



Markets Committee

Date: WEDNESDAY, 19 JULY 2017
Time: 11.30 am
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members:

James Tumbridge (Chairman)	Tim Levene
John Scott (Deputy Chairman)	Deputy Edward Lord
Rehana Ameer	Alderman Professor Michael Mainelli
Tom Anderson	Andrew Mayer
Adrian Bastow	Deputy Robert Merrett
Matthew Bell	Andrien Meyers
Peter Bennett	Deputy Brian Mooney
Nicholas Bensted-Smith	Deputy Joyce Nash
Chris Boden	Stephen Quilter
John Chapman	Ruby Sayed
Richard Crossan	Ian Seaton
Deputy Kevin Everett	Oliver Sells QC
Sophie Anne Fernandes	Deputy Dr Giles Shilson
John Fletcher	Deputy Tom Sleigh
Angus Knowles-Cutler	Deputy John Tomlinson
Gregory Lawrence	Michael Welbank

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Lunch will be served in the Guildhall Club at 1pm
N.B. Part of this meeting could be the subject of audio or visual recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **PUBLIC MINUTES**
To agree the public minutes of the meeting held on 10 May 2017.
For Decision
(Pages 1 - 12)
4. **REVENUE OUTTURN 2016/17**
Joint report of the Chamberlain and the Director of Markets and Consumer Protection.
For Information
(Pages 13 - 38)
5. **STRATEGIC REVIEW OF MARKETS**
Report of the Director of Markets and Consumer Protection.
For Information
(Pages 39 - 42)
6. **HEAVY GOOD VEHICLE (HGV) UNLOADING RISK AT SMITHFIELD MARKET - BANKS-MAN ACTIVITIES**
Report of the Director of Markets and Consumer Protection.
For Information
(Pages 43 - 50)
7. **MARKETS COMMITTEE RISK**
Report of the Director of Markets and Consumer Protection.
For Information
(Pages 51 - 56)
8. **SMITHFIELD MARKET - CONDENSER WATER COOLING SYSTEM - UPDATE**
Report of the City Surveyor.
For Information
(Pages 57 - 62)
9. **SUPERINTENDENTS ORAL UPDATES**
The Superintendents to be heard.
For Information
10. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
11. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

12. **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.

Part 2 - Non-Public Agenda

13. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 10 May 2017.
For Decision
(Pages 63 - 66)
14. **POULTRY MARKET, MAJOR REPAIRS**
Report of the City Surveyor.
For Decision
(Pages 67 - 72)
15. **NON PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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MARKETS COMMITTEE

Wednesday, 10 May 2017

Minutes of the meeting of the Markets Committee held at Committee Room - 2nd Floor West Wing, Guildhall on Wednesday, 10 May 2017 at 11.30 am

Present

Members:

Adrian Bastow	Deputy Brian Mooney
Matthew Bell	Deputy Joyce Nash
Peter Bennett	Ruby Sayed
Nicholas Bensted-Smith	John Scott
Richard Crossan	Ian Seaton
Angus Knowles-Cutler	Oliver Sells QC
Gregory Lawrence	Deputy Dr Giles Shilson
Deputy Edward Lord	Deputy Tom Sleigh
Alderman Professor Michael Mainelli	Deputy John Tomlinson
Andrew Mayer	James Tumbridge
Deputy Robert Merrett	Michael Welbank
Andrien Meyers	

In Attendance

Tom Hoffman
CJ Jackson – The Seafood School at Billingsgate

Officers:

Gemma Stokley	-	Town Clerk's Department
Neil Davies	-	Town Clerk's Department
Kate Smith	-	Town Clerk's Department
Julie Zhu	-	Media Officer
Julie Smith	-	Chamberlain's Department
Debbie Howard	-	Chamberlain's Department
Paul Hickson	-	Comptroller and City Solicitor's Department
Nicholas Sommerville	-	City Surveyor's Department
Steven Chandler	-	City Surveyor's Department
Andrew Crafter	-	City Surveyor's Department
David Smith	-	Director of Markets and Consumer Protection
Donald Perry	-	Markets and Consumer Protection Department
Julie Gibbs	-	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 Tom Anderson, Deputy John Chapman, Deputy Kevin Everett, John Fletcher, Tim Levene and Stephen Quilter.

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

Gregory Lawrence made a standing declaration of Interests relative to Markets Committee business, which he stated had been entered on the Register of Member Interests. Mr Lawrence clarified that those interests related to the fact that he is both a Tenant at Smithfield Market and the current Chairman of the Smithfield Market Tenants Association (SMTA).

Mr Lawrence went on to inform the Committee that he would also shortly be seeking a Dispensation from the Standards Committee to enable him to speak/vote on any matters that he might be considered to have a disclosable pecuniary interest in going forward.

3. **ORDER OF THE COURT OF COMMON COUNCIL**

The Order of the Court of Common Council dated 27 April 2017 appointing the Committee and setting out its Terms of Reference was received.

The Town Clerk drew Members' attention to paragraph 4. (b) of the Committee's Terms of Reference which had now been amended in accordance with the views expressed by the Committee toward the end of 2016 and now read that this Committee acted 'jointly' with the Port Health and Environmental Services Committee and the Markets Committee on the appointment of the Director of Markets and Consumer Protection. The same wording had also been applied to the Terms of Reference of these two other Committees.

Paragraph 4. (a) had also been amended to read New Spitalfields Market.

RECEIVED.

4. **ELECTION OF CHAIRMAN**

The Committee proceeded to elect a Chairman in accordance with Standing Order No. 29.

The Town Clerk read out a list of Members eligible to stand as Chairman. James Tumbridge, being the only Member indicating his willingness to stand as Chairman, was duly elected for the ensuing year.

Mr Tumbridge thanked the Committee for their support. He went on to publicly record thanks, on behalf of the Committee, to those Members who had not been returned to the Markets Committee and also to welcome the various new Members of this Committee to their first meeting.

5. **ELECTION OF DEPUTY CHAIRMAN**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No. 30.

The Town Clerk reported that, in accordance with Standing Order No. 30. (3) (a), the immediate past Chairman had chosen to exercise his right to serve as Deputy Chairman for the ensuing year.

John Scott was therefore duly appointed as Deputy Chairman for the ensuing year.

VOTE OF THANKS TO THE PAST CHAIRMAN

Deputy Joyce Nash paid tribute to John Scott, the past Chairman.

RESOLVED UNANIMOUSLY –

Members of the Markets Committee wish to record their sincere thanks and gratitude to

JOHN GEORGE STEWART SCOTT, JP

for his excellent work as their Chairman.

AS Chairman, he has been active in all aspects of the work of the Committee, showing great drive and commitment to ensure its success.

THROUGHOUT his term of office, he has managed the Committee's deliberations with a fair and firm hand to ensure that the Committee executed its duties in a competent manner. He presided over the Committee's debates in an exemplary and courteous manner allowing full consideration of not only routine Committee business such as the Markets and Consumer Protection Department Business Plan, Revenue and Capital Budgets and Proposed New Lettings but also of more controversial issues such as the Smithfield Market Condenser Water Cooling System and, more recently, the Poultry Market Major Repairs Project.

THE Chairman has been instrumental in ensuring that the Committee and all interested parties have been kept fully informed of progress on the ongoing Poultry Markets Repairs Project with a view to ensuring that the Project reaches a successful and satisfactory conclusion. His involvement and interest in the Project to date is testament to his diligence, professional manner and skills of tact and diplomacy.

IN the final year of his Chairmanship, he has been responsible for initiating a Strategic Review of the City's three wholesale food markets, to investigate predicted customer demand over the next quarter century and the scale of those requirements. From this analysis, the review will look at how these requirements can best be met, which will include aspects of facilities, organisation, and location and seek to ensure the long-term stability of these offerings.

FINALLY, in congratulating their former Chairman upon a most successful term of office, his colleagues wish to thank him for his enthusiasm and commitment

and to express the hope that, with continued good health and happiness he can continue to serve the City Corporation for many years to come.

6. **APPOINTMENT OF REFERENCE SUB COMMITTEE**

The Committee considered a report of the Town Clerk and proceeded to appoint a Reference Sub Committee for the ensuing year.

RESOLVED – That the terms of reference and composition of the Reference Sub Committee be agreed, with a Membership for the ensuing year as follows:-

- James Tumbridge (Chairman)
- John Scott (Deputy Chairman)
- Peter Bennett
- Deputy Edward Lord
- Alderman Professor Michael Mainelli
- Deputy Joyce Nash
- Deputy Tom Sleigh
- Deputy John Tomlinson

7. **PUBLIC MINUTES**

The public minutes of the meeting held on 23 January 2017 were considered and approved as a correct record.

MATTERS ARISING

Review of the City's Wholesale Markets (page 7) – The Director reported that the Invitation to Tender had been issued last month. Bids had been received from two interested parties and a selection Committee would be meeting next week to make a decision as to who should be appointed. A further report on this matter would be submitted to the Markets Committee in due course. The Director went on to state that a Steering Group, which would include the Chairman and Deputy Chairman of the Markets Committee, would be established to oversee the Review.

The Chairman requested that the overall objectives of the Wholesale Review be re-circulated to the Committee for the benefit of new Members.

8. **APPOINTMENT OF SUB COMMITTEE CHAIRMEN**

The Committee received a resolution of the Policy and Resources Committee (Thursday, 16 March 2017) concerning the process for appointing Chairmen of Sub-Committees.

RECEIVED.

9. **BILLINGSGATE MARKET SEAFOOD SCHOOL**

The Committee received a presentation from the Director of the Seafood School (CJ Jackson).

Ms Jackson's presentation covered the following points:

- The establishment of the Seafood School in 1999 as a charitable company;

- Diversification and the wide variety of courses now available, tailor made to suit the needs of a wide variety of groups;
- Schools and Young Peoples Programmes – encouraging young people to eat seafood as part of a healthy diet;
- Outreach work;
- Industry Programmes/Partners;
- Attracting business to the Market;
- Partners/Funders;
- How the School might work more closely with the City of London Corporation going forwards;
- Funding and Deficits – it was highlighted that market tenants had decided that they no longer wished to financially support the School as they felt that they were now in a position to financially support themselves. However, tenants did not appear to have viewed the School's finances ahead of reaching this decision which would result in a deficit of £22,000 per annum going forward. Ms Jackson stated that the School and its new General Manager had tried to address tenants further and highlight the substantial benefits of the school to the Market;

A Member questioned whether the School had looked at alternative funding (from the City Corporation's City Bridge Trust or the Worshipful Company of Fishmongers for example) following the decision of tenants to no longer financially support them. Ms Jackson confirmed that the School held some reserves which would provide a 'cushion' against the deficit for approximately 4-5 years. They were also hoping to continue to raise their own funds as a charity and to generate a surplus in this and future years. She added that funding had previously been received from the City Bridge Trust but that this had related to particular projects and not to general running costs.

