

MARKETS COMMITTEE

Wednesday, 19 July 2017

Minutes of the meeting of the Markets Committee held at Committee Room - 2nd Floor West Wing, Guildhall on Wednesday, 19 July 2017 at 11.30 am

Present

Members:

John Scott (Deputy Chairman)	Andrew Mayer
Adrian Bastow	Deputy Robert Merrett
Matthew Bell	Deputy Joyce Nash
Peter Bennett	Ruby Sayed
Nicholas Bensted-Smith	Ian Seaton
John Chapman	Deputy Dr Giles Shilson
Gregory Lawrence	Deputy John Tomlinson
Deputy Edward Lord	Michael Welbank
Alderman Professor Michael Mainelli	

In Attendance

Officers:

Gemma Stokley	-	Town Clerk's Department
Julie Zhu	-	Media Officer
Julie Smith	-	Chamberlain's Department
Debbie Howard	-	Chamberlain's Department
Clem Harcourt	-	Chamberlain's Department
Paul Hickson	-	Comptroller and City Solicitor's Department
Mark Lowman	-	City Surveyor's Department
Nicholas Sommerville	-	City Surveyor's Department
Steven Chandler	-	City Surveyor's Department
David Smith	-	Director of Markets and Consumer Protection
Donald Perry	-	Markets and Consumer Protection Department
Mark Sherlock	-	Superintendent, Smithfield Market
Ben Milligan	-	Superintendent, New Spitalfields Market
Malcolm Macleod	-	Superintendent, Billingsgate Market

1. APOLOGIES

Apologies for absence were received from James Tumbridge (Chairman), Rehana Ameer, Chris Boden and Andrien Meyers.

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

There were no declarations.

3. **PUBLIC MINUTES**

The public minutes of the meeting held on 10 May 2017 were considered and approved as a correct record.

MATTERS ARISING

Members' Declarations under the Code of Conduct in Respect of Items on the Agenda (page 2) – The Deputy Chairman reported that, since the last meeting of the Markets Committee, Greg Lawrence had applied for a dispensation from the City's Standards Committee to enable him to speak/vote on any matters that he might be considered to have a disclosable pecuniary interest in in the context of this Committee's business going forward. The Committee were informed that the Standards Committee had granted Mr Lawrence a dispensation 'until the ward elections in 2021 to speak on all matters concerning the London Central Markets, other than those in which he has a disclosable pecuniary interest as a shareholder or director of any company which holds a tenancy in the market, and which would affect only him personally or his business interests as opposed to the generality of the tenants within the market'. The request for a dispensation to vote on such matters was refused.

Billingsgate Market Seafood School (page 4) – In response to questions, the Superintendent of Billingsgate Market reported that there had been no formal meetings between the City of London Corporation and the Seafood School regarding their future to date but that the City continued to offer the School rent-free use of accommodation/facilities at the market. He added that he was kept well aware of the School's finances as he also served as a Trustee of the charity.

The Superintendent went on to report that market tenants remained adamant that they would not be contributing any further to the running costs of the School.

The Deputy Chairman requested that the Committee be kept regularly updated on this matter going forward.

Departmental Business Plan: Markets and Consumer Protection (page 7) – Members thanked the Chamberlain for the circulation of the additional financial information circulated to all after the last meeting of the Markets Committee.

New Spitalfields Market – Heads of Term (page 9) – The Superintendent of New Spitalfields Market reported that the vast majority of Heads of Terms had now been signed and returned with approximately eight of these still outstanding. He acknowledged that certain individuals were now unlikely to sign these and that this would result in the matter progressing to Court.

Billingsgate Market – Chairman of the Tenants Association (page 9) – It was with regret that the Superintendent of Billingsgate Market reported that the Chairman of the Tenants Association had sadly passed away since the last

meeting of the Markets Committee. He, and many of the market's staff and tenants had attended the Chairman's funeral.

Billingsgate Market – Crossrail construction land (page 10) – The Superintendent of Billingsgate Market reported that land previously handed to Crossrail for the construction of a Canary Wharf station was still on track to be returned to the Market by the end of this month.

