



Markets Committee

Date: WEDNESDAY, 17 JULY 2019

Time: 11.30 am

Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members:

James Tumbridge (Chairman)	Deputy Edward Lord
John Chapman (Deputy Chairman)	Alderman Bronek Masojada
Matthew Bell	Wendy Mead
Peter Bennett	Deputy Robert Merrett
Nicholas Bensted-Smith	Andrien Meyers
Mark Bostock	Deputy Brian Mooney
Deputy David Bradshaw	Deputy Joyce Nash
Richard Crossan	John Petrie
Deputy Kevin Everett	Stephen Quilter
Alderman David Graves	John Scott
Deputy Tom Hoffman (Chief Commoner)	Ian Seaton
Deputy Henry Jones	Deputy Dr Giles Shilson
Angus Knowles-Cutler	Deputy Tom Sleigh
Gregory Lawrence	Mark Wheatley
Deputy Edward Lord	Douglas Barrow

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

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

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **PUBLIC MINUTES**
To agree the public minutes of the meeting held on 8th May 2019.
For Decision
(Pages 1 - 6)
4. **MARKETS COMMITTEE RISK UPDATE**
Report of the Interim Director of Markets & Consumer Protection
For Information
(Pages 7 - 14)
5. **CITY HARVEST PARTNERSHIP WITH NEW SPITALFIELDS MARKET**
Report of the Interim Director of Markets & Consumer Protection
For Decision
(Pages 15 - 30)
6. **MARKETS REVENUE OUTTURN 2018/19**
Report of the Chamberlain
For Information
(Pages 31 - 54)
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.
For Decision

Part 2 - Non-Public Agenda

10. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 8th May 2019.
For Decision
(Pages 55 - 56)

11. **CITY'S WHOLESALE MARKETS - CONSOLIDATION PROGRAMME UPDATE**
Report of the City Surveyor
For Information
(Pages 57 - 66)
12. **MARKET DEBTS UPDATE**
For Information
(Pages 67 - 76)
13. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
14. **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, 8 May 2019

Minutes of the meeting of the Markets Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Wednesday, 8 May 2019 at 11.30 am

Present

Members:

James Tumbridge
John Chapman
Matthew Bell
Peter Bennett
Mark Bostock
Deputy Kevin Everett
Michael Hudson
Deputy Henry Jones
Gregory Lawrence

Deputy Edward Lord
Alderman Bronek Masojada
Deputy Robert Merrett
Andrien Meyers
Deputy Brian Mooney
Deputy Joyce Nash
John Petrie
John Scott
Deputy Dr Giles Shilson

Officers:

Mark Sherlock	- Markets and Consumer Protection Department
Ben Milligan	- Markets and Consumer Protection Department
Jon Averbs	- Markets and Consumer Protection Department
Donald Perry	- Markets and Consumer Protection Department
Daniel Ritchie	- Department of Markets and Consumer Protection
Andrew Fothergill	- Comptroller & City Solicitor's Department
Alistair MacLellan	- Town Clerk's Department
Peter Young	- City Surveyor's Department
Leyla Dervish	- Chamberlain's Department
Julie Smith	- Chamberlain's Department
Antoinette Duhaney	- Town Clerk's Department

1. CHAIR

Deputy Nash moved, it was duly seconded and

RESOLVED – That Alderman Masojada takes ‘the chair’ until the election of a Chairman for the ensuing year is concluded.

2. APOLOGIES

Apologies were received from Nicholas Bensted-Smith, Alderman David Graves, Ian Seaton and Mark Wheatley.

Alderman Bronek Masojada in the Chair

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

No declarations were made.

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

RESOLVED – That the order of the Court of Common Council be received.

5. **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 it was

RESOLVED – That James Tumbridge be duly elected as Chairman for the ensuing year.

Mr Tumbridge thanked Members for their support.

6. **ELECTION OF DEPUTY CHAIRMAN**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No. 30. The Town Clerk read out a list of Members eligible to stand as Deputy Chairman and John Chapman and Deputy Robert Merrett put themselves forward for this position. A ballot then took place to elect the Deputy Chairman and there was found to be 10 votes for John Chapman and 8 votes for Deputy Robert Merrett and it was

RESOLVED – That John Chapman be duly elected as Deputy Chairman for the ensuing year. Mr Chapman thanked the Committee for their support.

James Tumbridge in the Chair

7. **PUBLIC MINUTES**

RESOLVED – That the public minutes of the meetings held on 6th March and 3rd April 2019 be approved as a correct record.

Note

The Committee requested that going forward a list of outstanding actions be reported to each meeting.

8. **APPOINTMENT OF REFERENCE SUB COMMITTEE AND RELOCATION OF MARKETS WORKING PARTY**

The Committee considered a report of the Town Clerk regarding the appointment of a Reference Sub Committee and Relocation of Markets Working Party for the ensuing year. The Town Clerk reported that following the despatch of papers for this meeting, advice had been received that in the light of changes to the Committee terms of reference agreed by the Court of

Common Council on 25th April 2019, the Working Party was no longer required. As an alternative to appointing the Working Party, the Committee was recommended to consider whether any additional work could be progressed by the Reference Sub-Committee rather than establishing a separate body.

Members had mixed views on the merits of establishing a separate Working Party. Some Members felt that the working Party had a wealth of knowledge and gave a valuable steer to the Committee and also supported the Committee in holding the Capital Buildings Committee to account. However, the majority of Members were of the view that in light of the changes to the Committee's terms of reference, there was no longer a role for the Working Party and going forward, it was felt that matters previously considered by the Working Party in respect of the Markets Consolidation Project, could be determined by the Reference Sub-Committee as necessary.

RESOLVED – That the terms of reference of the Reference Sub Committee be agreed, with a revised composition of 11 members (Chairman, Deputy Chairman and 9 other members) and a membership for the ensuing year as follows:

- James Tumbridge (Chairman)
- John Chapman (Deputy Chairman)
- Peter Bennett
- Mark Bostock
- Deputy Kevin Everett
- Michael Hudson
- Deputy Edward Lord
- Deputy Brian Mooney
- Deputy Robert Merrett
- Deputy Joyce Nash
- John Scott

9. **BREXIT UPDATE**

The Director of Markets and Consumer Protection advised that there was nothing to report.

10. **MARKETS SUPERINTENDENTS UPDATES**

Smithfield

- A Street Party will be held on Sunday 25th August 2019 as an annual continuation of Culture Mile events held within the City. It will be on a smaller scale to the Smithfield 150th anniversary party last year but will still involve some road closures around the Market.
- There had been a reduced car parking uptake on the 2 concessionary Easter nights/days. There were 64 less vehicles compared to the same period for 2018. Trade was down slightly compared to Easter 2018. The 6 monthly Superintendent's car park update report would be presented to the Committee in September 2019.