In response to a question regarding financial support from the City of London Corporation, Ms Jackson stated that preferential arrangements were in place regarding the renting of facilities but that there was no exchange of finances between the City Corporation and the Seafood School.

A Member suggested that further meetings/discussions should be held with the tenants' association around their continued financial support of the Seafood School given that it was such an asset to the Market.

The Chairman, on behalf of the Committee, thanked Ms Jackson for a very interesting and informative presentation.

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

The Committee received a report of the City Surveyor updating Members on the cooling system temperature trial.

The City Surveyor reported that further advice had now been sought from the Environment Agency regarding the penalty regime around the unintentional release of refrigerant gas from fridges to atmosphere. Advice had been received to confirm that the penalty here would be a fine or conviction and that

the enforcing authority would be the Secretary of State for Environment, Food and Rural Affairs (DEFRA) or such other authorised persons as it considers appropriate to act for the purpose. He added that the City had now also sent a letter to all Tenants drawing their attention to the regulations, reminding them of their responsibilities in this area and informing them that it intends to carry out inspections of their records within the next two months.

At the request of the Chairman, and for the benefit of the various new Members of the Committee, the City Surveyor provided Members with a brief history of the issues surrounding the Condenser Water Cooling System and some background on the component parts of the current system. The Chairman asked that a comprehensive note on this be provided to all Members of the Committee ahead of the next meeting in July.

In response to questions concerning repairs to the system, the City Surveyor confirmed that funding for this came from the City's additional works programme and included the replacement of the pumps and the planned replacement, in approximately 2-3 years' time, of the pipework and, eventually, the replacement of the cooling towers. The City Surveyor went on to clarify that, whilst the City of London Corporation, as landlord, was responsible for operating and maintaining the system, tenants were responsible for their own equipment.

In response to further questions around the information contained under 'Implications' within the report, the City Surveyor reported that the City had not received any claims from tenants for loss of product since 2002-03.

A Member commented that problems with the system had persisted for over 8 years now and expressed concern at the forthcoming warm weather period approaching where, historically, issues always arose. He added that some tenants had voiced the opinion that the recent unintentional release of refrigerant gas from fridges to atmosphere was due to a West Market pump failure and was therefore the fault of the City as landlord. He accepted that, should problems persist following the City's replacements of the pumps, this would be the responsibility of tenants.

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

11. MARKETS BUSINESS PLAN UPDATE PERIOD 3 2016/17 (DECEMBER - MARCH)

The Committee received a report of the Director of Markets and Consumer Protection providing an update on progress for Period 3 (December-March) of 2016-17 against key performance indicators (KPIs) and objectives outlined in the Markets' Business Plan.

A Member questioned the Billingsgate Roof and Additional Fish Handling Facilities projects which the report described as being 'on hold and to be cancelled'. The Superintendent reported that costs had already been incurred for each project and that these were borne by the tenants' service charge. He

added that the decision to cancel both projects was taken in consultation with tenants.

RESOLVED – That, the Committee note the content of the report and its appendices.

12. DEPARTMENTAL BUSINESS PLAN: MARKETS AND CONSUMER PROTECTION

The Committee considered a report of the Director of Markets and Consumer Protection presenting the business plan for his Department for the year 2017/18.

The report also presented an early draft of the Corporate Plan 2018-23 providing Members with the opportunity to provide initial feedback before wider consultation on the plan takes place. The Town Clerk reported that this was an embryonic version of the Corporate Plan at this stage which was being presented to all Grand Committees for initial feedback. She added that several Member sessions dedicated to the Draft Corporate Plan had also been arranged. Further iterations of the Plan would be presented to Members throughout the calendar year with a view to launching the new 5 year document in April 2018 after having secured the approval of both the Policy and Resources Committee and the Court of Common Council.

With regard to the draft Corporate Plan, the Chairman commented that the 'People' block appeared to be quite vague at this stage. The Deputy Chairman commented that whilst there were many references to the Square Mile and the City within the document there did not appear to be any to London as a whole. He added that he was also disappointed to see that the provision of high quality services for the whole of London appeared not to be one of the aims listed.

The Director went on to present the Departmental Business Plan, drawing particular attention to the detailed objectives and Key Performance Indicators (KPIs) included here. He stated that, in due course, the Departmental Business Plan would be more closely aligned to the completed Corporate Plan. The Director concluded by highlighting the summary Risk Register for the Department which was produced in line with corporate guidance.

A Member commented on the Financial Information and Summary within the Departmental Business Plan and stated that he found this disappointing and unclear. He stated that he would prefer to see real financial positions reflected here with details on rent versus expenditure clearly set out. The Chamberlain reported that the Revenue Outturn report presented to this Committee in July each year provided this information but that the figures contained within the Business Plan were forward looking. She added that the Estimates Report presented to the Committee every Winter broke down the detail of the 2017-18 budget and that updates were then provided through this Business Plan. She undertook to feedback these comments to the Business Planning Working Group in terms of the presentation/format of future financial information/summaries within business plans. The Chairman agreed that a summary of forward looking, individual, Market finances/operating cost

statements were a key part of the Departmental Business Plan and asked that this information be put together and circulated to the Committee as an additional appendix to this report ahead of their next meeting.

A Member questioned MKPI 4 for 2017-18 which was looking to achieve 98% occupancy of all lettable space at the wholesale markets and the current performance of Smithfield Market against this. The Director reported that this Committee had a policy, for a number of years, not to fill the Poultry Market to capacity. This had now, however, been reversed and so progress against this performance indicator was being made.

In response to questions around the comprehensive Strategic Review of the three wholesale markets, the Director reported that both he and the new Chairman were keen to ensure that this was a thorough and genuinely open minded review.

RESOLVED – That Members:

- Approve the high-level and detailed departmental business plans for the Department of Markets and Consumer Protection; and
- Note the draft Corporate Plan for 2018-23.

13. MARKETS COMMITTEE RISK

The Committee received a report of the Director of Markets and Consumer Protection providing 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.

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

14. SUPERINTENDENT'S UPDATES

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

Smithfield Market

The Superintendent began by updating Members on work around HGV management on site. He reported that an audit had taken place in February 2017 and undertook to circulate the outcome of this, together with associated Action Points to the Committee. He went on to report that banksmen training was to take place between April-June 2017 and that thereafter the Market would fully expect 100% compliance. The Superintendent was clear that this was his number one priority on site at present.

With regard to sickness absence at the market, the Committee were informed that the Superintendent had been monitoring this closely over the past four months and that it was now projected that an average of 5.61 days per employee would be achieved by the end of April 2017 - a significant improvement on past performance.

Finally the Superintendent reported that a litter campaign had now started on site, in consultation with the SMTA. In due course, this would be combined with an overall review of recycling on the site.

New Spitalfields Market

The Superintendent updated the Committee on the re-tendering of the waste contract, reporting that this was now at the mobilisation phase. He stated that he was currently liaising with tenants regarding their bin requirements and similar issues and that the project would be delivered within the originally forecast timescale. He added that he had already been in conversation with the incoming contractor regarding their plant/machinery.

Members were informed that waste on site for 2015/16 had reduced by 2,000 tonnes and that 2016/17 had seen a further reduction of 1,300 tonnes. Market staff had now increased the number of stop and searches, increased costs and increased enforcement, all of which had been effective disincentives to those bringing waste to the site.

With regard to smoking enforcement on site, the Market had now taken this in hand themselves following unproductive attempts to engage with Waltham Forest on this matter. Smokers were now charged a £50 admin fee under the terms of their lease and the Superintendent was pleased to report that this had led to almost full compliance with just three warnings issued to date.

The Superintendent went on to report that Heads of Terms had now been sent out and that the majority of these had already been signed and returned. It was envisaged that all would be complete by 1 July 2017.

Finally, the Committee were informed that the entry barrier project had been signed off at Gateways 1&2, the tender was ready for publishing, and the necessary funds had been allocated. The Superintendent reported that this was now in the hands of Waltham Forest to progress in terms of Planning 'sign off'.

Billingsgate Market

The Superintendent was pleased to report that the member of staff who had previously been on long term sickness leave had now been successfully phased back to work full time.

With regard to the Chairman of the Tenants Association, who had now been hospitalised since June 2016 following a surgical procedure, the Superintendent regrettably informed the Committee that he was now in the process of being transferred to a hospice and that he hoped to visit him on behalf of the Market and the Committee once he was settled here. The Superintendent reported that he had enjoyed a good working relationship with the Chairman and had previously met with him on an almost daily basis. These meetings now took place with the tenants' body monthly. The Superintendent reported that he was due to meet with the tenants' body tomorrow where the funding of market works/projects was currently an ongoing issue. The Director

had been written to regarding the possibility of relaxing the conditions of the sinking fund as all parties were keen to improve the site.

The Superintendent went on to report that land handed to Crossrail for the construction of a Canary Wharf station was set to be fully returned to the Market by the end of July 2017. Discussions with tenants who wished to construct on this land going forward were already underway and the Market was working closely with the Comptroller and City Solicitor on this matter.

Finally, the Superintendent reported that an HSBC window had been blown out during February's 'Storm Doris' and had landed on the Market balcony area. Fortunately, no pedestrians were present and only minor damage had been caused to the site. The Superintendent stated that he had questioned HSBC as to whether the incident had been reported to the Health and Safety Executive and had strongly suggested that transparency would be best here. He had suggested that this was a matter for them to follow up. A Member suggested that the Market should report this incident to the executive if the bank were reluctant to do so.

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

There were no questions.

**16. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT
150th Anniversary of Smithfield Market**

The Committee were informed that the Hospitality Working Party had recently approved a report requesting funding for the 150th anniversary celebrations.

Markets Committee Visits

The Deputy Chairman requested that future Committee Visits be scheduled to be on site by no later than 7.00am. He also suggested that Wednesday's be avoided for Billingsgate Market visits going forward as this was, traditionally, a slow trade day for the site.

The Deputy Chairman's points were noted.

17. 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).
18	2 & 3
19	1, 2 & 3
20	3
21	3, 5 & 7
22	1 & 3

18. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 23 January 2017 were considered and approved as a correct record.

19. **RESOLUTION TO MARKETS COMMITTEE FROM ESTABLISHMENT COMMITTEE 14 02 17**

The Committee received a resolution of the Establishment Committee (14 February 2017) concerning the departure of the Superintendent of Smithfield Market and exit interviews more generally.

