

Committee(s)	Dated:
Markets Committee	13 January 2021
Markets Maintenance	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Director of Markets and Consumer Protection (M&CP)	For Information
Report author: Don Perry	

Summary

The purpose of this paper is to provide the Markets Committee with an overview of the maintenance arrangements at London Central Markets (Smithfield), New Spitalfields and Billingsgate Markets, providing information on responsibilities under the leases as well as how the City delivers maintenance services and sources of funding.

Recommendation(s)

It is recommended that Members note the content of this report.

Main Report

Current Position

1. The operations of each Market are managed by a Superintendent based at site. Their role includes management of an inhouse maintenance team who carry out some Planned Preventative Maintenance (PPM) and small reactive works such as plumbing and electrical. The remainder of PPMs and reactive works are covered by the Corporate Building Repairs and Maintenance contractor, Skanska; their contract is managed by the City Surveyor's Operations Group. The split in responsibilities, which is an extract from the Operational Level Agreement signed by each Market is presented in Appendix B.
2. The City Surveyor's Department (CSD) manages Forward Maintenance Plans (FMP) for each market which set out 20-year cyclical works, covering building fabric, mechanical, electrical and plumbing (MEP) services. These cyclical work projects are reviewed and shortlisted each year with the Superintendents.
3. Condition surveys that were earmarked for next year have been brought forward to the current year to assist the Markets Colocation Programme (MCP). The

condition surveys will cover all main elements of the markets, including fabric, electrical and mechanical elements, under the management and responsibility of the City. This will provide updated forward maintenance plans which will be based on preventative maintenance required for each market to carry out safe and functional operations over the next ten years. In addition, indicative budgetary costs will be shown beyond full lease end to address risk potential if proposed market moves are delayed. The condition surveys are due to commence in January 2021.

4. The City's maintenance responsibilities at each market are slightly different due to variations in lease terms. An overview of lease terms for each market is set out in Appendix B. Also, the nature of the different commodities traded at each market means that the services provided vary slightly, and each has its own individual history and different custom and practice. As a result, the funding strategies and recoverability for maintenance costs, including the Cyclical Works Programme (CWP), also differ with each market.

Smithfield

5. Landlord maintenance charges are recoverable through the service charge under the terms of the lease. The service charge is capped at £2.102M per annum.
6. All cyclical works for Smithfield form part of the CWP which is funded centrally. CWP projects are reviewed each year, Capital sized projects (over the value of £250,000) are removed to be put forward in the annual Capital Bid process and the remaining projects are reviewed by the CWP Peer Group who utilise a scoring matrix to select projects to be included in the bid for funds process.
7. The final bid list is submitted to Corporate Asset Sub Committee and Policy and Resources for approval. A percentage of projects remain within the forward maintenance plans which have been deferred due either being of capital size, or have not met the funding envelope for the CWP and have therefore been deferred to allow the City to get the most out of its assets.

Billingsgate and New Spitalfields

8. Landlord maintenance costs including project work is recoverable via the service charge under the lease terms. Exclusions to this are the road structure and car park at Billingsgate.
9. All cyclical requirements and projects are financially 'ring-fenced' and recoverable from tenants under the service charge. Each year the projects are selected and agreed with the Superintendents who then seek the necessary permissions to fund the works. The list of works in the FMP for 2021/22 were deferred as both sites have requested to see the outcome of the imminent condition surveys before they finalise their bid.
10. The current status of the 2020/21 CWP is presented in Appendix B and includes an overview of works that have agreed funding, those deferred and those that are of capital value.

Conclusion

11. It has been recognised by the Interim Maintenance Strategy for Markets, formulated under the auspices of the MCP, that there needs to be a review in the maintenance strategy as the current markets have a finite life and it is important that maintenance is prioritized and scheduled in a way that avoids large amounts of maintenance expenditure towards the end of the operational life of the sites. Until the MCP delivers a new operational market, the City has a statutory obligation to continue to operate the markets on their existing sites, and it will also be important for the private bill that we have clarity around keeping the markets fully and satisfactorily operational.

12. The MCP is working with traders at Billingsgate Market as part of ongoing tenant liaison activities and have identified improvements to facilities that tenants would like to see. These works will have to be put into the maintenance programme and the condition survey work will inform a review of how they may be funded. The City will have to consider carefully how it works with tenants to meet their needs but recognise they too will have to consider the expense of remaining in these markets for the next eight years.

