variance Better/ (Worse)	Variance Better/ (Worse)	Notes
	£'000	£'000	£'000	£'000	%	
Local Risk						
Director of Markets & Consumer Protection	(1,647)	(1,632)	(1,374)	258	15.8%	A
City Surveyor						
- Repairs and Maintenance	(940)	(940)	(953)	(13)	(1.4%)	
- Cyclical Works Programme	(1,024)	(1,024)	(823)	201	19.6%	
City Surveyor Total	(1,964)	(1,964)	(1,776)	188	9.6%	B
Total Local Risk	(3,611)	(3,596)	(3,150)	446	12.4%	
Central Risk						
Director of Markets & Consumer Protection	5,928	5,928	5,751	(177)	(3.0%)	C
Total Local and Central Risk	2,317	2,332	2,601	269	11.5%	
Capital and Support Services	(2,607)	(2,636)	(2,598)	38	1.4%	D
Overall Total	(290)	(304)	3	307	101.0%	
Total Local & Central Risk exc City Surveyor	4,281	4,296	4,377	81	1.9%	

2. The local risk underspend of £446k comprises the following variances:

A. Director of Markets & Consumer Protection £258k underspend:

i. **Smithfield Market** – underspend of £240k was due to:

- £247k lower than budgeted energy costs as result of reduced energy prices in the second half of 2019/20 as well as energy efficient measures introduced at the market;
- £92k reduction in employment costs due to vacant posts;
- £38k reduced spend on locally managed repairs & maintenance costs;
- £7k reduced spend in equipment, furniture and materials;
- £7k saving in fees and services;
- £4k higher than budgeted rates income recharged to tenants;
- £3k reduction in water costs;
- £2k lower than budgeted spend on clothing and uniforms;
- £1k saving in the management fees relating to the car park;
- (£91k) reduced income from chilled water recharges;
- (£26k) reduction in electricity and gas recharges to tenants;
- (£13k) additional spend on cleaning and domestic supplies;
- (£12k) lower than budgeted income from the Rotunda car park;
- (£9k) additional refuse collection costs;
- (£5k) reduction in income relating to unfit meat recharges;
- (£4k) increased spend on professional fees;
- (£1k) higher than budgeted spend on printing and stationery.

ii. **New Spitalfields Market** – underspend of £8k was due to:

- £13k reduction in training costs;
- £6k additional income derived from interest charged on the late payment of rent and service charge invoices;
- £3k in additional income as a result of the previous year's carbon reduction commitment;
- (£8k) increase in repair, equipment and furniture spend relating to the employee wellbeing project;
- (£6k) higher employment costs relating to the employee wellbeing project.

iii. **Billingsgate Market** – underspend of £6k was due to:

- £16k additional filming income;
- £3k additional income derived from interest charges for the late payment of service charges;
- (£8k) reduction in parking income;
- (£4k) higher than budgeted employment costs for administrative and support staff;
- (£1k) additional spend on communications & computing.

iv. **Markets Directorate** – underspend of £4k comprised £3k reduced spend on communications & computing and £1k saving in conference expenses.

B. City Surveyor £188k underspend:

This underspend relates to:

- £201k underspend in the re-phasing of projects relating to the Cyclical Works Programme (CWP) at Smithfield Market, comprises £172k in projects relating to the Rotunda car park and £29k in CWP works at the main market. The CWP does not form part of the City Surveyor's local risk budget and any variances will be carried over to 2020/21. This is a three-year rolling programme reported to the Corporate Asset Sub-Committee (CASC) quarterly, where the City Surveyor will report on financial performance and phasing of the projects. Under the governance of the programme, variances on budgets are adjusted for the life of the programme to allow for the completion of works which span multiple financial years. Projects which fall under the CWP have been reviewed under the Forward Maintenance Plan between the Superintendent and the City Surveyor to ensure assets are extended in service for as long as possible.
- (£13k) overspend relating to the building, repairs and maintenance contract due to higher than anticipated general breakdown repairs and contract servicing costs due to more assets being included in the scope of the contract. This comprised of a (£49k) overspend at Smithfield Market offset by underspends of £29k at New Spitalfields Market and £7k at Billingsgate Market.