New Spitalfields

- An update on City Harvest would be presented to the next meeting.
- The investigation into the customer fatality at the market was ongoing and officers had no further information at present.
- Tenders for CCTV provision at the market were being assessed.

Billingsgate

- Subject to the agreement of the Committee, a rapid Electrical Vehicle Charging Point was to be installed at Billingsgate Market Car Park. (details in late report)
- The Market Superintendent was attending the National Association of British Market Authorities/National Market Traders Federation All Party Parliamentary Group Parliamentary Reception on 14th May 2019.
- Billingsgate Market had received a grant from the Maritime Management Organisation of approximately £13,500 for the purchase of a new electric vehicle.
- The Market Superintendent was working closely with the GLA who are hosting the forthcoming International Markets Conference to facilitate the numerous requests they had received from delegates for tours of Billingsgate.

RESOLVED – That the updates be noted.

11. MARKETS BUSINESS PLAN UPDATE - QUARTER 3 2018/19

The Committee considered a report of the Director of Markets and Consumer Protection providing an update on progress against the Key Performance Indicators. Officers reported that there was a report on the non-public agenda with details of the level of debt arrears.

RESOLVED – That the report be noted.

12. MARKETS COMMITTEE RISK

The Committee considered a report of the Director of Markets and Consumer Protection updating Members on satisfactory measures in place to meet the requirements of the Corporate Risk Management Framework.

Officers reported that

- Risk MCP-PHPP001 - Brexit impact on Port Health had been deleted as this was no longer relevant to the Markets Committee.

- Risk MCP-BG 001 - Workplace Traffic Management Billingsgate had been increased to “Amber.”
- Risk MCP-SM008 - Fire Alarm Panel Performance Smithfield was flagged up as ongoing.

RESOLVED – That the report and the actions taken by the Director of Markets and Consumer Protection to monitor and manage risk effectively be noted.

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

There were no questions.

14. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

- With the agreement of the Committee, the Chairman accepted a late report from the Director of Markets and Consumer Protection regarding the installation of a Rapid Vehicle Charge Point at Billingsgate Market.
- Deputy Joyce Nash reported that the Annual City Residents Meeting was to be held later that day which Members were welcome to attend.

15. RAPID ELECTRIC VEHICLE CHARGE POINT INSTALLATION AT BILLINGSGATE MARKET

The Committee considered a report of the Director of Markets and Consumer Protection regarding proposals to install a Rapid Electric Vehicle Charge Point in Billingsgate Market Car Park.

The Committee was advised that the supplier would meet all installation and associated maintenance costs. The City of London Corporation would receive a share of the profits from usage of the charging point as well as income from a rental fee for the use of the designated parking spaces.

RESOLVED – That the installation of one Rapid Electrical Vehicle Charge Point at Billingsgate Market Car Park and the rental of two designated parking spaces to the supplier, at no cost to the City of London Corporation be approved.

16. 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 remaining 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.

17. NON-PUBLIC MINUTES

RESOLVED – That the non-public minutes of the meetings held on 6th March and 3rd April 2019 be approved as a correct record subject to corrections to the 3rd April minutes.

18. **TENANCIES AT WILL AND ASSIGNMENTS (PERIOD 01.12.18 - 31.03.19)**
The Committee considered a report of the Director of Markets and Consumer Protection on tenancies at will and assignments.

RESOLVED – That the report be noted.

19. **MARKETS DEBT ARREARS - PERIOD ENDING 31 MARCH 2019**
The Committee considered a report of the Director of Markets and Consumer Protection on markets debt arrears for the period ending 31 March 2019.

RESOLVED – That the report be noted.

20. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
The Committee considered one non-public question.

21. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There were no urgent items.

The meeting ended at 12.55 pm

Chairman

**Contact Officer: Antoinette Duhaney, 020 7332 1408,
antoinette.duhaney@cityoflondon.gov.uk**

Agenda Item 4

Committee: Markets Committee	Date: 17 July 2019
Subject: Markets Committee Risk	Public
Report of: Interim Director of Consumer Protection and Market Operations	For Information
Report author: Donald Perry Department of Markets and Consumer Protection	

Summary

This report has been produced to provide the Markets Committee with assurance that risk management procedures in place within the Department of Markets and Consumer Protection are satisfactory and that they meet the requirements of the corporate Risk Management Framework.

Risk is reviewed regularly by the departmental Senior Management Team as part of the on-going management of operations within the Department of Markets and Consumer Protection. In addition to the flexibility for emerging risks to be raised as they are identified, a process exists for in-depth periodic review of the risk register.

The Department of Markets and Consumer Protection have identified a number of departmental risks. Of these, the most significant risks for this Committee to consider are:

- MCP-BG 001– Workplace Traffic Management, Billingsgate (Current Risk: AMBER)
- MCP-NS 001 – Workplace Traffic Management, New Spitalfields (Current Risk: AMBER)
- MCP-SM 001 – HGV Unloading Operations, Smithfield (Current Risk: AMBER)
- MCP-SM 008 Fire Alarm Panel Performance, Smithfield (Current Risk: AMBER)

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

Summary of Key Risks

8. The Department of Markets and Consumer Protection's Risk Register for Markets, attached as Appendix 1 to this report, has four AMBER risks.

MCP-BG 001 – Workplace Traffic Management Billingsgate (Current Risk: AMBER increased risk)

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

As of these activities are undertaken in an area under the direct control of the City, an accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City.

This risk has been reviewed and is being temporarily increased to Amber as there is a perception by City of London staff that there has been a recent increase in noncompliance with our traffic management policies.

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

Over 200 forklift trucks are in operation on the New Spitalfields Market site.

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

As of these activities are undertaken in an area under the direct control of the City, an accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City.

MCP-SM 001 – HGV Unloading Operations Smithfield (Current Risk: AMBER constant)

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

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

Having reduced the risk to its target level of 12, consideration has been given to whether there is an opportunity to reduce the target risk level further. The risk owner, the Superintendent, has reviewed the prevailing site conditions, and the feasibility of introducing additional controls that could reduce the risk further, and considers that the risk is currently being managed at the lowest achievable level, given the unique inner-city environment. The situation will be kept under regular review.

MCP-SM 008 Fire Alarm Panel Performance Smithfield (Current Risk: AMBER new risk)

A number of performance issues have been identified including faults with graphines, zones and pre-alarms. Issues have also been identified with the PPM schedule These issues have been escalated to Head of Facilities Management.

There is a risk of injury and/or loss of life to members of the public, market staff and other service users as well as irreparable or costly damage to the Market structure in the event that the alarm were not to activate when required.

Realisation of this risk could result in prosecution, fine and serious reputational damage to the City.