20. **SMITHFIELD POULTRY MARKET, MAJOR REPAIRS PROJECT - POST GATEWAY 4 PROGRESS REPORT**

The Committee received a report of the City Surveyor providing Members with an update on the Smithfield Poultry Market, Major Repairs Project.

21. **DEBT ARREARS MARKETS - PERIOD ENDING 31ST MARCH 2017**

The Committee received a report of the Director of Markets and Consumer Protection informing Members of invoiced income raised and outstanding as at 31st March 2017 from 31 days to 121+ days.

22. **TENANCIES AT WILL AND ASSIGNMENTS**

The Committee received a report of the Director of Markets and Consumer Protection on Tenancies at Will that have been granted at the City of London's Wholesale Markets and on lease assignments.

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

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

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

With the permission of the Chairman, the City Surveyor tabled a report regarding Advertising Hoardings, Aspen Way, Billingsgate Market, E14 which the Committee considered and approved.

The meeting ended at 1.12 pm

Chairman

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Agenda Item 4

Committee(s):	Dated:
Markets	19 July 2017
Subject: Revenue Outturn 2016/17	Public
Report of: The Chamberlain Director of Markets and Consumer Protection	For Information
Report author: Debbie Howard, Chamberlain's Department	

Summary

This report compares the 2016/17 revenue outturn for the services overseen by your Committee with the final budget for the year. Overall total net revenue outturn during the year was (£2.485m), compared to a total final budget of (£1.704m), representing a surplus of (£0.781m) as summarised below.

Table 1 - Summary Comparison of 2016/17 Revenue Outturn with Final Budget

	Original Budget 2016/17 £'000 (A)	Latest Approved Budget (LAB) 2016/17 £'000 (B)	Final Budget 2016/17 £'000 (C)	Revenue Outturn 2016/17 £'000 (D)	Variation Increase/ (Decrease) £'000 (D-C)
Local and Central Risk					
Director of Markets & Consumer Protection	(3,757)	(5,163)	(5,170)	(5,731)	(561)
City Surveyor	1,688	979	1,047	977	(70)
Total Direct Expenditure/(Income)	(2,069)	(4,184)	(4,123)	(4,754)	(631)
Capital and Support Costs	2,256	2,363	2,419	2,269	(150)
Overall Totals	187	(1,821)	(1,704)	(2,485)	(781)

The Director of Markets and Consumer Protection had a net under spend of

(£561,000) on his local and central risk budgets within Markets Committee, which mainly related to savings across all markets on employment costs, utilities, professional and legal costs. There was also additional income generated.

Chief Officers have submitted their requests to carry forward their under spends. These requests will be considered by the Chamberlain in consultation with Chairman and Deputy Chairman of the Resource Allocation Sub Committee. The Director of Markets and Consumer Protection has requested to carry forward £338,000 for all the Committees within his remit, of which £137,000 relates to services supporting Markets Committee.

The City Surveyor's net under spend of (£70,000) mainly related to the re-phased additional work programme and historical repair work at Smithfield Market.

Recommendations

It is recommended that this revenue outturn report for 2016/17 and the proposed carry forward of under spending to 2017/18 are noted.

Main Report - Revenue Outturn for 2016/17

1. A summary comparison with the final budget for the year is tabulated below. In this and subsequent tables, figures in brackets indicate income or in hand balances, increases in income or decreases in expenditure. The net income position shown in the highlighted row for your Committee's services during 2016/17 totalled (£2.485m), a surplus of (£0.781m) compared to the final budget of (£1.704m).

Table 2 - Detailed Summary Comparison of 2016/17 Revenue Outturn with Final Budget

		Original Budget £'000	Latest Agreed Budget £'000	Final Budget £'000	Revenue Outturn £'000	Variation Increase/(Decrease) £'000	Variation Increase/(Decrease) %
Local Risk							
Director of Markets & Consumer Protection	A	1,506	1,565	1565	1256	(309)	(19.7%)
City Surveyors							
Repairs and Maintenance		667	701	703	727	24	3.4%
Additional Works Programme		1,021	278	344	250	(94)	(27.3%)
City Surveyor's Total		1,688	979	1,047	977	(70)	(6.7%)
Total Local Risk		3,194	2,544	2,612	2,233	(379)	(14.5%)
Central Risk							
Director of Markets & Consumer Protection	B	(5,263)	(6,728)	(6,735)	(6,987)	(252)	(3.7%)
Total Local and Central risk		(2,069)	(4,184)	(4,123)	(4,754)	(631)	(15.3%)
Capital and Support Services		2,256	2,363	2,419	2,269	(150)	(6.2%)
Overall Total		187	(1,821)	(1,704)	(2,485)	(781)	45.8%
Total Local and Central risk excluding City Surveyors	C	(3,757)	(5,163)	(5,170)	(5,731)	(561)	(10.9%)

Note: Local Risk line A and Central Risk line B = line C, which is the 1st row of Table 1, the summary comparison table.

2. The local risk under spend of (£379,000) comprises the following main variations:

Director of Markets and Consumer Protection (£309, 000) underspend:

- **Smithfield Market (£283,000) underspend -**

- employment costs were lower by (£42,000) as a maintenance operative post was vacant for 12 months;
- premises related costs were lower due to carry forward funding of (£13,000) from the previous year which remains unspent. This was due to better than expected costs of some repairs. This is offset by higher costs for repairs to the Rotunda car park of £11,000 and installation of energy meters £10,000;
- electricity, water and carbon commitments were lower by (£173,000) due to reduced unit prices and reduced consumption;
- professional fees were lower as arbitration for the renewal of services on the lease was not required in 2016-17 (£35,000);
- net reduction for supplies and services of (£4,000);
- higher income for the Rotunda car park of (£179,000),
- a reduction in income for utilities recovered from the Commercial offices £142,000.

- **Billingsgate Market £7,000 overspend –**

- employment costs were lower due to a refund of overpaid salary costs of (£9,000) on the service charge;
- planned works of (£61,000) were lower due to cancelled or delayed projects; energy costs were also lower by (£58,000) due to a reduction in unit prices. This was offset by an increase in water costs of £10,000 which was due to a late charge from the previous year;
- transport costs were lower due to equipment not purchased (£20,000) and reduced repairs costs of (£11,000) ;
- net increase in income for services to tenants (£21,000);

- due to the reduction in costs, there is an additional net contribution of £170,000 to the Repairs and Special Works Fund from the Service Charge.
- various small costs were overspent by £7,000 on the corporate account such as overtime, telephone, computing and staff travel.
- **Directorate (£4,000) underspend** – lower computing and conference expenses.
- **New Spitalfields Market (£29,000) underspend**
 - employment costs were less due to vacant security and maintenance posts (£102,000);
 - reduced electric and carbon commitment costs due to reduced unit price and consumption (£32,000);
 - reduced inspection and legal fees (£12,000);
 - net increase in income from interest and transfers (£6,000);
 - service charge income was less due to reduce costs of £123,000.

City Surveyor (£70,000) underspend – the reduction in repairs and maintenance costs relates mainly to re-phased projects at Smithfield Market. These projects have been reviewed under the 20 year plan between the Superintendents and the City Surveyor to ensure the planned programme of works is maintained and any delayed projects are rolled over to future years.

- **Smithfield Market (£111,000)** – is due to re-phased works on the Additional Work Programme and historical work programme;
- **Billingsgate Market £44,000** - is due to the reallocation of the current corporate repair contract, which has resulted in an increase in reactive and planned maintenance charges.
- **New Spitalfields Market (£3,000)** – additional works and repairs funded from the reserves and/or the service charge.

3. The central risk under spend of (£252,000) comprises the following main variations:

- **Smithfield Market (£168,000) underspend**

- increase in the expected rate rebate for the Rotunda car park of (£60,000);
- additional rental income (£36,000);
- reduction in inspection costs of (£72,000).

- **Billingsgate Market £13,000 overspend**

- professional fees relating to the proposed advertising hoardings lease were less than anticipated (£10,000);
- net increase in rental income of (£1,000);
- net reduction in central risk costs and recharges has resulted in a reduction in a transfer from reserves of £24,000.

- **New Spitalfields Market (£97,000) underspend;**

- additional rental income (£7,000);
- professional fees for external surveyors of (£90,000) for the lease renewal negotiations was unspent and a bid for a central risk carry forward has been made.

The (£150,000) underspend in Capital and Support Services is due to reduced support costs on City Cash of (£85,000) and City Fund of (£57,000), reduced premises insurance at Smithfield Market (£18,000), offset by increased surveyors employment recharges of £10,000.

Annex A1 and A2 provides a more detailed comparison of the local and central risk outturn against the final budget, including detailed explanations of variations.

Local Risk Carry Forward to 2017/18

4. Chief Officers can request up to 10% or £500,000 of under spend (whichever is the lesser) of the final local risk budget to be carried forward, as long as it is not fortuitous and the resources are required for a planned purpose. Such requests are considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee.

The Director of Markets and Consumer Protection had a local risk under spend excluding City Surveyors local risk of (£309,000) on the activities overseen by your Committee and is proposing to carry forward £137,000 of his local risk under spend for the following purposes:

City Cash - Smithfield Market

- £120,000 for consultancy services to complete a report on the Strategic Review of Markets, which has been agreed by your Committee. This was as a result of funding from the Transformation Fund being rejected by Summit Group who recommended a carry forward bid.
- £17,000 to employ 1 apprentice Support Officer to provide continued capacity for administration activities, research and project work. This is a second year apprentice and is not funded from the apprentice levy scheme.

Movement between Latest Approved Budget and Final Budget

Members have asked for clarification on the changes in budgets during the year and it has been agreed that a reconciliation of movement be prepared detailing the variations which is shown at Annex A3.

Financial Performance of the Markets

5. Members have in the past, requested a breakdown of financial performance of individual Wholesale Markets (i.e. excluding the car park and outside properties at Smithfield). This is set out in Appendix B1 which shows the operating costs for each Market. This table is not prepared in accordance with conventional City of London format as shown in Annex A1 and A2; therefore brackets indicate increases in expenses or decreases in income.

An apportionment of the Directorate costs and other central support costs are included below the operating line.

Operating surpluses of £2.819m at Spitalfields, £1.592m at Billingsgate and £0.092m at Smithfield Market produced a combined surplus of £4.503m for the three Wholesale Markets. When capital of (£0.915m) and central support costs

of (£1.620m) respectively are added, there is a consolidated surplus to the City of London Corporation of £1.968m in 2016/17.