C. The central risk overspend of (£177k) comprises the following main variances:

i. Smithfield Market – overspend of (£116k) was due to:

- (£176k) additional security costs for the Animal Rebellion demonstration;
- (£8k) increase in provisions for potential bad debts due to financial difficulties experienced by tenants as a result of the Covid-19 pandemic;
- £32k in additional rent income from the Poultry Market;
- £31k reduction in legal fees;
- £3k in additional rent income generated from the Oriole Bar;
- £2k due to lower than anticipated Food Standards Agency (FSA) inspection fees.

ii. New Spitalfields Market – underspend of £15k was due to:

- £19k higher than budgeted service charge income to fund increased City Surveyor's employee recharges;
- £10k saving in professional fees relating to rent review costs;
- £9k in additional rent income;
- (£13k) increase in provisions for potential bad debts due to financial difficulties experienced by tenants as a result of the Covid-19 pandemic;
- (£10k) reduction in transfer from reserves due to lower than anticipated City Surveyor's employee recharges relating to the level of works carried out on the Repairs & Repainting account.

iii. **Billingsgate Market** – overspend of (£76k) was due to:

- (£40k) income reduction as a result of toll fees not being charged to tenants;
- (£31k) increase in provisions for potential bad debts due to financial difficulties experienced by tenants as a result of the Covid-19 pandemic;
- (£29k) reduction in public parking income as a result of lower than anticipated usage at the car park;
- (£12k) lower than budgeted service charge income due to decreased central support costs and lower than budgeted building, repairs and maintenance works delivered by the building repairs and maintenance contractor;
- (£7k) in additional costs as a result of the transport risk assessment;
- (£7k) increase in service charge voids;
- (£7k) less than budgeted transfer from reserves due to lower than anticipated City Surveyor's employee recharges relating to the level of works carried out on the Repainting & Special Works Fund;
- £57k additional income from renting out space for storage containers.

D. The underspend of £38k for capital and support service recharges was mainly due to the changes in levels of work undertaken in respect of the City's wholesale markets, the most significant of which are:

- Central Support Recharges £36k. This underspend related to the following departments:
 - Town Clerk's £36k;
 - Chamberlain's £28k;
 - City Surveyor's £9k;
 - Comptroller and City Solicitor's (£37k).
- IT Staff Recharges £21k;
- Administrative Buildings & Walbrook Wharf £8k.

This was offset by higher than anticipated central recharge costs in the following areas:

- Directorate recharges to other areas of the Department of Markets & Consumer Protection (£18k);
- City Surveyor's Employee Recharges (£5k);
- Insurances (£4k).

3. Appendix A1 and A2 provide a more detailed comparisons of the local and central risk outturn against the final budget.
4. Appendix A3 shows the movement from the 2019/20 latest budget (as reported to your Committee in January 2020) to the final budget.

Local Risk Carry Forward to 2020/21

5. Chief Officers can request up to 10% or £500k of underspend (whichever is the lesser) of their final local risk budget to be carried forward, if it is not fortuitous and the resources were required for a planned purpose during the year and have been delayed for reasons beyond their control. Such requests are considered by the

Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee.

6. The Director of Markets & Consumer Protection had local risk underspends of £258k on the activities overseen by your Committee. The Director also had local risk underspending totalling £385k on activities overseen by other Committees. The Director is proposing that a total of £317k of his maximum eligible underspend of £444k be carried forward, of which £236k relates to activities overseen by your Committee for the following purpose:
 - £236k funding for the tenant's rates liability at Smithfield Market. The balance of £67k to be met from the COVID-19 Contingency Fund.

Financial Performance of the Markets

7. A breakdown of the financial performance of individual wholesale markets (excluding the car park and outside properties at Smithfield) is set out in the operating statement in Appendix B1 which shows the net operating income/(expenditure) for each market. An apportionment of the Directorate costs and other central support costs are included below the net operating line.
8. For 2019/20, there was net operating income of £2.145m at New Spitalfields Market and £1.413m at Billingsgate Market, which was offset by net operating expenditure of (£0.996m) at Smithfield Market to produce a combined net operating income of £2.562m for the three wholesale markets. When capital charges of (£1.272m) and central support costs of (£1.266m) are added, there is a consolidated net income to the City of London Corporation of £24k.
9. The difference between total market net income of £24k (shown on Appendix B1) and revenue outturn of £3k (shown on Table 1 in the main report) is the (£21k) net expenditure generated for outside properties at Smithfield, including the Rotunda car park, which are not included in Appendix B1. Details of variances for the operating statement are included on Appendix B2.