Conclusion

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

Appendices

- Appendix A – Markets Risk Register Summary

Background Papers

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

Contacts:

Donald Perry (*Report author*)
Head of Business Performance
T: 020 7332 3221
E: donald.perry@cityoflondon.gov.uk

Smithfield Market:
Superintendent – Mark Sherlock
T: 020 7332 3747
E: mark.sherlock@cityoflondon.gov.uk

New Spitalfields Market:
Superintendent – Ben Milligan
T: 020 8518 7670
E: ben.milligan@cityoflondon.gov.uk

Billingsgate Market:
Superintendent – Daniel Ritchie
T: 020 7332 3067
E: daniel.ritchie@cityoflondon.gov.uk

MCP Markets Committee Risk Report Appendix A

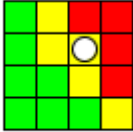
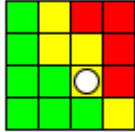

Report Author: John Smith

Generated on: 26 June 2019

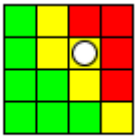
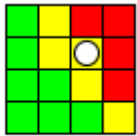



Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
MCP-BG 001 Workplace Transport 16-Apr-2017 Daniel Ritchie	Cause: A lack of suitable and sufficient training and adequate management controls in relation vehicle movements at Billingsgate Market. Event: There is a risk of a life changing injury to a pedestrian if vehicle movements including forklift trucks are not appropriately managed and controlled. Effect: An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City.		12	This risk has been reviewed and is being temporarily increased to Amber as there is a perception by City of London staff that there has been a recent increase in noncompliance with our traffic management policies. 20 June 2019		8	31-Dec-2019	 Increasing


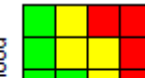

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
MCP-BG 001c Employ consultant	Details of a traffic management consultant have been obtained from the central health & safety team. This consult is to be instructed to conduct a transport risk audit at Billingsgate Market.	Consultant has visited site in the company of CHSW Manager, has provided costs and will be instructed to conduct the risk audit.	Daniel Ritchie	20-Jun-2019	30-Jul-2019
MCP-BG 001d Review Report	Receive report from consultant and review recommendations.	Awaiting report	Daniel Ritchie	20-Jun-2019	31-Aug-2019
MCP-BG 001e Produce action plan	Respond to recommendations and agree an action plan.	Awaiting report	Daniel Ritchie	20-Jun-2019	30-Sept-2019
MCP-BG 001f Actions complete	Complete actions and record evidence with a view to reducing the risk rating (if appropriate).	Awaiting report	Daniel Ritchie	20-Jun-2019	31-Dec-2019

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	12	The tenants association have organised two events and further events will be arranged to capture the remaining tenants. 23 May 2019	 Likelihood	8	31-Dec-2019	 Constant

Action no, Title,	Action description	Latest Note		Action owner	Latest Note Date	Due Date
MCP-NS 001i Train Managers in Forklift Safety	A member of staff from all tenants to be nominated and trained in FLT safety procedures.	SpMTA ready to confirm dates of delivery.		Ben Milligan	06-Feb-2019	31-Aug-2019
MCP-NS 001k Install Barrier System	Controlled barriers entry system for pedestrians and vehicles.	Works commenced on site on Monday 3rd June. Civils work should be completed by end of June and equipment will be delivered and installed in July.		Ben Milligan	04-Jun-2019	04-Aug-2019

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
MCP-SM 001 HGV Unloading Operations 24-Feb-2015 Mark Sherlock	Cause: A lack of suitable and sufficient training and adequate management controls in relation to Heavy Goods Vehicle banksman activities undertaken by staff employed by Smithfield Market tenants. Event: Serious or life changing injury to members of the public, market staff and other service users caused by uncontrolled or unguided reversing vehicles. Effect: Realisation of this risk could result in a prosecution, fine and reputational damage for the City.	Likelihood  Impact	12	A 4-night audit was undertaken from the 12th May. 101 HGV deliveries. All deliveries were overseen by a Market trained banksman. 100% compliance. 26 Jun 2019	Likelihood  Impact	12	31-Dec-2019	 Constant

Action no, Title,	Action description	Latest Note			Action owner	Latest Note Date	Due Date
MCP-SM001k Traffic Management Audit Review	Keep the risk under review.	A 4-night audit was undertaken from the 12th May. 101 HGV deliveries. All deliveries were overseen by a Market trained banksman. 100% compliance.			Mark Sherlock	26-Jun-2019	29-Nov-2019

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
MCP-SM 008 Fire Alarm Panel Performance 10-Apr-2019 Emma Beard; Mark Sherlock	Cause: Failure of the fire alarm system Event: Serious risk of injury and loss of life to members of the public, market staff and other service users as well as irreparable or costly damage to the Market structure. The cause would be a result of unreliable or incorrect pre alarms and fire alarms and delay to evacuation if a fire were to occur. Effect: Realisation of this risk could result in prosecution, fine and serious reputational damage to the City.5		12	A number of performance issues have been identified including faults with graphines, zones and pre-alarms. Issues have also been identified with the PPM schedule that is carried out my Multifire. These issues have been escalated to the Deputy Head of Facilities Management - and Skanska for action. 10 Apr 2019		4	31-Jul-2019	 Constant

Page

Action no., title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
MCP-SM 008a Progress update from FM	Request progress update from the Deputy Head of Facilities Management and update the risk accordingly.	All the faults and concerns have been reviewed and the feedback is that the majority of panels are now obsolete. Future faults will keep getting more challenging to repair and the effectiveness of the system will be compromised. The current recommendation is that we replace the system entirely. FM team are reviewing options.	Mark Sherlock	22-May-2019	30-Jun-2019

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Committee(s):	Dates:
Markets Committee – For decision	17th July 2019
Subject: City Harvest Partnership with New Spitalfields Market	Public
Report of: Interim Director of Markets and Consumer Protection	For Decision
Report author: Ben Milligan – Superintendent New Spitalfields Market	

Summary

City Harvest (Charity number 1163055) would like to take space in the compound area on the Market site to collect end-of-life produce from tenants and redistribute it to those in need in East London. An option has presented itself for the City to offer City Harvest 2,018 square feet on a Tenancy-at-will, at a peppercorn rent. The City of London Corporation would reduce its liability for the service charge and business rates payable on the vacant property by £10,879.43. Tenants would see waste disposal costs reduced, and City Harvest would provide thousands of meals for those affected by food poverty.

Recommendation

1. Members to approve a tenancy-at-will for City Harvest, in the former CHEP site, at a peppercorn rent, on the proviso that service charge and business rates are met by City Harvest.