The difference between the Total Market Income of £1.968M as shown on Appendix B1 and the Revenue Outturn of £2.485m as shown on Table 1 in the main report is a surplus of £0.517M which is the outturn for Outside Properties, including the Rotunda car park, which are not included in Appendix B1.

6. Details of variances for Appendix B1 are listed and attached on Appendix B2.

City of London overall Financial Position and context for the Efficiency and Sustainability Plan

7. The Court of Common Council approved the published Efficiency and Sustainability Plan on the 13th October 2016. This plan focuses on the existing Service Based Review programme which is now nearing completion, other agreed transformation initiatives and developing a framework for continuous efficiency improvement for 2017/18 and later years. This plan needs to be viewed in the context of the overall Medium Term Financial Strategy to have a five year plan with sufficient cashable savings to present a balanced budget for all four funds and adopting an investment approach utilising the headroom to invest in one-off projects such as the Museum of London relocation project and 'bow wave' list of outstanding repairs.
8. To assist with this context and messaging, a set of core messages on the City of London Corporation's Finances have been developed and are set out in Appendix B3 for members' information.

Annex A1 - Comparison of 2016/17 Local Risk Revenue Outturn with Final Agreed Budget

Annex A2 - Comparison of 2016/17 Central Risk Revenue Outturn with Final Agreed Budget

Annex A3 – Movement from Latest Approved Budget to Final Budget

Appendix B1 - Comparison of 2016/17 Operating Statement with Operating Budget

Appendix B2 – Variance details for appendix B1

Appendix B3 – Efficiency & Sustainability Plan – Core Messages on the City of London Corporation's finances.

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Markets Committee - Comparison of 2016/17 Revenue Outturn with Final Budget

	Original Approved Budget	Latest Approved Budget	Final Budget	Revenue Outturn	Variation Increase/ (Decrease)	Variation %	Reasons
	£'000	£'000	£'000	£'000	£'000	%	
LOCAL RISK							
Director of Markets							
City Fund							
Spitalfields Market Service Charge	27	27	27	12	(15)	(55.6%)	1
Spitalfields Market Corporation	22	20	20	6	(14)	(70.0%)	2
Total City Fund	49	47	47	18	(29)	(61.7%)	
City Cash							
Smithfield Market Service Charge	857	939	939	819	(120)	(12.8%)	3
Smithfield Market Non Service Charge	76	137	137	148	11	8.0%	4
Smithfield Market Other Services	(49)	(129)	(129)	(303)	(174)	(134.9%)	5
Billingsgate Market Service Charge	0	0	0	0	0	0.0%	
Billingsgate Market Non Service	137	135	135	142	7	5.2%	6
Markets Directorate	436	436	436	432	(4)	(0.9%)	7
Total City Cash	1,457	1,518	1,518	1,238	(280)	(18.4%)	
Total Director of Markets	1,506	1,565	1,565	1,256	(309)	(19.7%)	
City Surveyor							
City Fund							
Spitalfields Market Service Charge	32	54	54	51	(3)	(5.6%)	8
Spitalfields Market Corporation	0	0	0	0	0	0.0%	
Total City Fund	32	54	54	51	(3)	-5.6%	
City Cash							
Smithfield Market Service Charge	1,213	446	393	377	(16)	(4.1%)	9
Smithfield Market Non Service Charge	153	276	397	298	(99)	(24.9%)	9
Smithfield Market Other Services	118	32	32	36	4	12.5%	9
Billingsgate Market Service Charge	165	164	164	144	(20)	(12.2%)	10
Billingsgate Market Non Service	7	7	7	71	64	914.3%	10
Total City Cash	1,656	925	993	926	(67)	(6.7%)	
Total City Surveyor	1,688	979	1,047	977	(70)	(6.7%)	
TOTAL LOCAL RISK	3,194	2,544	2,612	2,233	(379)	(14.5%)	

Reasons for Local Risk Variations – Director of Markets

1. **Spitalfields Market Service Charge Account** - underspend (£15,000) is due to the following:
 - a budget is maintained on the Service Charge Account to expend against Service Charge apportionment for vacant premises (voids) which is the liability of the City of London under the current leases. The vacant premises were lower than anticipated which has resulted in lower costs of (£15,000).
2. **Spitalfields Market Corporation Account** – underspend of (£14,000) is due to the following:
 - Reduced energy costs in the year resulted in lower charges for carbon reduction (£7,000);
 - supplies and services were less than expected mainly due to the legal fee budget not required in 2016/17 (£7,000).
3. **Smithfield Market Service Charge Account** - underspend (£120,000) is mainly due to the following:
 - reduced employment costs due a maintenance operative post vacant for the year (£42,000);
 - premises related costs were lower than anticipated due to carry forward funding of (£13,000) from the previous year which remains unspent;
 - lower than expected chilled and hot water provided by Citigen which is mainly due to a decreased pricing mechanism caused by the fall in oil prices (£10,000);
 - reduced electricity costs for common areas due to lower consumption and lower unit cost (£56,000);
 - reduced carbon commitment due to reduced consumption (£14,000);
 - higher water charges due to higher consumption £6,000;
 - increased costs for refuse collection of £20,000;

- higher than expected service charge income from new tenants who are outside of the capped charge (£8,000);
 - transport costs and phone costs are lower than anticipated (£3,000).
4. **Smithfield Market Non Service Charge Account** - overspend £11,000 is mainly due to the following:
- increased repair costs due to the installation of electric meters £10,000;
 - lower than anticipated cost for energy and chilled water due to unit price reduction and a decrease in consumption (£88,000);
 - professional fees are lower than anticipated as arbitration for the renewal of services on the lease was not implemented in 2016-17 (£60,000);
 - reduction in income from trading and commercial office tenants for energy costs and chilled water £149,000;
5. **Smithfield Market Other Services**- underspend of (£174,000) is due to higher than expected car parking usage.
6. **Billingsgate Market Non Service Charge** – overspend £7,000 is due to various small overspends over several spend categories such as staff travel, telephone and computer costs.
7. **Directorate** – The under spend of (£4,000) is due to reduced costs for mobile telephones and computer costs. The reduction is passed onto all the Markets and Consumer Protection budgets under the remit of the Director on a proportionate basis, through the recharging policy of the City of London.

Reasons for Significant Local Risk Variations – City Surveyors

8. Underspend of (£3,000) at New Spitalfields Market is due to a reduction in costs for completed works.
9. Net under spend of (£111,000) at Smithfield Market is due to the following:

- Additional Work Programme (AWP) being delayed and re-phased (£44,000) and net reduction in general breakdown works of (£12,000);
 - recharge costs to commercial office tenants for the AWP works on the Dorma Windows of the West Market (£55,000).
10. Net over spend of £44,000 at Billingsgate Market is due to the adverse reapportionment of reactive and planned repair cost in 2016-17 that cannot be recovered from the service charge.

Markets Committee - Comparison of 2016/17 Outturn with Final Budget

	Original Approved Budget £'000	Latest Approved Budget £'000	Final Budget £'000	Revenue Outturn £'000	Variation Increase/ (Decrease) £'000	Variation %	Reasons
CENTRAL RISK							
Director of Markets							
City Fund							
Spitalfields Market Service Charge	(460)	(367)	(367)	(370)	(3)	(0.8%)	11
Spitalfields Market City Account	(1,347)	(2,573)	(2,573)	(2,665)	(92)	(3.6%)	12
Spitalfields Market Tenants Repairs	(21)	(21)	(21)	(23)	(2)	(9.5%)	13
Total City Fund	(1,828)	(2,961)	(2,961)	(3,058)	(97)	3.3%	
City Cash							
Smithfield Market Service Charge	85	5	5	2	(3)	(60.0%)	14
Smithfield Market Non Service	(1,684)	(1,628)	(1,628)	(1,736)	(108)	(6.6%)	15
Smithfield Market Other Services	0	(310)	(310)	(367)	(57)	18.4%	16
Billingsgate Market Service Charge	(320)	(308)	(308)	(302)	6	1.9%	17
Billingsgate Market Non Service	(1,497)	(1,495)	(1,502)	(1,519)	(17)	(1.1%)	18
Billingsgate Market Special Works	(19)	(31)	(31)	(7)	24	77.4%	19
Total City Cash	(3,435)	(3,767)	(3,774)	(3,929)	(155)	(4.1%)	
TOTAL CENTRAL RISK	(5,263)	(6,728)	(6,735)	(6,987)	(252)	(3.7%)	

Reasons for Significant Central Risk Variations

- 11.Spitalfields Market Service Charge A/C** – net income was higher (£3,000) to fund increased City Surveyor costs resulting in additional funds required from tenants' contributions.
- 12.Spitalfields Market City A/C** – underspend of (£92,000) is due to lower than anticipated professional fees for external surveyor costs due to delays in the

lease renewal process. The unspent professional fees budget has been included in the central risk carry forward requests in 2017/18.

- 13.**Spitalfields Market Tenants Repairs A/C** – net income/expenditure on this account is transferred to/from the Spitalfields Reserve Account to fund works and projects. More works were complete which resulted in additional funds required from the Spitalfields Market Reserve Account (£2,000).
- 14.**Smithfield Service Charge A/C** – net expenditure was lower due mainly to the reduction of the FSA Inspection fee charges (£3,000).
- 15.**Smithfield Market Non Service Charge A/C** – net income was higher due to reduced professional fees for lettings and inspection costs of (£69,000) and an increase in rental income of (£39,000).
- 16.**Smithfield Other Services A/C** – net income was higher due to a rate rebate higher than anticipated for the Rotunda Car Park of (£57,000).
- 17.**Billingsgate Market Service Charge A/C** – net income was lower due to reductions in City Surveyors costs resulting in fewer funds required from tenants contributions £6,000.
- 18.**Billingsgate Market Non Service Charge A/C** – net income was higher due to professional fees not required (£10,000) and additional rent income (£7,000).
- 19.**Billingsgate Market Special Works A/C** – net income was lower due to a reduction of City Surveyors staff time charged, resulting in reduced income required from the market reserves £24,000.