Appendices

- **Appendix A1** - Comparison of 2019/20 Local Risk Outturn with Final Budget
- **Appendix A2** - Comparison of 2019/20 Central Risk Outturn with Final Budget
- **Appendix A3** – Movement from Latest Budget to Final Budget
- **Appendix B1** – Wholesale Markets Operating Statement 2019/20
- **Appendix B2** – Wholesale Markets Operating Statement Variance Notes - 2019/20

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Markets Committee - Comparison of 2019/20 Local Risk Outturn with Final Budget

	Latest Budget	Final Budget	Revenue Outturn	Variance Better/ (Worse)	Variance	Notes
	£'000	£'000	£'000	£'000	%	
LOCAL RISK						
Director of Markets & Consumer Protection						
City Fund						
New Spitalfields Market Service Charge	(21)	(21)	(21)	0	0.0%	1
New Spitalfields Market Corporate Account	(87)	(87)	(79)	8	9.2%	
New Spitalfields Market Repainting and Repairs	0	0	0	0	0.0%	
Total City Fund	(108)	(108)	(100)	8	7.4%	
City's Cash						
Smithfield Market Service Charge	(934)	(931)	(691)	240	25.8%	2
Smithfield Market Corporate Account	(193)	(192)	(182)	10	5.2%	3
Smithfield Other Services	176	176	166	(10)	(5.7%)	4
Billingsgate Market Service Charge	0	0	0	0	0.0%	5
Billingsgate Market Corporate Account	(126)	(114)	(108)	6	5.3%	
Billingsgate Market Repainting and Special Works	0	0	0	0	0.0%	6
Markets Directorate	(462)	(463)	(459)	4	0.9%	
Total City's Cash	(1,539)	(1,524)	(1,274)	250	16.4%	
Total Director of Markets & Consumer Protection	(1,647)	(1,632)	(1,374)	258	15.8%	
City Surveyor						
City Fund						
New Spitalfields Market Service Charge	(73)	(73)	(73)	0	0.0%	7
New Spitalfields Market Corporate Account	(47)	(47)	(18)	29	61.7%	
Total City Fund	(120)	(120)	(91)	29	24.2%	
City's Cash						
Smithfield Market Service Charge	(540)	(540)	(544)	(4)	(0.7%)	8
Smithfield Market Corporate Account	(756)	(756)	(757)	(1)	(0.1%)	8
Smithfield Other Services	(365)	(365)	(208)	157	43.0%	8
Billingsgate Market Service Charge	(183)	(183)	(175)	8	4.4%	9
Billingsgate Market Corporate Account	0	0	(1)	(1)	0.0%	9
Total City's Cash	(1,844)	(1,844)	(1,685)	159	8.6%	
Total City Surveyor	(1,964)	(1,964)	(1,776)	188	9.6%	
TOTAL LOCAL RISK	(3,611)	(3,596)	(3,150)	446	12.4%	