Main report

Background

2. City Harvest are a UK registered charity (No 1163055, Company No 08986929). Their business model centres on taking end of life food, or donated food, and distributing it to those in need either directly, or through their 300 partner organisations. Their objective is to reduce food poverty across London. Their base is situated in West London, yet a large proportion of their work is in East London.
3. The Market has an available, 2,018 square foot, compound vacated by CHEP in 2017. This has been vacant since CHEP vacated the area, and, although there has been some interest in the compound, a tenancy agreement has not been achieved.
4. Should the area receive a normal tenancy the rent achieved for this compound would be £12,108 per annum at the current rate of £6 per square foot. The service charge would be equivalent to £9,151.43 per annum (note that compound areas pay a reduced service charge), and business rates would equal £1,728 per annum.

5. As the City of London Corporation must meet the service charge and business rate costs of vacant space it is of benefit to the City to allow City Harvest to take the space under tenancy-at-will, at a peppercorn rent, thereby removing obligations to the City for these costs.
6. The City has express power to let a “*stall or standing*” for market purposes under the City of London (Various Powers) Act 1979) “*on such terms and conditions as the City Corporation think fit*”. The Committee therefore has the power to authorise the grant of a tenancy-at-will at a peppercorn rent, provided that the Committee considers that this would serve the purposes of the Market, which is the overriding consideration for the purposes of this decision, leaving aside any broader public or charitable benefit.

Current position

7. Several businesses operate informally, on a small scale, under this business model across the Market. These businesses cannibalise each other and as such there is no economy-of-scale effect. A single preferred operator would be able to operate much more efficiently.
8. City Harvest would like to become our preferred partner in this area. They plan to expand their reach by partnering with New Spitalfields Market. They have provided a proposal for involvement (See Appendix 1), a synopsis of their business (See Appendix 2), and an impact assessment (See Appendix 3) for our information. Other charitable organisations would still be accommodated on site, but this would be via liaison with City Harvest. They already support a wider network of 300 frontline charities and would include other charities that already work with the Market.
9. There are large volumes of waste produce generated by the tenants of New Spitalfields Market. This is usually due to natural spoilage of product where a sale has been unachievable, or where there has been an excess of supply. Fruit and vegetable waste levels peaked at 7,000 tonnes per annum in 2015 at the Market. Whilst this has been reduced significantly, by many means over the last three years, to 4,340 tonnes (2018), there is still an issue to address.
10. Food waste at New Spitalfields is recycled by Countrystyle Recycling Limited at an Anaerobic Facility outside London. Ideally these products would not enter the waste stream in the first place. These products took countless gallons of water to grow, hundreds of hours of labour to grow and harvest, thousands of kilowatts of electricity to be sorted or wrapped, many gallons of diesel to be transported, all to become waste. Tenants then pay for its disposal. This is needless waste. It is the intention of Market management that there is a shift in Market culture.
11. Tenants must be encouraged to check stock levels to ensure dynamic and timely decisions are made regarding surplus stock, or stock nearing the end of its life. In this way tenants will benefit from free disposal with City Harvest to repurpose products to the benefit of others. There is a reduction in costs to the tenant business, and a benefit from those who ultimately receive the wholesome goods from the Market. Only once there is a partner of this sort on site daily can these dynamic organoleptic decisions be timely enough to make

a repurposing or re-distribution service operationally viable. There will be no negative impact on the Countrystyle Recycling Ltd contract. They have exclusivity rights to all waste. Produce available for City Harvest will not be waste and therefore sits outside the terms of the waste contract.

12. City Harvest have been working in partnership with the Market since before Christmas, taking produce out of the Market twice a week. So far this has resulted in over 10 tonnes of produce being diverted from the waste stream and repurposed. Produce from March 2019 totalled 4 tonnes resulting in a total of 10,000 meals for those in need. This is valuable work and should be supported.
13. Tenants would benefit from reductions in waste costs – they would be allowed to dispose of these end-of-life products for free. Currently Tenants “self surrender” these goods for destruction at the following cost:

Description of self surrendered goods	Loose half pallet	Loose full pallet	Pre-packed half pallet	Pre-packed full pallet
Cost	£12	£26	£29	£59

Instead, vulnerable or needy individuals would be provided with wholesome fresh produce.

14. When asked about their view on the partnership, the Spitalfields Market Tenants Association (SpMTA) stated via email:

“it is worth noting that many tenants already work with City Harvest. We fully support City Harvest’s partnership with the market, and we are keen that they take space within the site to create a base. Their work is valuable to the local area, and they help us reduce our waste costs. We would urge the City to act quickly to endorse their tenancy at the market.”

15. Should a partnership flourish, City Harvest would look to expand the project to include the processing of products (i.e. cut and freeze end-of-life produce for soups or smoothies, thereby expanding the timescales for the product’s usefulness), or set up a production kitchen where vulnerable people would be taught cookery skills. These projects are very much in their infancy.

Corporate & Strategic Implications

16. A partnership in this vein would be of great benefit to the City in terms of engagement with the local community, thereby building our brand equity.
17. Facilitating City Harvest’s work would be aligned with the Mayor of London’s “London Food Strategy”, a major part of which is tackling Food Insecurity (when an individual has insufficient or insecure access to food due to resource constraints – N.B. 2.3 million Londoners live below the poverty line).

18. This proposal supports the Corporate Plan: -

- Contribute to a flourishing society - People enjoy good health and wellbeing
- Support a thriving economy - Businesses are trusted and socially and environmentally responsible

Options for consideration

- i) City Harvest utilise the 2,018 square foot compound vacated by CHEP in 2017.
- ii) City Harvest pay a full rent. City Harvest maintain that as a charity they do not possess the start-up funds to meet the rental costs. In this instance they would not take a tenancy-at-will and the City would continue paying the void charges for the site (service charge and business rates).
- iii) City Harvest pay a full rent that is offset by a grant from City Bridge Trust. City Harvest already receive funding from the City Bridge Trust (granted £79,000 in October 2018 over three years), and are therefore excluded from seeking further funding until their current agreement expires. Should they cancel their current arrangement there is a two-year moratorium between applications.
- iv) Proposed CHEP site rented at a peppercorn rent on the proviso that service charge and business rates are met by City Harvest. The relevance of switching to a full lease with a 3 or 6-month break clause would be considered by the City after 6 months of the Tenancy-at-will.

Conclusion

19. City Harvest hold great potential for the Market. The Charity would be able to reduce Market waste costs whilst helping those in need in East London.

Contact

Report Author	Ben Milligan
Email Address	Ben.milligan@cityoflondon.gov.uk
Telephone Number	0208 518 7670

NEW SPITALFIELDS MARKET

Outline of revised City Harvest proposal to redistribute market surplus

3rd May 2019

Introduction

City Harvest is keen to make a major contribution to NSM's waste arrangements by redistributing surplus from the market to programmes across East London that feed the needy. There is considerable unsupplied demand for food across East London and in particular fresh produce. 43% of our 300 charity partners surveyed are vegetarian and 90% of all partners said they urgently need more fruit and vegetables. We believe that our flexible approach and model are unique amongst major redistribution charities in enabling the distribution of the widest range of perishable products.