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Appendix A - Markets - Maintenance Matrix

Note on acronyms – Markets and Consumer Protection – **M&CP**; City Surveyors Department - **CSD**

	Smithfield (City's Cash)	Billingsgate (City's Cash)	New Spitalfields (City Fund)
Lease obligations – landlord's repairing obligations	<p>The maintenance repair amendment renewal replacement cleansing painting decoration and keeping in good and tenable repair and condition of the foundations, walls cladding windows structural floors columns roofs canopies and other structural parts of London central markets. The exterior, common parts, fire escapes (excluding those serving the commercial offices), any management accommodation, the ABP, plant rooms, roofs or canopies over Grand Avenue and East Poultry Avenue, the glass canopies over the stalls (not cleaning the underside). The maintenance repair replacement and renewal of plant including lifts, heating, refrigeration, ventilation, cooling, CCTV. All service media serving the Market, the landlords heating system, the landlords air handling system (except in tenants' demises). The supply of condenser water, the supply and maintenance of sprinkler and smoke detection</p>	<p>To maintain replace and renew redecorate and otherwise keep in good and tenable condition all parts of the market including the structure of the market buildings and the floors. To supply and provide maintain renew replace repair and keep in good serviceable order and condition all appurtenances, appointments fixtures and fittings.</p> <ul style="list-style-type: none"> Excluding tenants' demises. <p>Tenants pay the full cost of providing the above services.</p> <p>There is a repainting and special works fund i.e. a sinking fund to fund painting, works of a non or irregularly recurring nature or the provision or replacement of machinery or equipment. Current Balance £ 143k</p> <p>There is a sinking Fund Balance £1.74M</p>	<p>To maintain replace amend renew and cleanse and decorate all parts of the market including structural parts and management areas to such standard as is reasonable having regard to the age condition and purpose of the market and the needs of occupiers.</p> <ul style="list-style-type: none"> Excluding tenants' demises. Excluding strengthening of road structure. Excludes resurfacing car park other than maintaining a level surface <p>Tenants pay the full cost of providing the above services</p> <p>There is a repair and repainting fund – balance £ 253k</p>

		<p>systems. The repair maintenance and renewal of the rail system.</p> <ul style="list-style-type: none"> Excluding tenants' demises. <p>Tenants should pay for the full cost of the provision of the above services however this is capped at £2.102M</p> <p>There is a Repainting Reserve which can only be used for repainting works – balance £306k</p> <p>There is no sinking fund.</p> <p>The leases list historic repairs to be undertaken by, and at the cost of, the Landlord.</p>		
The repair and maintenance responsibilities between M&CP and CSD –	M&CP	See appendix A for split of responsibilities from the Operating Level Agreement (OLA)	See appendix A for split of responsibilities from the Operating Level Agreement (OLA)	See appendix A for split of responsibilities from the Operating Level Agreement (OLA)
	CSD	<p>The CWP position for 2020/21 is</p> <p>London Central Market (Smithfield)</p> <ul style="list-style-type: none"> Agreed funding – 7 projects, estimated total of £430k. Main works include roof works, BMS replacement, water storage tanks, AHU replacement, and chilled water pipework replacement. Reserve List (to be called upon if funds allow) – 13 projects, estimated total £615k. Main works 	<p>The position on cyclical works for 2020/21 is</p> <p>Billingsgate Market</p> <ul style="list-style-type: none"> Deferred – 37 projects, estimated total of £1.3m. Main works include cladding panel replacement, decoration works, car park resurfacing and replacement lighting. 	<p>The position on cyclical works for 2020/21 is</p> <p>New Spitalfields Market</p> <ul style="list-style-type: none"> Deferred - 37 projects, estimated total of £528k. Main works include glazing and window replacement, PA replacement, internal refurbishments.