Annex A3

Markets Committee – Movement in 2016/17 Latest Approved Budget to Final Budget

Analysis by Service Managed	Original Budget 2016/17 £'000	Latest Approved Budget* 2016/17 £'000	Final Budget 2016/17 £'000	Movement £'000	Notes
CITY FUND					
Spitalfields Market Service Charge	27	27	27	0	
Spitalfields Market City Account	(774)	(1,754)	(1,741)	13	
Spitalfields Market Repainting & Repair	0	0	0	0	
TOTAL CITY FUND	(747)	(1,727)	(1,714)	13	a
CITY CASH					
Smithfield Market Service Charge	2,656	1,898	1,860	(38)	b
Smithfield Market City Account	(960)	(799)	(678)	121	c
Smithfield Other Properties	156	(282)	(282)	0	
TOTAL SMITHFIELD MARKET	1,852	817	900	83	
Billingsgate Market Service Charge	0	0	0	0	
Billingsgate Market City Account	(918)	(911)	(890)	21	
Billingsgate Market Repainting & Repair	0	0	0	0	
TOTAL BILLINGSGATE MARKET	(918)	(911)	(890)	21	d
DIRECTORATE	0	0	0	0	
TOTAL CITY CASH	934	(94)	10	104	
TOTAL	187	(1,821)	(1,704)	117	

*Latest Approved Budget as reported to your Committee on 30th November 2016

Notes:

- (a) Recharged costs have increased mainly for IT costs.
- (b) City Surveyors costs decreased (£53,000) which were netted off against increased IT costs £15,000
- (c) Increased City Surveyors rephased costs for the Additional Works Programme (AWP)
- (d) Recharged costs have increased mainly for IT and City Procurement costs.

Wholesale Markets Operating Summary

APPENDIX B1

	Spitalfields Market							Billingsgate Market							Smithfield Market							Total Wholesale Market					
	Original Budget	Latest Budget LAB	Final Budget	Actual	Variance	Percentage increase/decrease	Notes	Original Budget	Latest Budget LAB	Final Budget	Actual	Variance	Percentage increase/decrease	Notes	Original Budget	Latest Budget LAB	Final Budget	Actual	Variance	Percentage increase/decrease	Notes	Original Budget	Latest Budget LAB	Final Budget	Actual	Variance	Percentage increase/decrease
	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 %		2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 %		2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 %		2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000
Operating Expenditure																											
Expenditure																											
Employees (basic pay, NI, pension, overtime, training and recruitment advertising)	(1,374)	(1,484)	(1,484)	(1,382)	102	7%		(1,681)	(1,665)	(1,665)	(1,656)	9	1%		(1,809)	(1,824)	(1,824)	(1,782)	42	2%		(4,864)	(4,973)	(4,973)	(4,820)	153	3%
Premises (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials)	(1,269)	(1,238)	(1,139)	(1,104)	35	3%		(1,494)	(1,153)	(1,153)	(1,183)	(30)	-3%	5	(3,646)	(2,933)	(3,001)	(2,714)	287	10%	8	(6,409)	(5,324)	(5,293)	(5,001)	292	6%
Transport (Vehicle running costs, congestion charge and travel costs)	(6)	(4)	(4)	(2)	2	50%	1	(38)	(72)	(72)	(40)	32	44%	6	(3)	(35)	(35)	(33)	2	6%		(47)	(111)	(111)	(75)	36	32%
Supplies and Services (Refuse collection, Equipment and CCTV hire/maintenance and purchase, uniforms and clothing, communication and office expenses)	(162)	(270)	(270)	(168)	102	38%	2	(127)	(126)	(126)	(121)	5	4%		(422)	(474)	(474)	(367)	107	23%	9	(711)	(870)	(870)	(656)	214	25%
Waste and Cleaning contract	(1,861)	(1,921)	(1,921)	(1,921)	0	0%																(1,861)	(1,921)	(1,921)	(1,921)	0	0%
Total operating expenditure	(4,672)	(4,917)	(4,818)	(4,577)	241	5%		(3,340)	(3,016)	(3,016)	(3,000)	16	1%		(5,880)	(5,266)	(5,334)	(4,896)	438	8%		(13,892)	(13,199)	(13,168)	(12,473)	695	5%
Income																											
Rent, Wayleaves and Tolls Income	1,330	2,671	2,688	2,690	2	0%		917	917	918	928	10	1%		1,713	1,713	1,713	1,752	39	2%		3,960	5,301	5,319	5,370	51	1%
Charges for Services (Filming, car parking, service charge income, insurance,advertising hoarding, reimbursment if direct recovered costs)	4,929	4,838	4,825	4,706	(119)	-2%	3	3,974	3,548	3,648	3,664	16	0%		3,491	3,378	3,378	3,236	(142)	-4%	10	12,394	11,764	11,851	11,606	(245)	-2%
Total Operating Income	6,259	7,509	7,513	7,396	(117)	-2%		4,891	4,465	4,566	4,592	26	1%		5,204	5,091	5,091	4,988	(103)	-2%		16,354	17,065	17,170	16,976	(194)	-1%
Net Operating Surplus/(Deficit)	1,587	2,592	2,695	2,819	124	4%		1,551	1,449	1,550	1,592	42	3%		(676)	(175)	(243)	92	335	-138%		2,462	3,866	4,002	4,503	501	13%
Central Costs																											
Capital Charges and depreciation	(571)	(641)	(641)	(641)	0	0%		(152)	(159)	(159)	(159)	0	0%		(115)	(115)	(115)	(115)	0	0%		(838)	(915)	(915)	(915)	0	0%
Other Central Costs* (Trf to and from reserves to fund repairs and works, support costs and Directorate apportionment)	(230)	(224)	(340)	(246)	94	28%	4	(508)	(379)	(501)	(597)	(96)	-19%	7	(917)	(809)	(824)	(777)	47	6%	11	(1,655)	(1,412)	(1,665)	(1,620)	45	3%
Total Market (Expenditure)/Income	786	1,727	1,714	1,932	218	13%		891	911	890	836	(54)	-6%		(1,708)	(1,099)	(1,182)	(800)	382	32%		(31)	1,539	1,422	1,968	546	38%

N.B.
This table has not been prepared in accordance with conventional City of London Corporation format. In the table above () = Expenditure / Deficit.
*Excludes the car park and outside properties at Smithfield

Notes

The City has adopted the UKGAAP standards.
Favourable variances of 10% or over and all adverse variances are reported within Appendix B2

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Operating Statement Notes

The tables below analyse the variances for the Wholesale Markets as reported on the Operating Summary which is attached at Appendix B1. The summary compares the 2016-17 final budget to the actual outturn for 2016-17. The Operating summary and statement has not been prepared in accordance with conventional City of London Corporation format. Brackets on the summary signify an expenditure item and/or deficit position and non-brackets signify an income item and/or a surplus position. All adverse variances between final budget and actual costs and favourable variances of 10% or more have been detailed below.

<u>New Spitalfields Market</u>	<u>Description</u>	<u>2016-17 Final Budget to actual outturn</u>
<u>Notes</u>	<u>Expenditure</u>	
1	Transport	£2,000/50% decrease in transport was due to lower fuel consumption in market vehicles, and less staff travel.
2	Supplies and Services	£102,000/38% decrease in costs was due to: <ul style="list-style-type: none"> • a decrease in professional fees for the lease negotiations which are still on-going £92,000 and for general lettings £7,000, • a decrease in purchasing uniforms payable by the tenants £2,000 and • reduction in cash collection costs of £1,000.

3	Income	<p>(£119,000)/-2% reduction in income was due to:</p> <ul style="list-style-type: none"> • a reduction in service charge costs resulting in less income required from tenants (123,000), • Increased rental income of (7,000); • an increase in income for various services directly recoverable from tenants and customers such as car parking, reimbursed works and licenses £11,000.
	Central Costs	
4	Other Central costs	<p>£94,000/28%, decrease in costs was as a result of:</p> <ul style="list-style-type: none"> • a reduction of central support costs due to the reapportionment of charges on the corporate account of £85,000 and • a reduction of Directorate recharges of £9,000.

<u>Billingsgate Market</u>	<u>Description</u>	<u>2016-17 Final Budget to actual outturn</u>
<u>Notes</u>	<u>Expenditure</u>	
5	Premises related	(£30,000)/-3% increase in costs was due to : <ul style="list-style-type: none"> • a reduction in planned works due to delays and cancelled projects £61,000, • a reduction in energy costs due to unit price reduction and reduced consumption £58,000; • increases in water costs of (£10,000) due to increased consumption; • increased contributions to the repainting fund of (£95,000); • increased City Surveyor repair costs of (£44,000) that cannot be recovered from the service charge.
6	Transport related	£32,000/44% reduction was due to: <ul style="list-style-type: none"> • reduced repairs required and additional equipment not purchased £31,000, • reduced fuel consumption £1,000.
	Central Costs	
7	Other central costs	(£96,000)/-19% increase in costs was a result of: <ul style="list-style-type: none"> • net transfers to the reserve account from the revenue account (£128,000); • net decrease in support costs and IT costs (38,000).

<u>Smithfield Market</u>	<u>Description</u>	<u>2016-17 Final Budget to actual outturn</u>
<u>Notes</u>	<u>Expenditure</u>	
8	Premises related	<p>£287,000/10% decrease was due to:</p> <ul style="list-style-type: none"> • energy, water and CRC commitment cost reduction £173,000 due to reduction in unit price and consumption, • re-phased additional works programme £111,000; • reduced costs for repair work and projects part of carry forward requests £13,000; • increased costs for installation of meters (£10,000).
9	Supplies and Services	<p>£107,000/23% decrease was due to</p> <ul style="list-style-type: none"> • reduction in professional fees for potential arbitration costs £35,000, • reduction of FSA inspection costs which no longer take place £72,000.
	<u>Income</u>	
10	Charges for Services	<p>(£142,000)/-4% decrease in income was due to:</p> <ul style="list-style-type: none"> • a reduction in the reimbursement from Commercial Office Tenants for cool and heated water as costs for these services have fallen (£142,000).
	<u>Central Costs</u>	
11	Other central costs depreciation	<ul style="list-style-type: none"> • £47,000/6% decrease was due to a reduction in support costs, IT and Directorate recharges.

Efficiency & Sustainability Plan - Appendix B3

CORE MESSAGES ON THE CITY OF LONDON CORPORATION'S FINANCES – January 2017

Our aim:

Our funds are there to help the City of London Corporation promote financial, professional and business services, provide excellent public services and support the City, capital and country as a whole.

They must be used economically, efficiently and effectively to maintain the City's underlying infrastructure and services and so we can prioritise paying for initiatives which meet our long-term ambitions.

How we do this:

The City has four funds.

Two of these are paid for by ratepayers and taxpayers:

- City Fund - money used to cover local authority activities in the square mile and beyond.
- Police Fund – the money used to pay for the City of London Police Force

Two are provided at no cost to the taxpayer:

- City's Cash - an endowment fund built up over 800 years and passed from generation to generation used to fund services that benefit London and the nation as a whole.
- Bridge House Estates - the money used to look after five bridges over the Thames with any surpluses being used for charitable purposes and awarded through the City Bridge Trust.

It is a duty on us to make the best use of the resources we have. This can only be done through continually reviewing the economy, efficiency and effectiveness of our services, the outcomes that are achieved and how they meet our long-term ambitions.