Billingsgate Market – HSBC Window (page 10) – The Superintendent of Billingsgate Market reported that the Market had now reported the incident which occurred as result of 'Storm Doris' back in February to the Health and Safety Executive themselves.

4. **REVENUE OUTTURN 2016/17**

Members received a joint report of the Chamberlain and the Director of Markets and Consumer Protection comparing the 2016/17 revenue outturn for the services overseen by the Markets Committee with the final budget for the year.

In an amendment to the written report regarding 'Local Risk Carry Forward to 2017/18', the Chairman reported that it was now the Director's intention to carry forward £137,000 (as opposed to £120,000) for consultancy services to complete a report on the Strategic Review of Markets. The additional £17,000 referred to within the report as being carried forward to employ 1 apprentice Support Officer would now be met from the Director's existing budget and not from any underspend.

In response to questions around the likely total cost of the Strategic Review and the Summit Group's rejection of funding from the Transformation Fund for this, the Director reported that the Transformation Fund had been set up from City's Cash and was overseen by the City's Summit Group which was a Chief Officer group chaired by the Town Clerk and Chief Executive. The Group were aware of the Director's underspend when a bid for Transformation Funds was made and felt that it would be preferable to make use of the underspend for this purpose as opposed to funds from this 'pot'. The Director undertook to update the Committee on the total estimated cost of the Strategic Review within the non-public session.

With regard to Appendix B1 and the Comparison of the 2016/17 Operating Statement with the Operating Budget for each market, a Member questioned why one market seemed to be effectively cross financing another and how they might look to move away from this practice going forward. With regard to Smithfield Market, the Director reported that the site was operating at a deficit due to the fact that they were operating service charges on a 'cap' at present, as previously agreed by this Committee. This cap was set to remain in place until 31 March 2018 when the full service charge was to be implemented after a five year phasing-in period. The Director went on to report that the service charge covered the operational costs of each market. At Smithfield Market, Historic maintenance works, such as the Poultry Market, were not covered and, as part of the lease negotiations, a list of items not 'in repair' was drawn up and agreed between the City of London Corporation and the Market's Tenants

Association where it was agreed that such items would not be charged for until such time as they were 'in repair'.

In response to a question regarding sinking funds, the Director reported that such a thing did not exist for Smithfield Market but that there were equivalents to this for both New Spitalfields and Billingsgate.

In response to further questions regarding the Poultry Market site, the Director reported that, as this was a listed building, the City Corporation would be required to undertake the necessary repairs and maintenance work regardless of whether or not the meat market continued to be sited here.

Finally, the Director reported that it was not the case that both New Spitalfields and Billingsgate were profitable and Smithfield was not given that the Markets were not entitled to make a profit on service charges. He added that the consolidated surplus to the City of London Corporation in 2016/17 was £1.96m as detailed within the written report. The Chamberlain clarified that money received from rent at the Markets covered the costs of Capital Charges and was all included within the total income figure.

RESOLVED – That, the revenue outturn report for 2016/17 and the proposed carry forward of under spending to 2017/18 are noted.

5. **STRATEGIC REVIEW OF MARKETS**

The Committee received a report of the Director of Markets and Consumer Protection bringing Members up-to-date on the Strategic Review of the Markets and providing a synopsis of the work that will be conducted by the consultants.

The Deputy Chairman reported that, as Members of the Review Steering Group, he and the Chairman were to meet with the appointed consultants in September, October and December of this year.

A Member commented that his view of the appointed consultants was that they were very property/technically focused. He therefore questioned what process was in place to consult existing and potential customers of the Wholesale Markets to ensure that there would continue to be an 'appetite' for such offerings. The Member went on to comment on the importance that the Steering Group would play in the Review process and questioned why this would only include two Members of the Markets Committee alongside a number of Officers.

The Director confirmed that all stakeholders/relevant expertise would be engaged at different stages of the review process as appropriate and as detailed within the written report. With regard to Officer membership of the Steering Group, Members were informed that this would include the Director, the Markets and Consumer Protection Head of Business Performance, one representative of the Chamberlain's department, and one representative of the City Surveyor's Department.

In response to further questions, the Director confirmed that the appointed consultants did have a recognised Markets Consultant expert on their Board.