		<p>cover stone-work restoration, roller shutter replacement and luminaire replacement.</p> <ul style="list-style-type: none"> • Deferred - 12 projects, estimated total of £295k. Main works include brickwork overhaul and stone cleaning, trace heating replacement. • Capital size – 10 projects, estimated total of £2m. Main works are ductwork clean, condenser pipework replacement, heating pipework replacement, electrical replacement and sprinkler works. Two capital bids have been submitted for 2021/22; sprinkler works and condenser pipework replacement with estimated total of £1.1m. 		
<p>The funding sources for repair and maintenance at each market – service charges, sinking funds, CWP, major project bids.</p>	<ul style="list-style-type: none"> • Locally managed R&M costs are paid for by the tenants through the service charge account except for the animal by-product facility which is funded by the City. • Locally managed R&M for the car park is funded by the City. • Skanska building repairs and maintenance costs for the Market (managed by the City Surveyors) are paid for by the tenants through the service charge account. • Skanska building repairs and maintenance costs for the car park and outside properties are funded by the City. 	<ul style="list-style-type: none"> • Locally managed R&M costs are paid for by the tenants through the service charge account except for R&M for the Superintendent’s office which is funded by the City. • Skanska building repairs and maintenance costs for the Market are paid for by the tenants through the service charge account. • R&M for the car park is either funded jointly/individually by the service charge/City depending on the works. • Sinking Fund which belongs to the City can also be used to fund specific works. • Repainting & Special Works Fund which belongs to the tenants can also be used to fund specific works. 	<ul style="list-style-type: none"> • Locally managed R&M costs are paid for by the tenants through the service charge account. • Skanska building repairs and maintenance costs are capped at £73k on the service charge account with the balance paid for the City on the corporate account. • Repairs & Repainting Fund which belongs to the tenants can also be used to fund specific works. • There is no CWP at New Spitalfields Market. Capital works costs would be fully recoverable from the tenants via the service charge and/or tenant reserve. 	

	<ul style="list-style-type: none"> • Repainting Fund which belongs to the tenants can only be used for painting works. • CWP & capital works costs for the Market are funded by the City. • CWP & capital works costs for the car park and outside properties are funded by the City. <p>Note: the service charge account is capped, and any increased costs allocated to the service charge would be funded by the City.</p>	<ul style="list-style-type: none"> • Accumulator Tower Reserve which belongs to the City can only be used for works relating to the accumulator tower. • There is no CWP at Billingsgate Market. Capital works costs would be fully recoverable from the tenants via the service charge and/or tenant reserve 	
<p>The minor and major projects at each market, planned over the next 3 years.</p>	<p>Minor projects:</p> <ul style="list-style-type: none"> • Installation of LED lighting in common areas on first floor of west market building. • Replacement of lighting in charging bays in the east market. • Replacement of East Market elevator and de-elevator motors on rail system loading bays. • Installation of safety chains on loading arms • Replacement of loading bay seals • Electrical remedials for Poultry and East market 	<p>Minor projects:</p> <ul style="list-style-type: none"> • replacement of lighting old for new LED/energy efficient. • installation of Rapid EV charge points (by private contractor). <p>Major project: (to be agreed/confirmed with tenants)</p> <ul style="list-style-type: none"> • additional fish handling facility to increase goods receiving capacity at Billingsgate, reduce congestion and to improve health & safety and food hygiene standards. 	<p>Minor Projects:</p> <ul style="list-style-type: none"> • Pod D Toilet worktop refurbishment and repainting • U-turn point at barrier system • Emergency lighting replacement batteries •LED fittings in common parts of the Catering units. •Toilet refurb Pod E •HV critical spares •Market Hall replacement doors •Tenants kWh meter replacement •PA system relocate speakers and add messages (if does not work will need replacement PA system) • Pod B toilet refurbishment • Concrete slab repairs

			<p>Major Projects:</p> <ul style="list-style-type: none">• Repair to market pavilion roof.• Replace Pod C roof <p>Note – there are no major works currently bid or agreed from 20-year plan for 2021-2022 onwards as awaiting condition survey.</p> <p><i>Other works planned</i></p> <ul style="list-style-type: none">• Petrol Interceptor Survey• Roadway resurfacing• 5-year electrical test for common parts
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Appendix B – Roles and Responsibilities