Everyone has a role to play in constantly challenging what we do and thinking about how we could do things better.

Are there further cuts being made?

Yes, but only 2% and only to ensure continuous improvement. In 2014, we estimated that due to cuts in government funding City Fund would be facing deficits approaching £11m by 2017/18 so we had to deal with this by scrutinising all our activities in what we called the Service Based Review.

We could, of course, have just made efficiencies in those areas paid out of public funds. But we decided it was not fair or equitable to ask some parts of our organisation to be more efficient and not others.

Proposals totalling £20m in efficiencies/extra income were identified and are well underway to being implemented. Following the completion of the Service Based Review programme, a continuous 2% per annum budget reduction target will be introduced across all our services. Departments will be expected to meet this through efficiency and performance improvements.

Why are we continuing to make budget reductions?

Firstly, we have a duty to ensure the most effective and efficient use of our resources.

Secondly, we continue to have big cost pressures. We live in an historic and ageing City. Many of our properties are deteriorating which requires an increased level of investment and our IT infrastructure and service needs investment. In addition the City of London Police needs to address the changing nature of policing and the increasing demands placed on the service in the context of increased security threats from terrorism, growing cybercrime and online economic crime and intelligence requirements.

Thirdly, by being economic, efficient and making savings and focusing our efforts where we are most effective we can enhance existing services and pursue new priorities and increasingly ambitious outcomes for the benefit of the City, London and the nation.

Why not utilise the City's Cash fund endowment?

This is money which has been passed down to us over the years, produces income for us and is not to be used lightly as we want to pass it on to future generations to sustain services in the medium to longer term. Its income comes mainly from property and investments and is used to finance activities for the benefit of the City, London and the nation as a whole. Any sale of the underlying investments reduces the ability of the fund to generate income in future years.

The City's Cash budget will be running a deficit over the next three years to allow us to carry out essential investment before returning to a small surplus in 2020/21.

So what does the future look like for these funds?

The financial forward look for two of our funds is relatively healthy but uncertainties remain.

- City Fund: we have been planning for a continuing reduction in government grant and the underlying budget position is robust. We will be using the headroom to invest in essential repairs and maintenance and to fund the building of the new Museum of London to the benefit of all Londoners and the country as a whole.
- City's Cash: The forecast deficit over the next three years reflects our commitment to carry out essential investment and to support cultural development before returning to a small surplus in 2020/21.

- Bridge House Estates: the rising surplus will increase the resources available to the City Bridge Trust for charitable giving across London.
- The Police Fund: The underlying financial position remains very challenging with the recent Police core grant settlement marginally lower than anticipated. Additional cost pressures have meant the fund has moved into deficit, utilising the remaining ring fenced reserves in 2016/17 and 2017/18. An interim strategy has been developed and proposed for dealing with the deficit to the end of 2017/18. The Town Clerk, the Chamberlain and the Commissioner, have commissioned a review of the Police operating model, focusing on future demand modelling and how best to secure VFM, to identify options to address the, as yet unfunded, projected deficits of £5.6m in 2018/19 and £3.8m in 2019/20.

What are your total assets?

The City of London Corporation has assets of around £4bn. Income from these assets fund our services and any sale of assets to fund on-going services in the short term would harm our ability to protect services in the medium to longer term. Sale of many of our local authority assets to fund day to day services is also effectively prohibited by Local Government accounting rules.

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Committee(s):	Date(s):
Markets Committee	19/07/2017
Subject: Strategic Review of Markets	Public
Report of: Director – Markets & Consumer Protection	For Information

Main Report

The aim of this briefing note is to bring Members of the Markets Committee up-to-date on the Strategic Review of the Markets and it gives a synopsis of the work that will be conducted by the consultants.

Following approval by the Markets Committee in November 2016 of the Specification for the Strategic Review of Markets, a formal Procurement exercise has been carried out to employ a Consultancy to conduct the Review. **GVA** (formerly GVA Grimley) have been selected and the contract for their employment was signed on 1 June.

Consultant team - GVA will lead a multi-disciplinary project team: Optimal Consulting, specialists in wholesale market development strategy and food supply chain transformation; BDP, a major international inter-disciplinary firm of architects, designers, engineers, and ‘urbanists’ recognised as leading the field of Market design; WSP/Parsons Brinkerhoff, a firm specialising in providing services to transform the built environment, including transport and urban planning and environmental remediation; Experian, market leaders in business and sector data analysis and forecasting.

Project programme - The project will be conducted in three Stages, comprising 6 Elements. The outline timetable will be:

- June to end August: Stage 1
- September: Interim Report (Stage 1 output)
- December: Draft Final report (completion of Stages 2 and 3)
- 28 February: Final report

Project control - The consultants will report regularly to a Steering Group, which will be chaired by the Chairman of the Markets Committee with the Deputy Chairman as a member, to ensure democratic control, with representatives of the departments of Markets & Consumer Protection, the City Surveyor, and the Chamberlain. Advice will be taken from the Town Clerk, the Comptroller and City Solicitor and the Remembrancer as required.

The three Tenants Associations will be important stakeholders in this review and will be consulted as appropriate throughout the process.

STAGE 1: DETAILED ANALYSIS STAGE

Stage 1: Element 1: Primary Research, which will include: the current trader 'offer'; current users of the Markets; current property status; distribution network and connections.

Stage 1: Element 2: Future Growth and Change, which will include: reviewing best practice in other wholesale markets in UK and internationally; changes to the customer context, to include changes in core catchment areas and types of customers, as well as wider trends in the retail and leisure sectors which might affect the Markets; changes to the competitor environment; factors influencing the distribution network in London, including environmental factors such as air quality.

Stage 1: Element 3: The Market of the Future, which will include: likely future trading mix and facilities requirements; opportunities for consolidation; drivers for location requirements; legislative considerations.

Output: the Stage 1 output will be an Interim Report, by early September, setting out the findings of all the Stage 1 Elements and it will establish a Base case, if justified, for pursuing the relocation of one or more of the Markets and the key considerations that need to be examined in making the location decision.

STAGE 2 – PROGRESSION OF SUITABLE RELOCATION OPTIONS

Stage 2 - Element 4: In conjunction with the City Surveyor, make a re-provision Options Assessment; develop high level parameters for the potential options; establish spatial opportunities; site identification.

Stage 2 - Element 5: In conjunction with the City Surveyor, review Legacy site opportunities.

Output: A presentation and a report to make Recommendations on the options which best suit the operational requirements and maximise opportunities for the City to meet its other objectives, to include a robust evidence base to inform the City's decision-making process. The report will include an Outline Business case for each of the options to allow a comparative analysis by the City.

STAGE 3 – WAY AHEAD STRATEGY

Stage 3 - Element 6: Working closely with the City, this stage will confirm the most realistic and cost-efficient option and ensure that the proposed facilities are sufficiently future proofed to ensure their longevity. This will include financial appraisals of the final preferred options and will investigate the phased implementation of relocations. A delivery plan will be established.

Output: This stage will draw together all strands of work into a comprehensive strategy providing the Business Plan for the recommended option. The draft Final Report should be ready by early December 2017.

Once the Final report has been accepted, Officers will draft suitable Committee reports for the Markets and Policy & Resources Committees, and subsequently the Court of Common Council, with a view to decisions on the Way Ahead being made before the Summer Recess 2018.

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Committee(s) Markets Committee	Dated: 19 July 2017
Subject: Heavy Good Vehicle (HGV) Unloading Risk at Smithfield Market – Banks-man Activities	Public
Report of: The Director of Markets and Consumer Protection	For Information
Report author: Mark Sherlock, Superintendent , Smithfield	

Summary

On 23 January 2017, the Markets Committee considered a report of the Director of Markets and Consumer Protection concerning the Heavy Goods Vehicles (HGV) unloading risk at Smithfield Market.

Since then a follow up audit of traffic movements at the market has been carried out by the Freight Transport Association (FTA) to review progress against their audit findings of 2016 and provide further recommendations and a revised action plan.

Following the issue of the FTA report, the City has worked with the Smithfield Market Tenants Association (SMTA) and tenants to ensure that the action plan and recommendations are implemented in a timely manner.

This report seeks to update members on the progress made on reducing the HGV unloading risk at Smithfield Market since the Committee report of January 2017. Future progress against the FTA action plan will be closely monitored and reported to Committee until the risk is reduced to Amber from Red. Thereafter the risk will be monitored by the routine risk reporting procedure.

Good progress is being made through structured working with the SMTA. Improvements have been made with both training and additional safety measures introduced by the Market.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. In April 2013, as part of the agreement reached during the lease negotiations, the City of London transferred contractual responsibility for many areas of Workplace Transport Safety (WTS) in Smithfield Market to the Smithfield Market Tenants Association (SMTA) and the tenants.
2. In October 2013 the Corporate Health & Safety Manager wrote to the SMTA expressing concern over shortcomings in the tenants' provision of banks-men to manage unloading activities.
3. In April 2016, the City commissioned an audit of traffic movements at the market by the Freight Transport Association (FTA). The FTA presented findings and recommendations to City of London representatives and to the Smithfield Market Tenants Association (SMTA). Based upon these, an action plan was drawn up to implement the FTA's recommendations.
4. Due to concerns over the lack of evidenced progress being made against the action plan, and in reducing the risk, the rating was escalated to Red in November 2016.
5. The Smithfield Market Management Team (SMMT) commissioned the FTA to conduct a further Workplace Transport Safety Review in 2017 (Improving Loading Bay, Banks-men Activities, Trading Operations and Traffic Management at Smithfield Market) which included an assessment of the original project actions from 2016 against the progress made at the site. The final report "FTA Consultancy Report Workplace Transport Safety Review for City of London Smithfield Market" was circulated to Members on the 15th May 2017.
6. In January 2017 the FTA published its findings. Within its Executive Summary, it stated that;
7. *"It is very concerning that important control measures such as the consistent use of appropriately trained banks-men/traffic marshals continues to be a major issue...it is imperative that the tenants concerned react to this situation and ensure that they are adopting the control measures to manage movements."*
8. During February of 2017, the Superintendent conducted a 4 night audit of delivery compliance by monitoring and recording tenant banks-man activity and compliance. Details were collated, analysed and shared with the SMTA. The audit identified an 8% level of unsupervised vehicle activity. After further consultation with the SMTA, from January to May improvements were seen to take place. These are detailed below.