Explanations for Local Risk Variances

1. **New Spitalfields Market Corporate Account** – underspend of £8k was due to the following:
 - £13k reduction in training costs;
 - £6k additional income derived from interest charged on the late payment of rent and service charge invoices;
 - £3k in additional income as a result of the previous year's carbon reduction commitment;
 - (£14k) increase in repair, equipment, furniture and employment costs relating to the employee wellbeing project.
2. **Smithfield Market Service Charge** – underspend of £240k was due to the following:
 - £147k lower than budgeted energy costs as result of reduced energy prices in the second half of 2019/20 as well as energy efficient measures introduced at the market;
 - £91k reduction in employment costs due to vacant posts;
 - £17k lower than budgeted repairs & maintenance costs;
 - £7k reduced spend on equipment, furniture and materials;
 - £3k reduction in water costs;
 - £2k lower than budgeted spend on clothing and uniforms;
 - (£13k) additional spend on cleaning and domestic supplies;
 - (£9k) additional refuse collection costs;
 - (£4k) increased spend on professional fees;
 - (£1k) higher than budgeted spend on printing and stationery.
3. **Smithfield Market Corporate Account** – underspend of £10k was due to the following:
 - £102k reduction in energy costs as a result of lower energy prices in the second half of 2019/20 as well as energy efficient measures introduced at the market;
 - £18k reduced spend on locally managed repairs & maintenance costs;
 - £7k saving in fees and services;
 - £4k higher than budgeted income from rates recharged to tenants;
 - £1k saving in employment expenditure;
 - (£91k) reduced income from chilled water recharges;
 - (£26k) reduction in electricity and gas recharges to tenants;
 - (£5k) reduction in income relating to unfit meat recharges.
4. **Smithfield Other Services** – net income reduction of (£10k) was due to the following:
 - (£12k) lower than budgeted income from the Rotunda car park;
 - (£2k) higher than budgeted electricity costs;
 - £3k reduced spend on repairs and maintenance;
 - £1k saving in the management fees relating to the car park.
5. **Billingsgate Market Corporate Account** – underspend of £6k was due to the following:
 - £16k additional filming income;

- £3k of additional income derived from interest charges for the late payment of service charges;
 - (£8k) reduction in parking income;
 - (£4k) higher than budgeted employment costs;
 - (£1k) additional spend on communications & computing.
6. **Markets Directorate** – underspend of £4k comprised of £3k reduced spend on communications & computing and £1k saving in conference expenses.
 7. **City Surveyor New Spitalfields Market** - underspend of £29k due to lower than budgeted building, repairs and maintenance contract costs delivered by the building repairs and maintenance corporate contractor.
 8. **City Surveyor Smithfield Market** - total underspend of £152k was due to underspends of £201k relating to the re-phasing of the CWP. Additionally, there was an overspend of (£49k) relating to the building, repairs and maintenance contract due to higher than anticipated reactive repairs and the pest control contract.
 9. **City Surveyor Billingsgate Market** - underspend of £7k due to lower than budgeted building, repairs and maintenance contract costs delivered by the corporate contractor.

Markets Committee - Comparison of 2019/20 Central Risk Outturn with Final Budget

	Latest Budget £'000	Final Budget £'000	Revenue Outturn £'000	Variance Better/ (Worse) £'000	Variance %	Notes
CENTRAL RISK						
Director of Markets & Consumer Protection						
City Fund						
New Spitalfields Market Service Charge	410	410	429	19	4.6%	10
New Spitalfields Market Corporate Account	2,092	2,092	2,098	6	0.3%	11
New Spitalfields Market Repainting and Repairs	22	22	12	(10)	(45.5%)	12
Total City Fund	2,524	2,524	2,539	15	0.6%	
City's Cash						
Smithfield Market Service Charge	(4)	(4)	(2)	2	50.0%	13
Smithfield Market Corporate Account	1,492	1,492	1,345	(147)	(9.9%)	14
Smithfield Other Services	101	101	130	29	28.7%	15
Billingsgate Market Service Charge	366	366	354	(12)	(3.3%)	16
Billingsgate Market Corporate Account	1,440	1,440	1,383	(57)	(4.0%)	17
Billingsgate Market Repainting and Special Works	9	9	2	(7)	(77.8%)	18
Total City's Cash	3,404	3,404	3,212	(192)	(5.6%)	
TOTAL CENTRAL RISK	5,928	5,928	5,751	(177)	(3.0%)	

Explanations for Central Risk Variances

10. **New Spitalfields Market Service Charge** – service charge income was £19k higher than budgeted to fund increased City Surveyor's employee recharges.
11. **New Spitalfields Market Corporate Account** – the increase in net income of £6k included a £10k saving in professional fees relating to rent review costs offset by a (£13k) increase in the bad debt provision. This was in addition to £9k in additional rent income.
12. **New Spitalfields Market Repainting and Repairs** – the transfer from reserves was (£10k) less than budgeted due to lower than anticipated City Surveyor's employee recharges relating to the level of works carried out.
13. **Smithfield Market Service Charge** – underspend of £2k was due to lower than anticipated FSA inspection fees.
14. **Smithfield Market Corporate Account** – the decrease in net income of (£147k) was due to:
- (£176k) in additional security costs relating to the Animal Rebellion demonstration;
 - (£8k) increase in the bad debt provision;
 - £5k decrease in legal fees;

- £32k in additional rent income from the Poultry Market.