A Member questioned whether the final report would cover issues such as the phased move of all 3 Wholesale Markets versus moving all three simultaneously would be covered if the re-location of these was a recommended outcome. He also highlighted that the co-operation of Tower Hamlets would be critical with regard to any proposals around the future of Billingsgate Market and went on to question whether this would also be factored into the final report. The Director stated that he was confident that all issues such as these would be covered within the final report where appropriate.

A Member stated that, from the written report, it appeared to be a foregone conclusion that Stage 2 of the process would be a 'progression of suitable relocation options' as opposed to a possible re-development of the existing sites. He asked that this be amended going forward.

A Member commented that wholesale reviews of the markets had been carried out on previous occasions and questioned whether the appointed consultants were aware of these. The Director stated that they were.

A Member formally proposed that an additional three members of the Markets Committee be added to the membership of the Steering Group alongside the Chairman and Deputy Chairman. The Deputy Chairman stated that, subject to any views the Chairman might have on this, he had no objections to expanding the membership of the Group in this way.

RESOLVED – That:

- i) Members receive the report; and
- ii) Peter Bennett, Deputy Edward Lord and Deputy John Tomlinson be added to the membership of the Steering Group.

6. HEAVY GOOD VEHICLE (HGV) UNLOADING RISK AT SMITHFIELD MARKET - BANKS-MAN ACTIVITIES

The Committee received a report of the Director of Markets and Consumer Protection updating Members on the progress made on reducing the HGV unloading risk at Smithfield Market since the Committee report of January 2017.

The Deputy Chairman congratulated the Superintendent of Smithfield Market and the SMTA on the progress made in this area to date. He added that this would, however, remain a red risk that was closely monitored and regularly reported to Committee for the time being.

RESOLVED – That, Members note the report.

7. MARKETS COMMITTEE RISK

The Committee received a report of the Director of Markets and Consumer Protection produced to provide Members with assurance that risk management

procedures in place within the Department of Markets and Consumer Protection are satisfactory and that they meet the requirements of the corporate Risk Management Framework.

The Deputy Chairman, on behalf of the Committee, wished to publicly congratulate the New Spitalfields Market team for being highly commended in the Operational Award for their 'Controlling workplace traffic risks' initiative at the National 2017 Alarm Risk Awards (Recognising Risk Excellence) held on 26 June, which was the first time that the City had achieved such an award.

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

8. **SMITHFIELD MARKET - CONDENSER WATER COOLING SYSTEM - UPDATE**

The Committee received a report of the City Surveyor bringing Members up to date with recent developments on Smithfield Market's refrigeration condenser water.

The Committee noted that new East Market pumps had now been installed and were operational.

RESOLVED – That, Members note the contents of the report.

9. **SUPERINTENDENTS ORAL UPDATES**

The Committee received oral updates from each of the Market Superintendents as follows:

Billingsgate Market

- **Fire Risks** – The Superintendent began by reporting that there had recently been a review of fire risk assessments and procedures at the Market which had, overall, shown that fire risks on the site were well managed and that sound practices were in place.

He informed Members that the site's current system had been installed two years ago at a cost of approximately £175k and so was relatively new. He reported that the system was tested monthly with fire drills/evacuations also scheduled to take place every six months.

The Superintendent went on to state that the sprinkler system covering the markets buildings were also regularly tested. He added that the building was just two-storeys high with many escape routes.

Members were notified that some concerns around cladding/insulation used within the many containers situated on site had been raised and that the Superintendent was now awaiting recommendations on how this risk might be managed going forward.

- **Crossrail Construction Site** – As previously reported as a matter arising from the minutes of the last Markets Committee meeting, the Superintendent reported that the land handed to Crossrail for the construction of a Canary Wharf station would be returned to the Market by the end of this month as planned following some remedial/repair works. He added that the Market and the Comptroller and City Solicitor were already in discussions with four existing tenants regarding the future use and development of this area of land.

Smithfield Market

- **Safety Management/Banksmen** – The Superintendent reported that a third audit had now taken place over four nights beginning on 9 July 2017. During the audit, no incidents of unguided backups had been witnessed. The Superintendent wished to place on record his thanks to the Chairman of the SMTA for his input into this work. He went on to report that a formal meeting to discuss the FTA Action Plan had taken place with the SMTA on 12 July and that banksmen training had also taken place at the end of June.