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Current Position

9. In May 2017 the Superintendent carried out a second safety audit of delivery compliance. From January to May improvements were identified and evidenced with the supervision of reversing HGVs. The number of unguided reversing movements halved from 8% to 4%. The next safety audit is scheduled to take place from Sunday 9 July to Thursday 13 July 2017.
10. The FTA audit provided a detailed recommended action programme the key elements of which are given in Appendix A.
11. Work with the SMTA towards the completion of the allocated actions has been agreed. The single most important outstanding action, which was the SMTA commissioning training on behalf of the tenants for their banks-men using the FTA as provider, was completed on the 29th June 2017. Progress on these actions will be reviewed on 12 July with 2 monthly reviews on progress thereafter.

Planned Future Actions

12. Now that the banks-man training is complete, it is intended that a jointly signed letter from the Superintendent and Chairman of the SMTA will be issued to all freight transport companies which deliver to the Market, confirming the improved operational safety standards required and the consequential lock-off of the delivery bays if these standards are not met. This letter will include a site plan, delivery process, and site rules.
13. Continuing risk management work streams are;
 - a. Stakeholder actions/review meetings set with the SMTA until all recommendations of the FTA report are fully demonstrable, evidence based, and implemented.
 - b. Ensure that all training records of individuals are retained and updated by the SMTA, on behalf of the tenants, for review with the Superintendent's office for ongoing controls.
 - c. The City will implement immediate closure of vehicle lock-ons where unsafe & unmanaged activities are identified and after consultation with the SMTA on the agreed effective date.
 - d. In the short to medium-term the Superintendent will evaluate the opportunity to remove certain human inputs/errors in the control process, and to replace them with software managed and sequenced inter-lock interfaces, before the lock-on process is safely complete.

Conclusion

14. Good progress is being made through structured working with the SMTA. Improvements have been made with both training and additional safety measures introduced by the Market, such as the installation and use of Tensa barriers, signage, road markings/hatchings, traffic lights, speed controls,

additional bollards, and road surface improvement including road markings and signage.

15. It is anticipated that by continuing with this approach, the current Red risk will be able to be reduced to Amber in the near future. Progress will be closely monitored and reported to Committee until this is achieved. Thereafter the risk will be regularly monitored by the routine risk reporting procedure.

Appendices

- **Appendix A – Heavy Good Vehicle (HGV) Unloading Risk at Smithfield Market - Banksman Activities. FTA Action Updates July 2017**

Background Papers

Markets Committee 23 January 2017 - Heavy Goods Vehicles (HGV) Unloading Risk at Smithfield Market – Banksman Activities. Report of the Director of Markets and Consumer Protection

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**Heavy Good Vehicle (HGV) Unloading Risk at Smithfield
Market - Banksman Activities. FTA Action Updates July 2017**

FTA Action Updates June 2017

- Following the issue of the FTA report, the City has worked with the Smithfield Market Tenants Association (SMTA) and tenants to ensure that the action plan and recommendations are implemented in a timely manner.
- This appendix seeks to update members on the progress made on reducing the HGV unloading risk at Smithfield Market since the Committee report of January 2017 and the circulation of the FTA report to members in May 17. Future progress against the FTA action plan will be closely monitored and reported to Committee until the risk is reduced to Amber from Red. Thereafter the risk will be monitored by the routine risk reporting procedure.
- Good progress is being made through structured working with the SMTA. Improvements have been made with both training and additional safety measures introduced by the Market.

Heavy Good Vehicle (HGV) Unloading Risk at Smithfield Market - Banksman Activities. FTA Action Updates July 2017

FTA Action Updates June 2017

Action no, Title,	Action Description	Action update	Original Completion Date	Revised Completion Date	Actual Completion Date	Action Owner
MCP-SM 001a	Night club and other social venues – Ensure that regular liaison takes place with business and local authority for the north side of the Market. This brings pedestrian traffic into close proximity raising risk as people through the Market under the influence of alcohol	Regular contact is established with e.g. Club Oriole, Smiths, Fabric and others. This includes partnership working throughout events such as the Christmas Traffic Plan. The Market Operations Manager has also established contact with officers from Islington and conducted site visits to discuss any local issues e.g. parking enforcement changes introduced March 2017. Direct contact is maintained with all and information exchanged e.g. the Operations Manager is now in receipt of the details of all events at Fabric on a monthly basis, allowing pre planned changes to resources and/or tasking where necessary.	02/08/16	02/08/2016	02/08/2016	Ops Manager Paul Spooner
MCP-SM 001b	Pedestrians cross the highway/traffic route between Market buildings. Pedestrian routes and crossings to be reviewed and signage to allow vehicles to be warned	COL has now installed tensa barriers and the local audit has shown that they are in regular use by tenants. A regular maintenance and checking regime is in place managed. Work in the East Poultry Avenue is now complete. This area caused most concern in relation to pedestrians crossing the road. Traffic calming at both the mid crossing point and at the junction with West Smithfield is complete and had made significant improvements to both the speed and behaviour of traffic and pedestrians. A COL working group (DBE/M&CP) met again in May 2017. Signage work drawings are complete and are now with Highways colleagues' for costings. Pavement markings will be subject of a further options report by the DBE. This signage is currently in place and provides effective mitigation against the dangers of FLTs etc. and provides for clear signage of routes through the market for pedestrians. These are to be monitored and repainted as required pending the outcome of the DBE report.	02/08/16	31/07/17		Ops Manager Paul Spooner
MCP-SM 001c	Pedestrians can be found walking down the main traffic routes along the highway through the parked vehicles and loading operations.	See MCP-SM 001b The Constabulary regularly patrol these areas and	02/08/16	31/07/17		Ops Manager Paul Spooner

Heavy Good Vehicle (HGV) Unloading Risk at Smithfield Market - Banksman Activities. FTA Action Updates July 2017

FTA Action Updates June 2017

	Pedestrian barriers, crossings and signage to be reviewed.	advise/guide pedestrian traffic.				
MCP-SM 001d	Ensure that delivery plans in place by tenants to reduce drivers making multiple trips around the market to seek available spaces.	Banksman training is completed 29 June 17, and delivery processes will improve as a result. A jointly signed letter from the Superintendent and Chairman of the SMTA will be issued to all Market freight transport companies, confirming the improved operational safety standards required and the consequential lock-off of the delivery bays if these standards are not being met. This letter will include a site plan, delivery process and site rules effective from a date to be agreed in July 17.	02/08/16	31/07/17		Market Superintendent Mark Sherlock
MCP-SM 001e	Influence driver behaviour external. Car drivers seen to drive erratically and displaying aggressive behaviour towards traders staff and drivers of HGV'S whilst manoeuvring	The Constabulary work with the CoLPolice to encourage acceptable behaviour. A partnership approach is in place the CoLPolice attending site when possible. April e.g. has seen the Market Constabulary provide CCTV footage to the CoLPolice to assist with the prosecution of two cyclists carrying 4 passengers through the Market in a dangerous manner.	02/08/16	31/03/17	31/03/17	Head of Security Ian Dorling
MCP-SM 001f	To reduce the large volumes of goods stored on the street and pavement restricting pedestrians walkways and traffic routes.	See MCP-SM 001d The Constabulary regularly patrol these areas and monitor any excessive storage. Breaches have been reported to the Superintendent (2016) who has written to offending traders. Improvements have been noted. Monitoring continues.	02/08/16	31/7/2017		Head of Security Ian Dorling
MCP-SM 001g	Ensure tenant Banksmen are used throughout Market operations and task not left to drivers to manage. Ensure all wearing appropriate PPE.	MCP-SM 001d and MCP-SM 001f The Constabulary regularly patrol these areas and monitor any excessive storage. Breaches have been reported. Monitoring continues.	02/08/16	31/0720/17		Market Superintendent Mark Sherlock
MCP-SM 001i	Influence driver behaviour internal. Currently some evidence of poor driving e.g. excess speed for environment, FLT overloading, driving with vision impaired by loads, driving against one way- systems.	See MCP-SM 001d and MCP-SM 001e The Constabulary monitor and enforce the rules regarding the use of FLT s on site and report any defects/failures for action or for rectification.	02/08/16	31/12/16	31/12/16	Head of Security Ian Dorling

**Heavy Good Vehicle (HGV) Unloading Risk at Smithfield
Market - Banksman Activities. FTA Action Updates July 2017**

FTA Action Updates June 2017

Agenda Item 7

Committee: Markets Committee	Date: 19 July 2017
Subject: Markets Committee Risk	Public
Report of: Director of Markets and Consumer Protection	For Information
Report author: Don 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-NS 001 – Workplace Traffic Management (Current Risk: AMBER)
- MCP-SM 001 – HGV Unloading Operations (Current Risk: RED)

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 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.

Summary of Key Risks

7. The Department of Markets and Consumer Protection's Risk Register for Markets, attached as Appendix A to this report, has one RED risk and one AMBER risk:

MCP-NS 001 – Workplace Traffic Management (Current Risk: AMBER)

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.

On 26 June at the 2017 Alarm Risk Awards "Recognising risk excellence, the New Spitalfields Market team" was highly commended in the Operational Award for their 'Controlling workplace transport risks' initiative. This was a result of much hard work and commitment by all staff at New Spitalfields to improve the health and safety culture at the site.

Market Superintendent, Ben Milligan, accepted the award on behalf of the team at the awards dinner at The Principal Hotel, Manchester.

MCP-SM 001 – HGV Unloading Operations (Current Risk: RED)

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.

This risk is still rated as RED as although some safety improvements have been made, as yet, the key actions that will reduce the risk to amber have not been fully implemented.

A separate detailed report on this risk is also going to this Committee.

Conclusion

8. Members are asked to note that risk management processes within the Department of Markets and Consumer Protection adhere to the requirements of the City Corporation's Risk Management Framework. Risks identified within the operational and strategic responsibilities of the Department of Markets and Consumer Protection are proactively managed.