15. **Smithfield Other Services** – the increase in net income of £29k was due to a £26k reduction in legal fees and £3k in additional rent income generated from the Oriole Bar.

16. **Billingsgate Market Service Charge** – service charge income was (£12k) lower than budgeted due to decreased central support costs and lower than budgeted building, repairs and maintenance works delivered by the corporate building repairs and maintenance contractor.

17. **Billingsgate Market Corporate Account** – the decrease in net income of (£57k) related to the following:

- (£40k) income reduction as a result of toll fees not being charged to tenants;
- (£31k) increase in the bad debt provision;
- (£29k) reduction in public parking income;
- (£7k) in additional costs as a result of the transport risk assessment;
- (£7k) increase in service charge voids;
- £57k additional income from renting out space for their storage containers.

18. **Billingsgate Market Repainting and Special Works** – the transfer from reserves was (£7k) less than budgeted due to lower than anticipated City Surveyor's employee recharges relating to the level of works carried out.

Markets Committee – Movement in 2019/20 Latest Budget to Final Budget - All Risks

Analysis by Service Managed	Original Budget 2019/20 £'000	Latest Budget* 2019/20 £'000	Final Budget 2019/20 £'000	Movement £'000	Notes
CITY FUND					
New Spitalfields Market Service Charge	(21)	(21)	(21)	0	
New Spitalfields Market Corporate Account	1,008	756	756	0	
New Spitalfields Market Repainting and Repairs	0	0	0	0	
TOTAL CITY FUND	987	735	735	0	
CITY'S CASH					
Smithfield Market Service Charge	(1,629)	(1,875)	(1,872)	3	1
Smithfield Market Corporate Account	710	81	82	1	2
Smithfield Other Services	(63)	(197)	(197)	0	
TOTAL SMITHFIELD MARKET	(982)	(1,991)	(1,987)	4	
Billingsgate Market Service Charge	0	0	0	0	
Billingsgate Market Corporate Account	916	966	949	(17)	2,3
Billingsgate Market Repainting and Special Works	0	0	0	0	
TOTAL BILLINGSGATE MARKET	916	966	949	(17)	
DIRECTORATE	0	0	(1)	(1)	2
TOTAL CITY'S CASH	(66)	(1,025)	(1,039)	(14)	
TOTAL	921	(290)	(304)	(14)	

*Latest Budget as reported to your Committee on 29th January 2020

Notes

1. £3k reduction in centrally provided budget for apprenticeship costs to reflect final outturn for 2019/20.
2. Adjustments to centrally allocated budgets for internal legal fees to reflect final outturn for 2019/20 (Smithfield Corporate Account £1k decrease, Billingsgate Corporate Account £12k decrease, Directorate (£1k) increase).
3. (£29k) budget added to cover central recharge costs relating to filming.