This note differs from our earlier proposal dated 6th February in two key respects:

- This proposal eliminates any charge to traders to cover collection and any waste disposal costs. During our market testing we have found that in many cases traders volunteer to deliver surplus to us and we understand that it will be feasible for Countrystyle to invoice traders directly for any waste element of their donations in the usual way
- Market testing (see below) has indicated that the initial supply of surplus may be lower than our earlier projections. This has led us to reduce staffing levels at the initial stage

We have focused in this first stage on food appropriate for feeding the needy rather than food for further processing or wider objectives. These additional methods of adding value to surplus produce will be reviewed when the key first step has been successfully established.

City Harvest

We have set out the background to City Harvest and its work in London in a separate paper together with an example of our Food Donor Impact Report.

Results of Market Testing

We have now been collecting surplus from the market for around six months and over the last two months we have significantly scaled up our presence. This has enabled us to discuss our initiative with a large number of market participants and related parties.

Collection amounts have improved but are well below our initial projections and there remains an issue with the proportion of donations that is not suitable for

redistribution. We believe that there will be good support for this project and that volumes will increase over time as a consequence of having a physical site, greater regularity/ familiarity and further marketing.

Consequently, we have scaled down our initial team size with the aim of evolving it as the operation develops.

Food Availability

We expect that City Harvest, which would be the sole redistributor at NSM, will need to carry out a significant and ongoing awareness and training programme with traders.

We are assuming:

- 30-50 pallets holding an average of 1,000kg each of surplus per day are currently disposed of through Countrystyle
- Surplus will be available on the mornings of Monday to Saturday
- City Harvest will seek to pick up surplus from traders towards the end of their trading sessions
- We are assuming initial collections of around 500kg/day of surplus with at least 80% of food suitable for redistribution
- Food not suitable for redistribution will be delivered to Countrystyle which will invoice the relevant traders directly for their waste in the normal way

Support will be required from NSM to establish an effective modus operandi with traders. It is expected that from the start we will carry out trader 'recruitment' on a staged basis to reduce the likelihood of issues arising.

City Harvest Site

City Harvest would be granted a tenancy at will to use the empty site alongside the railway nearest to the site offices. A 600-800 sq ft portacabin will be erected for sorting, storage and administration and, in due course, a refrigeration acquired for storage.

We would commence with one van running two local routes a day for four days and increase as appropriate. We would also consider diverting food from our West London depot and existing and new local food donors to the site to enhance the amount and range of food redistributed.

The site would be open from 6.00AM to 12.00PM. The site has secure fencing and will be covered by the 24hr security arrangements.

City Harvest Model

City Harvest currently collects and delivers around 35 tons of high quality food per week across London, sufficient for 80,000 meals a week. The food we collect from our distribution partners is fresh, high quality and ready for distribution.

To operate at NSM, there will be an additional cost added to the City Harvest model (see Financials section below). Food sorters will be required to separate food suitable for redistribution from food waste, which is usually undertaken by our donating partner. Long term, we will seek separate funding in partnership with a local programme to ensure a sustainable pipeline of volunteers to deliver this aspect of the model.

Personnel

Employees will be allocated to the site will include:

- Site manager responsible for all site activities and marketing to and liaising with traders
- Sorters (volunteers)
- Van driver(s)

We expect to source volunteers from local organisations, to assist with sorting and site logistics.

Also, we expect staff at our West London depot to contribute around one day a week assisting with logistics, fleet management, food donor, recipient and volunteer recruitment.

Recipients

City Harvest has identified 130 programmes in East London, many of which it already supplies. Through using our local contacts we expect to increase this substantially.

We would expect initially to deliver to around ten programmes a day which would be likely to equate to around twenty programmes a week. This should be a powerful marketing tool to encourage further support from traders.

Financials

We expect our initial key costs to be (annualised, £'000):

<i>Running costs</i>	Initial
Personnel	
Depot (1)	30
Driver (1)	25
West London staff	5
Volunteers' expenses (3)	2
	62
Van running costs	10
Other costs	13
Total annual costs	85

<i>Capital costs</i>	
Van	38
Forklift/ loader	5
Refrigerator	-
Other	5
Total	48

Approvals and timing

This proposal is subject to the approval of the Boards of New Spitalfield Market and City Harvest. Subject to getting clarity on the key open issues we would want to commence operations at the earliest opportunity once approvals are received.



Food waste and food poverty are two of the biggest issues facing society. In London, one of the wealthiest cities in the world, an estimated 9 million meals are missed each month by individuals in poverty. Meanwhile, food for 13 million nutritious meals is wasted by manufacturers, retailers, restaurants and the hospitality industry.

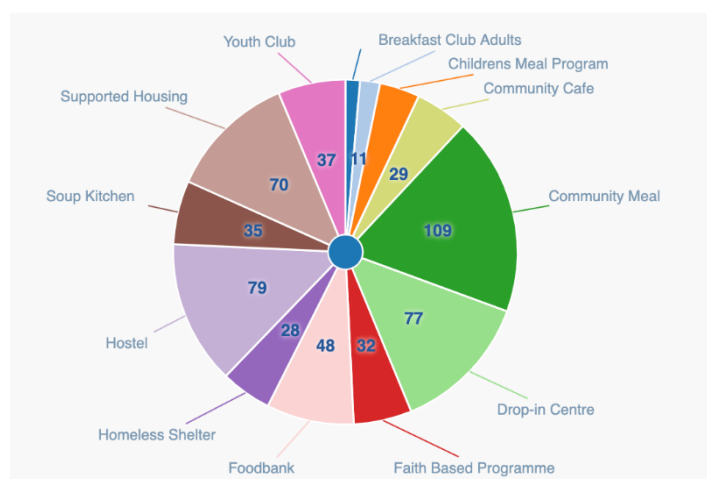
City Harvest London offers a simple solution: connecting waste and want safely, reliably and efficiently. Our “last mile” food rescue service offers more than 10,000 vulnerable men, women and children in 26 London boroughs access to eat healthy meals each day. Collecting high quality, fresh food from restaurants, supermarkets, and other food businesses with a fleet of refrigerated vans, City Harvest delivers enough food for over 60,000 meals each week, free of charge, to community organisations such as homeless shelters, soup kitchens, after school programs, and domestic violence refuges. Our mission is to supply good food in London so that no one is excluded from nourishment.