Smithfield Market

Facilities Management	LCM – East, West and Poultry Operational Areas
Key FM Task and Who is Responsible	
Reporting FM reactive jobs via Customer Portal	Smithfield
Out of hours job reporting	Smithfield
Maintaining asset register through MICAD CAFM system	Ops FM
Management of centralised FM Budget Lines	Ops FM
Delivery of Skanska Building Repairs and Maintenance Contract – including reactive, planned preventative maintenance and ad hoc projects	Ops FM
Delivery of Amalgamated Lift Contract – including reactive, planned preventative maintenance and ad hoc projects	Ops FM
Delivery of Beaver Pest Control Contract - including reactive, planned preventative maintenance and ad hoc projects	Ops FM
Delivery of Security Services	Smithfield
Delivery of Cleaning services	Smithfield
Delivery of the Window Cleaning Contract	
Delivery of Feminine Hygiene Contract	Ops FM
CCTV Monitoring and Maintenance	Smithfield
Building fabric repairs – first response	Smithfield
Building fabric repairs	Ops FM
Waste removal contracts	Smithfield
Insurance Inspections - arranging site visits and completing remedial works with British Engineering Services (BES) – updating the BES online system	Smithfield / Ops FM
Raising and managing Insurance Claims – building related	Ops FM
Raising and managing Insurance claims – people/visitors	Smithfield
Utility Contracts – including billing Water/Electricity – energy team	Smithfield

Detailing changes to the asset register on MICAD	Smithfield / Ops FM
Health and Safety	
Fire Safety Management including; Fire Risk Assessment – ensuring we have an FRA and actions are being taken and recorded – emailing fire.safety@cityoflondon.gov.uk with the updates of actions.	Smithfield
Fire Strategy and Fire Log Book	Smithfield
Management of compliance documentation on CAFM	Ops FM
Asbestos Management; including production of Asbestos Management Plan, Asbestos Surveys	Ops FM
Accident Reporting	Smithfield
Control of Contractors including issuing permits to work, site inductions etc.	Smithfield
Risk Assessments for CSD controlled FM jobs	Ops FM
Risk Assessments for People	Smithfield
Confined Spaces Information	Smithfield / Ops FM
CDM Instruction	Ops FM
Projects	
Management of Capital Projects including Gateway Reports working with Minor/Major Project team	Smithfield / Ops FM
Capital Project Board Liaison	Smithfield / Ops FM
Management of Cyclical Works / Minor projects	Ops FM
Annual review of the forward maintenance plans including preparation of the CWP project bid lists.	Smithfield / Ops FM
Liaison with FM for Market-led projects	Smithfield
Project Handover Information	Smithfield / Ops FM
Customer Service	
Organise and chair client liaison meetings with between FM and Smithfield	Ops FM
Liaison with tenants and SMTA	Smithfield

Billingsgate Market

Facilities Management	For all COL occupied areas of Billingsgate Market
Key FM Task and Who is Responsible	
Reporting FM reactive jobs via Customer Portal	Billingsgate
Out of hours job reporting	Billingsgate
Maintaining asset register through MICAD CAFM system	FM/Billingsgate
In house maintenance team jobs records held on site.	Billingsgate
Management of FM Budget Lines	FM
Delivery of Skanska Building Repairs and Maintenance Contract – including reactive, planned preventative maintenance and ad hoc projects	FM
Delivery of Amalgamated Lift Contract – including reactive, planned preventative maintenance and ad hoc projects	FM
Delivery of Pest Control Services - including reactive, planned preventative maintenance and ad hoc projects	FM
Delivery of Cleaning services throughout the market	Billingsgate
Delivery of market waste contract	Billingsgate
Delivery of barrier contract - including reactive and planned preventative maintenance	FM (part of BRM contract)
Security for the site – delivered by in house team	Billingsgate
CCTV Monitoring	Billingsgate
CCTV Maintenance	Billingsgate
Insurance Inspections - arranging site visits and completing remedial works with British Engineering Services (BES) – updating the BES online system	FM
Raising and managing Insurance Claims – building related	FM/Billingsgate
Raising and managing Insurance claims – people/visitors	Billingsgate
Utility Contracts – including billing Water/Electricity – energy team	Billingsgate
Meter readings –water	Billingsgate
Meter readings – electricity and gas	Billingsgate
Delivery of barrier contract - including reactive, planned preventative maintenance and ad hoc projects	Billingsgate
Detailing changes to the asset register on MICAD	FM/Billingsgate
Health and Safety	