Wholesale Markets Operating Statement 2019/20

Appendix B1

	Latest Budget LB	Final Budget FB	Actual	Variance	Percentage Increase/Decrease	Notes	Latest Budget LB	Final Budget FB	Actual	Variance	Percentage Increase/Decrease	Notes	Latest Budget LB	Final Budget FB	Actual	Variance	Percentage Increase/Decrease	Notes	Latest Budget LB	Final Budget FB	Actual	Variance	Percentage Increase/Decrease	Notes
	2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000	%		2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000	%		2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000	%		2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000	%	
Operating Expenditure:																								
Employment Costs (basic pay, NI, pension, overtime, training and recruitment advertising)	(1,697)	(1,696)	(1,494)	202	12	1	(1,949)	(1,949)	(1,902)	47	2		(2,055)	(2,052)	(1,966)	86	4	11	(5,701)	(5,697)	(5,362)	335		6
Premises (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials)	(1,439)	(1,420)	(1,339)	81	6	2	(1,253)	(1,253)	(1,152)	101	8	6	(4,016)	(4,016)	(3,784)	232	6	12	(6,708)	(6,689)	(6,275)	414		6
Transport (Vehicle running costs, congestion charge and travel costs)	(1)	(1)	(1)	0	0		(53)	(53)	(66)	(13)	(24)	7	(2)	(2)	(5)	(3)	(133)	13	(56)	(56)	(71)	(15)		(28)
Supplies and Services (Refuse collection, equipment hire/maintenance and purchase, uniforms and clothing, communication and office expenses)	(232)	(252)	(266)	(14)	(5)	3	(172)	(160)	(222)	(62)	(39)	8	(410)	(409)	(579)	(170)	(42)	14	(814)	(821)	(1,067)	(246)		(30)
Waste and Recycling Contract	(2,840)	(2,840)	(2,780)	60	2	4	0	0	0	0	0		0	0	0	0	0		(2,840)	(2,840)	(2,780)	60		2
Total Operating Expenditure	(6,209)	(6,209)	(5,881)	328	5		(3,427)	(3,415)	(3,342)	73	2		(6,483)	(6,479)	(6,334)	145	2		(16,119)	(16,103)	(15,556)	547		3
Operating Income:																								
Rent	2,102	2,102	2,110	8	0		990	990	1,047	57	6	9	1,596	1,596	1,629	33	2		4,688	4,688	4,786	98		2
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)	6,187	6,187	5,915	(272)	(4)	5	3,905	3,905	3,708	(197)	(5)	10	3,822	3,822	3,709	(113)	(3)	15	13,914	13,914	13,331	(583)		(4)
Total Operating Income	8,289	8,289	8,025	(264)	(3)		4,895	4,895	4,755	(140)	(3)		5,418	5,418	5,337	(81)	(1)		18,602	18,602	18,118	(484)		(3)
Net Operating (Expenditure)/Income	2,080	2,080	2,145	65	3		1,468	1,480	1,413	(67)	(5)		(1,065)	(1,061)	(996)	65	6		2,483	2,499	2,562	62		3
Central Costs:																								
Capital Charges and Depreciation	(1,057)	(1,057)	(1,057)	0	0		(117)	(117)	(116)	1	0		(99)	(99)	(99)	0	0		(1,273)	(1,273)	(1,272)	1		0
Other Central Costs (Transfer to and from reserves to fund repairs and works including non-government grants, support costs and Directorate apportionment)	(288)	(288)	(288)	0	0		(385)	(414)	(397)	17	4		(630)	(630)	(581)	49	8		(1,303)	(1,332)	(1,266)	66		5
Total Central Costs	(1,345)	(1,345)	(1,345)	0	0		(502)	(531)	(513)	18	3		(729)	(729)	(680)	49	7		(2,576)	(2,605)	(2,538)	67		3
Total Market (Expenditure)/Income	735	735	799	64	9		966	949	900	(49)	(5)		(1,794)	(1,790)	(1,676)	114	6		(93)	(106)	24	129		122

NOTES: The above operating statement excludes expenditure and income related to the Directorate and Smithfield Car Park and Outside Properties. Brackets signify an expenditure item and/or an adverse position. Non-brackets signify an income item and/or a favourable position.

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Wholesale Markets Operating Statement Variance Notes - 2019/20

The tables below analyse the variances for the wholesale markets as reported on the operating statement which is attached at Appendix B1. The statement compares the 2019/20 final budget to the actual outturn for 2019/20.

Brackets signify an expenditure item and/or a worse than budget position and non-brackets signify an income item and/or a better than budget position. All worse than budget variances between final budget and actual figures and better than budget variances of £50k or more have been detailed below.