OUR IMPACT

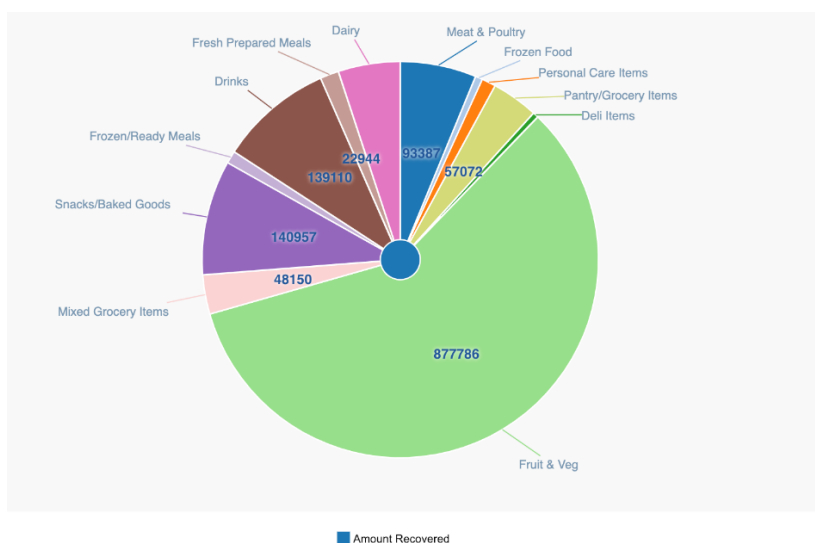
City Harvest delivers positive social change on a broad scale in London. We have enabled the community partners that receive City Harvest deliveries to serve more than 4 million meals and reduce their annual food budgets by more than £5 million to date, improve meal quality and attract additional guests. The healthy food we deliver transforms lives, improves health, enables vulnerable individuals to gain employment, and children to perform better academically. Without our current supply of nutritious food, many believe they would struggle or close. With City Harvest free food deliveries they instead have available funding for other vital services. In the next 12 months *each* of our partner charities in London will receive on average food valued at £19,000. A recent study has determined that for every £1 that is invested in City Harvest, we deliver £8.10 in social impact value.

OUR CHARITY PARTNERS

City Harvest has a deep understanding of our partners’ unique food needs. Each partner in our multicultural city has different food requirements for the meals they prepare. The dedicated City Harvest team - many of whom have faced hunger and adversity themselves - are passionate about food rescue. They aggregate nourishing meal solutions from multiple food donors on their routes and reliably deliver the right food to the right people at the right time. For instance, they plan their deliveries with the knowledge that 43% of our projects are vegetarian and 36% are halal. All 250 frontline charities we support – by type below - benefit from our focus on trying to obtain the surplus food that enables adherence to the guidance of the Eatwell Plate.



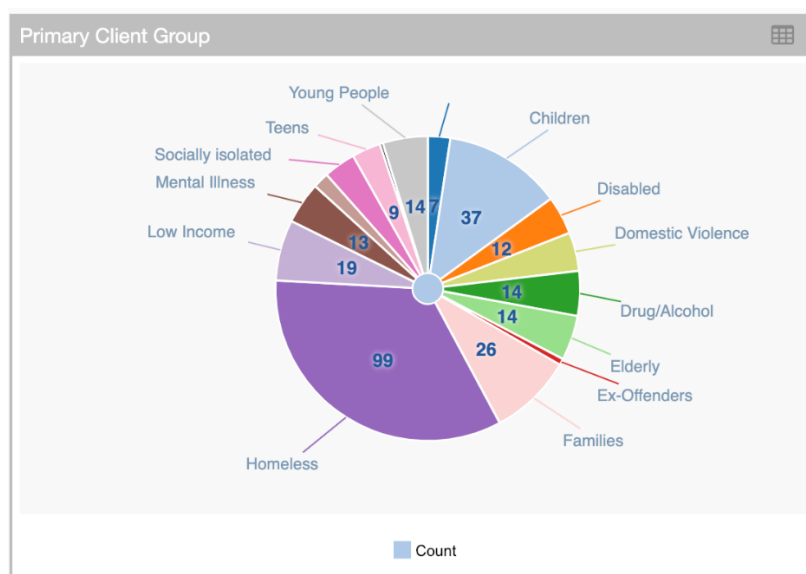
Our focus is on high quality fresh food. 38% of food delivered this year was fresh fruit and vegetables. Supported by the market traders at New Covent Garden, Western International and New Spitalfields we get fresh produce to people who otherwise might not be able to afford it (see food distribution below).



Many of the programmes to which we deliver use food to bring people together and reduce social isolation. The meals attract people to learn new life skills, receive counselling and training. We deliver to community hubs which play a crucial role in reducing isolation and loneliness. This is particularly important to groups at risk of marginalisation, including older people, people with disabilities, homeless people, and migrants with insecure status. We identify community hubs that could best use our food to help people learn more about healthy food and how to cook it. We deliver to more than 40 community programmes each week in key areas of deprivation that teach cookery, as well as diet and nutrition.

City Harvest has cultivated strong relationships throughout various London neighborhoods and delivers food to over 250 partnering charities that serve vulnerable populations. Examples of charities we reliably and safely deliver surplus food to include Acton Homeless Concern, The Upper Room, Ace of Clubs, Aston Mansfield, Royal Docks Learning and Activity Center, Caritas Anchor House, Dalgarno Community Centre, various locations for Centrepont and St. Mungo's, and many more.

The partners we support address the below issues.



FOOD RECIPIENT BENEFICIARIES

Childrens' health and well-being is a primary focus for City Harvest. We deliver thousands of healthy meals to programs that ensure that children from low-income families have access to healthy food during school holidays and some of London's poorest children, including asylum seekers ineligible for school meals, are able to eat during term time.



City Harvest support local groups that are addressing many of the issues facing vulnerable people in our communities.

Homelessness

Key stats: The Combined Homelessness and Information Network shows a 20% rise in the number of rough sleepers. Nearly 7,500 people sleep rough on the streets on London every year. Over 440 homeless people died on the street or in temporary accommodation last year.



Mental Health

Key stats: Last year, 32% of homeless individuals reported mental health issues. 1 in 4 people in the UK will suffer mental health issues. Depression rates on 10x higher for homeless individuals.



Women's Groups

Key stats: One in four women will experience domestic violence. Abuse is the single most quoted reason for becoming homeless.



Refugees

Key stats: According to the United Nations High Commissioner for Refugees (UNHCR), by the end of 2017 there were 121,837 refugees, 40,365 pending asylum cases and 97 stateless persons in the UK. Asylum seekers are not allowed to claim benefits or work in the UK. They can apply to receive asylum support, set at around £5.39 per day.



SIGNIFICANT ENVIRONMENTAL BENEFITS

City Harvest helps people and planet. The food that we rescue would have gone to landfill where it would have released harmful Greenhouse Gas emissions as it decomposed. To date our work has rescued 1,793 tonnes of surplus food and has prevented more than 6,800 tonnes of greenhouse gases from polluting the environment.