Appendices

- Appendix A – Markets Risk Register Summary

Background Papers

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

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MCP Markets Committee Risk Report Appendix A

Report Author: Donald Perry

Generated on: 05 July 2017






Rows are sorted by Risk Score

Code & Title: MCP Department of Markets and Consumer Protection Risk Register 1 MCP-NS New Spitalfields Risk Register 1 MCP-SM Smithfield Risk Register 2

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 NSV Unloading Operations	<p>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.</p> <p>Event: Serious or life changing injury to members of the public, market staff and other service users caused by uncontrolled or unguided reversing vehicles.</p> <p>Effect: Realisation of this risk could result in a prosecution, fine and reputational damage for the City.</p>	<p>Likelihood</p> <p>Impact</p>	16	<p>Work with the SMTA towards the completion of the allocated actions has been agreed, e.g. the SMTA has commissioned training for its banksmen using the FTA as provider. Training was completed 29 June 2017. To review progress the 12 July is set with 2 monthly reviews on progress thereafter.</p> <p>Banksman training complete, a jointly signed letter from the Superintendent and Chairman of the SMTA will be issued to all Market freight transport companies, confirming the improved operational safety standards required and the consequential lock-off of the delivery bays if these standards not be met. This letter will include a site plan, delivery process and site rules</p>	<p>Likelihood</p> <p>Impact</p>	12	31-Jul-2017	↔

				effective from July 17.				
24-Feb-2015 Mark Sherlock				05 Jul 2017				No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
MCP-SM 001e Review infrastructure	Review signage, barriers and pedestrian crossing points and make improvements where required.	Traffic calming measures have been completed restricting the width of the road in West Smithfield and East Poultry with an enhanced pavement and bollard installation which is a significant improvement and risk reduction. A review of all lining and signage has been undertaken. The DBE are now seeking to gain authority from the DFT and or Committee to repaint as is and renew amend signage to further enhance and update all on the Market by the end 2017.	Mark Sherlock	16-Jun-2017	31-Jul-2017
MCP-SM 001f Review delivery practices	Work with the Market Tenants' Association to review sender delivery practices.	Banksman training is completed 29 June 17, a jointly signed letter from the Superintendent and Chairman of the SMTA will be issued to all Market freight transport companies, confirming the improved operational safety standards required and the consequential lock-off of the delivery bays if these standards not be met. This letter will include a site plan, delivery process and site rules effective from July 17.	Mark Sherlock	05-Jul-2017	31-Jul-2017
MCP-SM 001g Produce guidance for drivers	Produce a pamphlet containing site rules and a map showing delivery points for each stand.	Banksman training is completed 29 June 17, a jointly signed letter from the Superintendent and Chairman of the SMTA will be issued to all Market freight transport companies, confirming the improved operational safety standards required and the consequential lock-off of the delivery bays if these standards not be met. This letter will include a site plan, delivery process and site rules effective from July 17.	Mark Sherlock	05-Jul-2017	31-Jul-2017
MCP-SM 001h Monitor traffic routes.	Monitor market traffic routes.	This continues to be monitored by the Constabulary and reported on to the Superintendent.	Mark Sherlock	16-Jun-2017	31-Jul-2017
MCP-SM 001i Review unloading practices	Work with the Market Tenants' Association to review unloading practices.	Banksman training is completed 29 June 17, a jointly signed letter from the Superintendent and Chairman of the SMTA will be issued to all Market freight transport companies, confirming the improved operational safety standards required and the consequential lock-off of the delivery bays if these standards not be met. This letter will include a site plan, delivery process and site rules effective from July 17 onwards.	Mark Sherlock	05-Jul-2017	31-Jul-2017
MCP-SM 001j Review forklift management.	Review and implement the local forklift truck management scheme.	The current FLT scheme policy and procedure has been reviewed. The revised policy and procedure has been issued to the market constabulary. The Market Superintendent has updated the Working Manual to this effect and will now be on the agenda for the H&S Forum in July 17	Mark Sherlock	05-Jul-2017	31-Jul-2017

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 Ben Milligan	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 Impact	12	Outstanding issues are being pursued with tenants and further behavioural changes for timed segregation will be applied following the installation of Entrance barriers. This is subject to planning approval which is being sought at this time. 15 Jun 2017	 Likelihood Impact	8	29-Dec-2017	 No change

Action no, Title, Date	Description	Latest Note	Managed By	Latest Note Date	Due Date
MCP-NS 001i Train Managers In Forklift Safety	A member of staff from all tenants to be nominated and trained in FLT safety procedures.	Meeting held with Morgan Training Solutions. They will build a training scheme now to deliver to 15-20 managers at a time. COL will sign off course content and the SpMTA will facilitate the booking/promotion.	Ben Milligan	08-Feb-2017	29-Dec-2017
MCP-NS 001j Create Time Segregation	Artic Time Segregation and No Tolerance in market hall.	A parking policy has now been implemented that encompasses HGV parking. Penalty charge notices have been implemented to ensure that vehicles park in their respective areas. Curtain side trucks now have special provision for their parking and unloading. An offence has been created for forklift drivers unloading HGVs outside loading times allowable around the market. HGVs onsite must not unload around the market beyond 3am up until 8am. Once the car park at the far end of the market has been reviewed and the parking changed, as required, these HGVs will not be allowed to unload around the market between 12 midnight and 8am. This is the next step in the process.	Ben Milligan	08-Feb-2017	29-Dec-2017
MCP-NS 001k Install Barrier System	Controlled barriers entry system for pedestrians and vehicles.	Project, Project Sub, and Markets Committees all passed with no issues. Procurement are now inviting potential installation companies in to show the level of technical solution they believe should be installed. Once this has occurred, a detailed gateway 5 report will be created for final sign off at the Markets Committee.	Ben Milligan	07-Sep-2016	01-Oct-2018

Committee(s):	Date:
Markets	19 July 2017
Subject: Smithfield Market – Condenser Water Cooling System - Update	Public
Report of: The City Surveyor (Report no. CS291/17)	For Information
Report author: Andrew Crafter, Principal Engineer, City Surveyor's Department	

Summary

This update report brings Members up to date with recent developments on Smithfield Market's refrigeration condenser water cooling system.

Work to replace East and West Market condenser water pumps is progressing well and should be complete by mid-July 2017. The new pumps will give greater flow and reliability and provide re-assurance to the Markets Department and Tenants.

The system operating temperature currently remains set at 23⁰C but will be raised, in stages, back to 25⁰C, once the pump replacement is complete. In the recent hot weather, the temperature has risen to 26.5⁰C, which has caused difficulties for two fridges. Under their original specifications, all fridges should be capable of working with water at 28.5-30⁰C.

A failure of the condenser water supply occurred on 2 June 2017, caused by a split rubber flexible bellows on one of the City's original East Market pumps. This was quickly repaired by the Market's Maintenance Team, minimising operational impact. No claims for spoilt product have been received.

Recommendation(s)

Members are invited to note the contents of this report.

Main Report

Background

1. The Market's condenser water cooling system removes waste heat from 120 tenants' refrigeration units in East, West and Poultry Markets and dissipates it to the atmosphere via five cooling towers located in the Poultry Market. The system is operated and maintained by the City Corporation as Landlord.
2. In 2014 the City Corporation completed a programme of works to improve the water circulation in the three Market buildings and remove dirt contamination in the system. As a result performance has significantly improved.
3. The cooling system was originally specified to provide water to Tenants' fridges at 30°C. Over the years this was gradually reduced and for approximately five years has been set at 20°C. This was done to assist fridges at a time when there were issues with water flow, dirt contamination, system balancing, and Tenants' condenser under-sizing.
4. Earlier this year the City carried out a trial to check the effects on fridges of operation at up to 25°C. In response to comments from the Smithfield Market Tenants' Association, the operating temperature has been left at 23°C since 4 April 2017 pending completion of the City's pump replacement project under the City's Cyclical Works Programme.

Current Position

5. The cooling system operating temperature has remained at 23°C since 4 April 2017. In recent hot weather, as in previous years, the City's cooling towers are unable to maintain this supply temperature, which has risen up to 26.5°C. Information from the Tenants' Association indicated that two fridges belonging to P J Martinelli Ltd tripped overnight on 21 June on one of the hottest days. There has been little practical operational impact reported on other fridges, and no claims for spoilt meat have been received. Under their original specifications, all fridges should be capable of working with water at 28.5-30°C.
6. The City's pump replacement project is progressing well and new condenser water pumps and control panels for West Market have been in operation since 13 June 2017 (*see photo below*). The new pair of pumps are larger and replace original pumps which had failed more than once, so should give a more reliable service to Tenants in the future.
7. At the moment they provide about 10-15% more flow than previously with the capability to give about 25% more when running at maximum speed. Before increasing the flow further, the City is monitoring Tenants' pipework for two-three weeks for leakage, as the water pressure is increased by about 0.5 bar at fridge deck level. Two minor leaks have already been found and repaired.
8. The new East Market pumps should be in operation from 7 July 2017, with full completion of all other work in the contract by 31 July 2017.



New condenser water pumps and control panels - West Market

Incidents since last report

9. At 7pm on 2 June 2017 there was a serious failure of the condenser water supply caused by the splitting of a flexible rubber bellows on the discharge outlet of one of the East Market condenser water pumps. Fridges tripped and the Market Maintenance Team and fridge contractors were called out, eventually restoring the service just after midnight. This swift action mitigated the effect of the failure and no claims for spoilt product have been received.
10. The flow to West Market was disrupted over the following 24 hours which was rectified by cleaning out the main duplex filters. It is assumed the previous day's problems in East Market may have dislodged static dirt in the system which had collected in the filters.
11. It is believed the rubber bellows had probably weakened with age. The pump replacement works include the replacement of all flexible bellows with new.
12. There were also two less serious interruptions to the West Market flow on 9 and 22 June due to oversights by the controls sub-contractor working on the pump replacement. The City will seek to recover the call-out costs from this contractor. The City has stressed again to the main contractor and sub-contractor it is essential to avoid disrupting the condenser water flow.

Investigation into refrigerant gas releases

13. The inspection of Tenants' records related to use and release of refrigerant gases by the Superintendent and Principal Engineer is expected to take place in July.

Proposals

14. Once the pumps have been replaced and monitored for a period, it is intended to raise the system operating temperature, in stages, back to 25°C, re-measure fridge and water supply conditions, check correct operation of Tenants' equipment, and review any on-going issues.
15. The City will encourage Tenants to replace any fridge condensers considered undersized and any faulty water control valves.
16. The City will contact Tenants' maintenance contractors to review their maintenance records.

Corporate & Strategic Implications

17. The system supports the meat trade at Smithfield Market and the following Strategic Aims:
 - To provide modern, efficient and high quality local services and policing within the Square Mile for workers, residents and visitors with a view to delivering sustainable outcomes.
 - To provide valued services to London and the nation.

Implications

18. The cooling system operated by the City provides a critical service for Tenants' refrigeration equipment. A failure of the system could potentially expose the City to claims from Tenants for loss of product.
19. The new East and West Market condenser water pumps entering service will give greater flow and reliability and provide re-assurance to the Markets Department and Tenants.

Conclusion

20. Work to replace East and West Market condenser water pumps is progressing well and should be complete by mid-July 2017. The new pumps will give greater flow and reliability and provide re-assurance to the Markets Department and Tenants.

Background Papers

Report of the City Surveyor 'Smithfield Market – Condenser Water Cooling System – update' to Markets Committee, May 2017 (Report ref. CS193/17).

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