New Spitalfields Market		
Notes	Description	2019/20 Final Budget to Actual Outturn
Operating Expenditure		
1	Employment Costs	£202k, 12% staff cost underspend was due to vacant positions in maintenance and security roles.
2	Premises	<p>£81k, 6% underspend due to:</p> <p>Underspends of:</p> <ul style="list-style-type: none"> • £40k energy costs as a result of a reduction in energy prices in the second half of 2019/20 and energy efficient measures introduced at the market; • £29k building, repairs and maintenance costs managed by City Surveyor's; • £5k cleaning expenditure as a result of lower than expected costs of the contract; • £3k water expenditure as a result of reduced consumption; • £3k locally managed repairs and maintenance works as a result of lower than anticipated breakdown general and breakdown electrical costs; • £2k rates costs relating to common areas of the market. <p>These were partly offset by a £1k overspend in insurance costs.</p>

3	Supplies and Services	<p>(£14k), (5%) overspend due to:</p> <p>Overspends of:</p> <ul style="list-style-type: none"> • (£13k) increase in provisions for potential bad debts due to financial difficulties experienced by tenants as a result of the Covid-19 pandemic; • (£12k) equipment, furniture and materials costs which is explained by additional firefighting safety equipment which was recharged to tenants; • (£6k) communications and computing costs largely due to the purchase of GuardTek security software for use by the constabulary; • (£4k) printing and stationery costs due to the printing of ID cards for the entry barrier and higher than anticipated printing recharges. <p>Underspends of:</p> <ul style="list-style-type: none"> • £10k budget for professional fees relating to rent reviews was not required in 2019/20 and will instead commence in 2020/21; • £6k fees and services expenses due to lower than expected costs for professional, legal and inspection fees; • £2k promotion fund expenditure managed by the Spitalfields Market Tenants' Association; • £2k general provisions and hospitality expenses; • £1k clothing and uniform costs.
4	Waste and Recycling Contract	£60k, 2%, overall underspend relating to the waste and recycling contract delivered by Countrystyle Recycling Ltd. This was due to lower than anticipated costs for the fixed element of the contract as well as an underspend in the rebate repaid to tenants due to income from the rebate being less than expected.
Operating Income		
5	Charges for Services	(£272k), (4%) less income than budgeted due to:

		<p>Reduced income of:</p> <ul style="list-style-type: none"> • (£154k) entry barrier income due to delays in the planning and installation of the barrier; • (£129k) service charge income because of reduced service charge expenditure; • (£26k) recycling rebate received from Countrystyle Recycling Ltd due to lower levels of waste at the market; • (£14k) charges for the removal of declared waste; • (£8k) charges incurred by tenants related to the waste and recycling contract as a result of contract costs being underspent; • (£7k) income for undeclared waste; • (£5k) licenses and certificates, wayleaves and tolls and parking permits. <p>Additional income of</p> <ul style="list-style-type: none"> • £58k utility costs recharged to tenants as a result of higher energy prices during the first half of 2019/20; • £6k charges relating to the late payment of invoices; • £3k reimbursable works; • £3k firefighting remedial works recharged to tenants; • £1k pallet income from the waste and recycling contract.
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Billingsgate Market		
Notes	Description	2019/20 Final Budget to Actual Outturn
Operating Expenditure		
6	Premises	<p>£101k, 8% underspend was due to:</p> <p>Underspends of:</p> <ul style="list-style-type: none"> • £23k service charge contribution to the Repainting and Special Works account as a result of the overall level of works being less than anticipated. This was in addition to the reserves being used to fund the cost of part of the works; • £23k energy expenditure as a result of a reduction in energy costs during the second half of 2019/20; • £20k minor improvement works managed by City Surveyor's relating to the repainting and special works account; • £13k locally managed breakdown electrical works; • £12k locally managed breakdown general costs; • £9k building, repairs and maintenance costs managed by City Surveyor's; • £6k locally managed contract servicing costs; • £3k pest control and cleaning costs. <p>Overspends of:</p> <ul style="list-style-type: none"> • (£7k) service charge voids on vacant premises; • (£1k) additional water expenditure.
7	Transport	(£13k), (24%) overspend due to higher than anticipated costs for the repair and maintenance of vehicles.
8	Supplies and Services	<p>(£62k), (39%) overspend due to:</p> <p>Overspends of:</p> <ul style="list-style-type: none"> • (£31k) increase in provisions for potential bad debts due to financial difficulties experienced by tenants as a result of the Covid-19 pandemic;