We support London's Circular economy by introducing food businesses to the concept of "*giving food another life*". Collecting high quality, in-date food that for a number of reasons is going unused, City Harvest prevented 1,000 tons of waste in the last 12 months. We recognise that there is significantly more food that should be unlocked and redistributed to those in need, and it is our mission to educate London's food businesses and effect change from companies with nutritious surplus to donate. We currently work with supermarkets such as Marks & Spencer, Whole Foods, Morrison's, restaurants such as Nandos, food box distributors such as Abel & Cole, and manufacturers such as Charlie Bigham's and cooking schools such as Leith's and Le Cordon Bleu. We pride ourselves on rescuing food from many of London's iconic locations such as Pinewood studios, Chelsea Flower Show, Queen's Tennis and Wimbledon. We plan to launch a social media campaign #LondonFeedingLondon to spread the word about sharing unused food.

MAKING A DIFFERENCE

City Harvest believes that the first step in tackling food waste and food poverty is investing in individuals. We directly support those who have experienced food poverty via employment opportunities. City Harvest employs 19 people, paying them the London Living Wage. Additionally we have had 100 volunteers in the last 12 months including offering ex-offenders work experience with our drivers and warehouse team.

We have identified more than 1,000 community meal programmes around London which could benefit from City Harvest surplus food distribution. Operating our food rescue service 7 days a week, it is our goal to help all Londoners access healthy, affordable and sustainable food, regardless of their background and circumstances.

As such, City Harvest is keen to make a major contribution to NSM's waste arrangements by redistributing surplus from the market to programmes across East London that feed the needy. There is considerable unsupplied demand for food across East London and in particular fresh produce. 43% of our charity partners surveyed are vegetarian and 90% of all partners said they urgently need more fruit and vegetables. We believe that our approach and model are unique amongst major redistribution charities in enabling the distribution of the widest range of perishable products.

We are a charity and our redistribution work is funded entirely by charitable grants and donations from trusts, businesses, and individuals. We are hugely grateful to all those who support us financially. This support allows us to do our work, provide food to our recipient partners at no cost and indeed help us grow to connect more waste with want.

TESTIMONIALS

"We rely on City Harvest, we know that you will give us food we can't get anywhere else. It's very, very important. Without City Harvest, we wouldn't be able to offer what we do." Clifton, Kitchen Manager, Ace of Clubs

"We feed 70-100 homeless and vulnerable adults five nights a week. In 2008 we spent £16,723 on buying food. In 2017/18 we only £252. The high quality food we receive from City Harvest enables us to use more money to provide training to help people back into work and to become economically independent." F Cook, The Upper Room

"Thank you so much for helping us with your donations to Baron's Court Project. We utilise everything you bring our way. It is a huge help, especially as we need every help possible due to funding cuts." Baron's Court Project

"Your donations are fantastic and truly life changing to our clients. You really are making a massive difference in their lives with this food and we thank you so much for delivering to us so we can pass them on. Please thank the donors too, our families are so happy, and for many this is their first experience of having regular food for their children." Julia Acott, Alternatives Trust

"About 20% of our food comes from City Harvest, which is about a saving of £100 per week. With the help of City Harvest we can provide our clients with a much more varied and healthy diet to what they were already getting before ie fresh vegetables and more meat. " Ian Breen, Director of Acton Homeless Concern

CHARITY SPOTLIGHT



CHARITY SPOTLIGHT: THE DINNER CLUB

THE DINNER CLUB IS OPEN FOR ANYONE WHO MAY BE IN NEED OF FOOD, FRIENDSHIP OR JUST A HELPING HAND IN LIFE. MUCH MORE THAN SIMPLY A FREE THREE COURSE MEAL, THE DINNER CLUB EXIST TO OFFER HOPE AND LOVE TO THE PEOPLE OF NOTTING HILL AND LONDON.

"“THE FOOD HERE GETS BETTER EVERY WEEK” THIS QUOTE LAST WEEK FROM ONE OF OUR GUESTS HIGHLIGHTS HOW CITY HARVEST ARE HELPING US TO ACHIEVE WHAT WE WANT. THE WHOLE SERVICE GIVEN TO US BY CITY HARVEST HAS ENABLED US AS A SMALL CHARITY TO REDUCE COSTS SO ENSURING SUSTAINABILITY OF OUR PROJECT. "
-KEN PERSAUD, THE DINNER CLUB





CHARITY SPOTLIGHT: HESTIA

HESTIA IS THE LARGEST PROVIDER OF DOMESTIC ABUSE REFUGES IN LONDON AND THE MAIN ORGANISATION SUPPORTING VICTIMS OF MODERN SLAVERY IN THE CAPITAL.

"WE MAKE COMMUNAL MEALS FOR OUR SERVICE USERS AND ALSO IT HELPS THOSE WHO ENCOUNTER PROBLEMS OR DELAYS WITH THEIR BENEFITS, SO EVEN THOUGH THEY HAVE NO FUNDS THEY HAVE ACCESS TO FOOD."

- SERVICE WORKER AT HESTIA



"WE ALSO USE THE FOOD DONATIONS TO INCENTIVISE OUR THERAPY SESSIONS LIKE ART THERAPY, BINGO CARD GAMES ETC. PEOPLE WILL BE MORE WILLING TO ATTEND AND PARTICIPATE IF THEY KNOW THEY ARE REFRESHMENTS OR A MEAL AT THE END OF IT."

- SUPPORT WORKER AT HESTIA



CHARITY SPOTLIGHT: ACE OF CLUBS

ACE OF CLUBS IS A FAMILY-LIKE COMMUNITY PROVIDING TRANSFORMATIVE SUPPORT FOR THOSE WHO ARE HOMELESS, VULNERABLE, OR OTHERWISE MARGINALISED.

"WE ARE FEEDING UP TO 100 PEOPLE EACH DAY; WE USE THE FRESH INGREDIENTS RECEIVED FROM CITY HARVEST TO HELP US PROVIDE A VARIED, BALANCED CHOICE OF MEALS FOR SOME OF THE MOST VULNERABLE PEOPLE IN OUR AREA."

- SARAH MILES, ACE OF CLUBS



www.cityharvest.org.uk



City Harvest has been collecting the surplus from New Spitalfields Market since November 2018.

Since November 2018, City Harvest has collected over 10 tonnes of fresh fruit and vegetables from the Market.

The fresh fruit and vegetables we have collected have been donated to some of our 300 partner organisations.

Snapshot the of March 2019 donations



Through March 2019, City Harvest collected over 4,000 kgs of fruit and vegetables from New Spitalfields Market.