Facilities Management	For all COL occupied areas of Billingsgate Market
Key FM Task and Who is Responsible	
Fire Risk Assessment – ensuring we have an FRA and actions are being taken and recorded – emailing fire.safety@cityoflondon.gov.uk with the updates of actions.	Billingsgate
Arson Reduction Policy	Billingsgate
Communication of H and S building policies	FM
Fire Strategy	Billingsgate
Management of compliance documentation on CAFM	FM
Asbestos Management Plan	FM
Accident Reporting	Billingsgate
H and S Audits	FM
Control of Contractors – site induction	Billingsgate
Risk Assessments for and CSD controlled FM jobs	FM
Risk Assessment for people	Billingsgate
Permits to work – hot works	Billingsgate
Confined Spaces Information	FM
CDM Instruction	FM
Projects	
Management of Capital Projects including Gateway Reports working with Minor/Major Project team	FM/Billingsgate
Capital Project Board liaison	FM/Billingsgate
Writing Gateway Reports	FM / Billingsgate
Management of Cyclical Works/Minor Projects	FM
Annual review of the forward maintenance plans including preparation of the bid for CWP and identifying capital projects	FM/Billingsgate
Liaison with FM for Billingsgate Market led projects	Billingsgate
Project Handover information	FM/Billingsgate
Customer Service	
Organise and chair client liaison meetings with NSM	FM
Liaison with tenants and SMTA	Billingsgate
FM Customer Satisfaction Surveys	FM

New Spitalfields Market

Facilities Management	For all COL occupied areas of New Spitalfields Market
Key FM Task and Who is Responsible	
Reporting FM reactive jobs via Customer Portal	New Spitalfields
Out of hours job reporting	New Spitalfields
Maintaining asset register through MICAD CAFM system	FM/New Spitalfields
In house maintenance team jobs records held on site.	New Spitalfields
Management of FM Budget Lines	FM
Delivery of Skanska Building Repairs and Maintenance Contract – including reactive, planned preventative maintenance and ad hoc projects	FM
Delivery of Amalgamated Lift Contract – including reactive, planned preventative maintenance and ad hoc projects	FM
Delivery of Pest Control Services - including reactive, planned preventative maintenance and ad hoc projects	New Spitalfields
Delivery of Servest Cleaning Contract including reactive, planned preventative maintenance and ad hoc projects.	FM – offices in Allen House, PODs, Gatehouse and toilets
Delivery of market cleaning and waste contract Country style cleaning and waste contract	New Spitalfields
Delivery of barrier contract - including reactive, planned preventative maintenance and ad hoc projects	New Spitalfields
Security for the site – delivered by in house team	New Spitalfields
CCTV Monitoring	New Spitalfields
CCTV Maintenance	New Spitalfields
Insurance Inspections - arranging site visits and completing remedial works with British Engineering Services (BES) – updating the BES online system	FM/New Spitalfields

Facilities Management	For all COL occupied areas of New Spitalfields Market
Key FM Task and Who is Responsible	
Raising and managing Insurance Claims – building related	FM/New Spitalfields
Raising and managing Insurance claims – people/visitors	New Spitalfields
Utility Contracts – including billing Water/Electricity – energy team	New Spitalfields
Meter readings –water	New Spitalfields
Meter readings – electricity and gas	New Spitalfields
Delivery of barrier contract - including reactive, planned preventative maintenance and ad hoc projects	New Spitalfields
Detailing changes to the asset register on MICAD	FM/New Spitalfields
Health and Safety	
Fire Risk Assessment – ensuring we have an FRA and actions are being taken and recorded – emailing fire.safety@cityoflondon.gov.uk with the updates of actions.	New Spitalfields
Arson Reduction Policy	New Spitalfields
Communication of H and S building policies	FM
Fire Strategy	New Spitalfields
Management of compliance documentation on CAFM	FM
Asbestos Management Plan	FM
Accident Reporting	New Spitalfields
H and S Audits	FM
Control of Contractors – site induction	New Spitalfields
Risk Assessments for CSD controlled FM jobs	FM
Risk Assessment for people	New Spitalfields
Permits to work – hot works	New Spitalfields
Confined Spaces Information	FM
CDM Instruction	FM
Projects	
Management of Capital Projects including Gateway Reports working with Minor/Major Project team	FM/New Spitalfields
Capital Project Board liaison	FM/New Spitalfields
Writing Gateway Reports	FM / New Spitalfields

Facilities Management	For all COL occupied areas of New Spitalfields Market
Key FM Task and Who is Responsible	
Management of Cyclical Works/Minor Projects	FM
Annual review of the forward maintenance plans including preparation of the bid for CWP and identifying capital projects	FM/New Spitalfields
Liaison with FM for New Spitalfields Market led projects	New Spitalfields
Project Handover information	FM/New Spitalfields
Customer Service	
Organise and chair client liaison meetings with between FM and New Spitalfields	FM
Liaison with tenants and SMTA	New Spitalfields
FM Customer Satisfaction Surveys	FM