		<ul style="list-style-type: none"> • (£20k) refuse collection costs as a result of higher waste generated at the market. This was offset by additional income recharged to tenants; • (£9k) equipment, furniture and materials costs due to the cost of leasing a compactor and incurring additional material expenses; • (£2k) communications and computing costs primarily relating to the purchase of a database for the car park; • (£2k) other fees and services costs which was largely due to consultant fees for workplace transport safety sessions. <p>Underspends of:</p> <ul style="list-style-type: none"> • £1k clothing and uniform costs; • £1k budget for advertising not being required.
Operating Income		
9	Rent	£57k, 6%, additional rent income due to the additional lettings of outdoor container units.
10	Charges for Services	<p>(£197k), (5%) less income than budgeted due to:</p> <p>Reduced income of:</p> <ul style="list-style-type: none"> • (£159k) service charge income as a result of reduced levels of service charge expenditure; • (£40k) income reduction as a result of toll fees not being charged to tenants; • (£36k) public car parking income with reduced occupancy levels; • (£23k) contribution to the Repainting and Special Works account as a result of lower than anticipated levels of works; • (£7k) casual rent and other sundry income. <p>Additional income of:</p> <ul style="list-style-type: none"> • £25k utilities income as a result of energy price rises in the first half of 2019/20; • £16k filming income;

		<ul style="list-style-type: none">• £15k retail and trade car parking as a result of higher than expected customer usage;• £7k refuse collection income as a result of increased levels of polystyrene collected at the market;• £4k interest charged on the late payment of rent and service charge invoices;• £1k proceeds from the sale of a vehicle.
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Smithfield Market		
Notes	Description	2019/20 Final Budget to Actual Outturn
Operating Expenditure		
11	Employment Costs	£86k, 4%, staff savings due to vacant positions in maintenance and cleaning roles.
12	Premises	<p>£232k, 6%, underspend due to:</p> <p>Underspends of:</p> <ul style="list-style-type: none"> • £139k heating and cooling costs due to changes in the operation of heating and cooling equipment which has led to lower costs with the equipment working more effectively; • £110k electricity costs caused by a reduction in energy costs and the introduction of energy efficiency measures at the market; • £29k re-phasing of works in the Cyclical Works Programme (CWP) managed by City Surveyor's; • £3k water expenditure as a result of lower levels of usage at the market. <p>Overspends of:</p> <ul style="list-style-type: none"> • (£23k) pest control contract costs managed by City Surveyor's; • (£13k) cleaning materials due to additional materials being required; • (£11k) building, repairs and maintenance costs managed by City Surveyor's; • (£2k) insurance costs.
13	Transport	(£3k), (133%), overspend due to additional congestion charging expenses as a result of backdated PSA tax recharges being incurred.
14	Supplies and Services	<p>(£170k), (42%), overspend due to:</p> <p>Overspends of:</p> <ul style="list-style-type: none"> • (£170k) security costs for policing of the Animal Rebellion protest in October 2019;

		<ul style="list-style-type: none"> • (£8k) increase in provisions for potential bad debts due to financial difficulties experienced by tenants as a result of the Covid-19 pandemic; • (£9k) refuse collection costs as a result of higher levels of waste at the market; • (£1k) higher hospitality costs. <p>Underspends of:</p> <ul style="list-style-type: none"> • £9k professional and inspection fees which was partly a result of an underspend with inspection fees from the Food Standards Agency (FSA); • £7k equipment, furniture and materials expenditure which was primarily attributable to lower CCTV contract maintenance costs; • £2k clothing and uniform expenses.
Operating Income		
15	Charges for Services	<p>(£113k), (3%), less income due to:</p> <p>Reduced income of:</p> <ul style="list-style-type: none"> • (£91k) recharging of heating and cooling expenditure due to an underspend caused by changes in the operation of heating and cooling equipment; • (£20k) reimbursement of utility costs from tenants caused by a reduction in energy prices and energy efficiency measures introduced at the market; • (£5k) charges for the collection of condemned meat as a result of lower costs incurred by the Animal By-Product (ABP) facility; • (£3k) reimbursable works and service charge sundries. <p>Additional income of:</p> <ul style="list-style-type: none"> • £4k recharging of business rates to tenants; • £2k service charge income.

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