Letters regarding banksmen duties had now been circulated to all tenants and all freight transport companies accessing the site together with site maps and site rules. Members were informed that there would be an ongoing review of the Action Plan alongside the SMTA.

- **Facilities Management** – The Superintendent reported that Skanska had now replaced MITIE in terms of facilities management at all three of the City's wholesale markets. Skanska were currently carrying out an Asset Verification Programme and it was hoped that this would lead to greater transparency and improved service delivery going forward.

The Superintendent went on to report that all repairs and maintenance issues on site were now also being logged on the City Corporation's central 'MICAD' system.

- **Fire Risk** – The Superintendent reported that fire risks on site and associated procedures were regularly reviewed. Members were informed that two annual evacuations of the site took place. Fire Risk Assessments had also been discussed at the most recent quarterly Markets Health and Safety Review meeting.

The Smithfield Market Constabulary Team had also recently held a briefing for all fire marshalls on site so that practices and procedures were adequately filtered down.

- **Contractors** – The Superintendent reported that it was felt that a better permit to work system was needed for contractors working on the Market. The Department was therefore looking to review the Corporation's existing control of contractors policy with the City Surveyor to ensure stronger control over this going forward.

New Spitalfields Market

- **Site Access/Layout** – The Superintendent was pleased to report that there had been no accidents on site since January 2017 following various improvements made. Officers were now beginning to look at issues on external roadways around the site in the hope of making further improvements. There were now plans to move the staff car park to the end of the site in order to enable better control of HGVs on site and create pedestrian walkways across the whole site.
- **Entry Barrier** – The Superintendent reported that, following delays and a lack of communication to date, this matter was still with Waltham Forest Planning Department to progress. Following requests made to the Mayor and Chief Executive of Waltham Forest, the Market had been assured that it was now hoped that a certificate of lawful use would be issued shortly, with a decision expected by the end of this week.

The Chief Executive and Leader of Waltham Forest were also due to visit the Market at the end of August 2017.

- **Fire Risk** – The Superintendent reported that the site had a well-established premises compliance and risk assessment system in place. Escape provisions were regularly reviewed and equipment such as fire extinguishers were visually checked and serviced at regular intervals too.

The Superintendent went on to report that the cafes on site had a separate scheme for inspection which also involved checks on ventilation systems and the like which were particular to them.

Any inspection failures were categorised as either critical or non-critical with penalties served where appropriate. If a tenant was seen to have failed an inspection on three occasions, the Market sought to carry out the remedial works required 'in-house' and subsequently charged the tenant for this.

Members were informed that the London Fire Brigade's recent inspection of the site had indicated that they were content that all potential fire risks on site were adequately covered. The Superintendent went on to report that there were composite panels used on the site but that these had been looked at in 2003 when the Market had been informed that they met the required regulations. In any case, the market Catering Supplies buildings were only two storeys high.

- **Head of Terms** – In response to a question, the Superintendent confirmed that 143 tenants had now signed and returned these and that he could not see there being any ongoing problems due to the handful of tenants who had not. Some of the tenants yet to return heads of terms were now being guided through the process and those who were refusing to sign the documents would continue to be pursued with the matter being referred to the Courts if necessary.
- **Committee Visit** – The Deputy Chairman wished to thank the Superintendent, the Tenants Association and market staff for the recent Committee visit to the site. He stated that he was disappointed to see such a small turnout from

members of the Committee on the day and encouraged all to visit the City's Wholesale Markets wherever possible.

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

There were no questions.

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

There were no additional, urgent items of business for consideration.

12. **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 No(s).	Paragraph No(s).
13	1, 2 & 3
14	3

13. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 10 May 2017 were considered and approved as a correct record.

14. **POULTRY MARKET, MAJOR REPAIRS**

The Committee considered and approved a report of the City Surveyor regarding the Poultry Market Major Repairs project.

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

There were no questions raised in the non-public session.

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

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

The meeting ended at 12.36 pm

Chairman

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