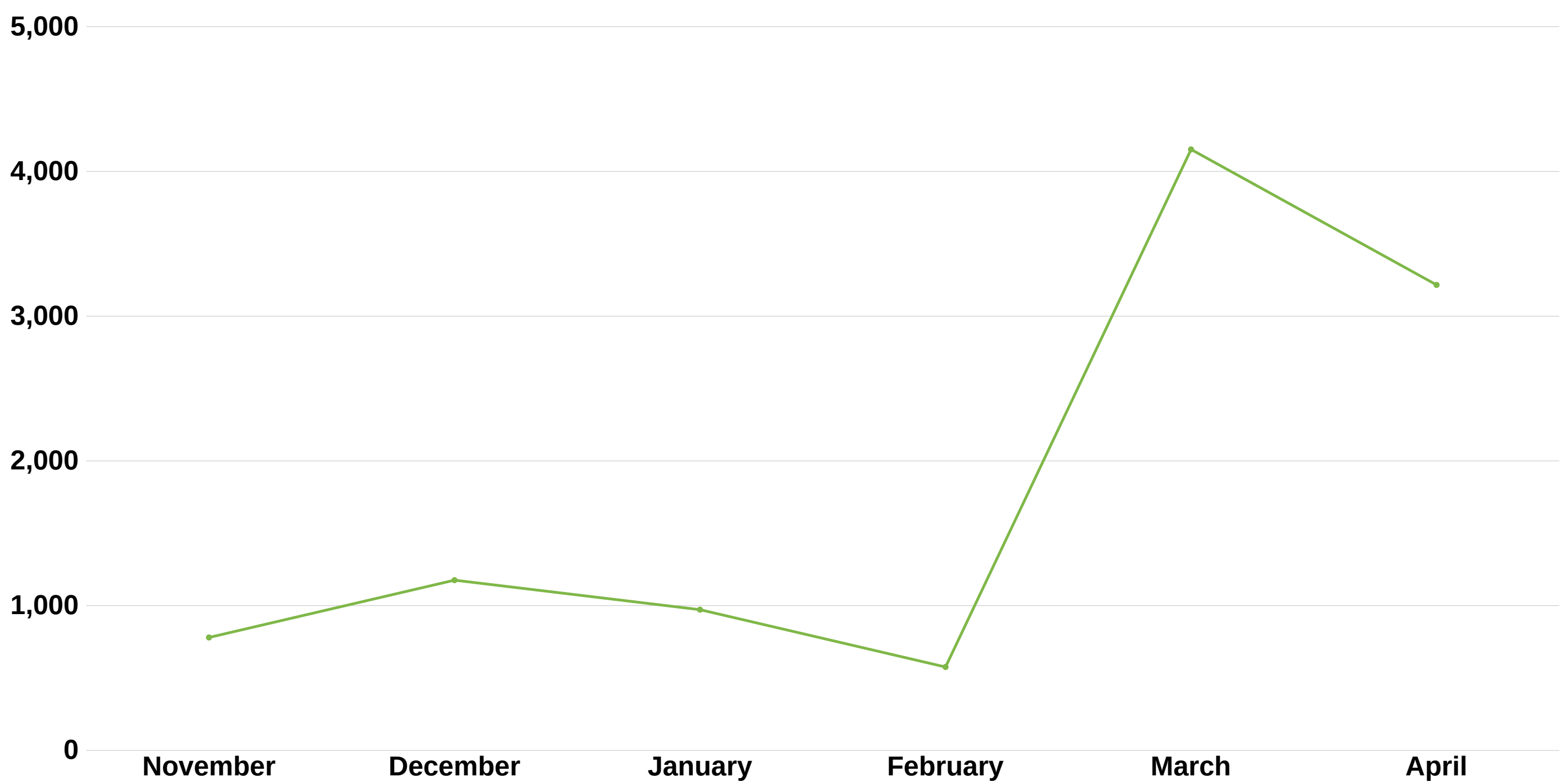


The represents almost 10,000 meals worth of healthy, nutritious surplus food.



The surplus food collected from New Spitalfields Market represents over 15 tonnes worth of prevented greenhouse gas emissions.

Donations from New Spitalfields Market (2018-2019)



The surplus food donated by New Spitalfields Market is shared out among 300 organisations across London. These organisations help give London's most vulnerable access to a nutritious meal.

One such organisation is FoodCycle.

FoodCycle puts on weekly vegetarian meals for vulnerable individuals across London. They support people who are hungry and lonely by serving tasty lunches and dinners every single day in towns and cities across the country.

“Each week, City Harvest deliver FoodCycle an amazing array of food, helping us to continue to produce nutritious 3 course meals for some of the most vulnerable members of the local community. We really couldn’t do it without them.”

- Matt Fazal, Food Cycle



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@CityHarvest_LDN



cityharvestlondon



<https://www.facebook.com/CityHarvestLondon/>

CITY HARVEST

**Unit 22, Acton Park Industrial
Estate
Acton, W3 7QE**

Agenda Item 6

Committee(s):	Dated:
Markets	17.07.2019
Subject: Revenue Outturn 2018/19	Public
Report of: Chamberlain Interim Director of Consumer Protection and Market Operations	For Information
Report author: Leyla Dervish, Chamberlain's Department	

Summary

This report compares the 2018/19 revenue outturn for the services overseen by your Committee with the final budget for the year. The outturn for the year shows net income of £648,000, compared to the total agreed final budget of (£158,000) net expenditure, representing an underspend of £806,000 as summarised below.

Table 1 - Summary Comparison of 2018/19 Revenue Outturn with Final Budget					
	Original Budget	Latest Budget	Final Budget	Revenue Outturn	Variance Favourable/ (Adverse)
	£'000	£'000	£'000	£'000	£'000
	(A)	(B)	(C)	(D)	(D-C)
Local and Central Risk					
Interim Director of Consumer Protection and Market Operations	5,784	4,118	4,122	4,619	497
City Surveyor	(1,655)	(1,580)	(1,789)	(1,545)	244
Total Direct Net Income /(Expenditure)	4,129	2,538	2,333	3,074	741
Capital and Support Costs	(2,034)	(2,469)	(2,491)	(2,426)	65
Overall Total Net Income/(Expenditure)	2,095	69	(158)	648	806

The Interim Director of Consumer Protection and Market Operations had a net underspend of £497,000 on his local and central risk budgets within Markets Committee. This mainly related to underspends in employment, professional fees and locally managed repairs and maintenance works, as well as underspends in agreed carry forward projects from 2017/18. This was in addition to extra income from the Rotunda car park at Smithfield and filming at Billingsgate Market.

The City Surveyor's net underspend of £244,000 mainly related to savings and re-phasing on the three 3-year cyclical works programmes.

Chief Officers submitted requests to carry forward underspends and these will be considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee.

Recommendation(s)

Note the report and the proposed carry forward of local risk underspends to 2019/20

Main Report

Revenue Outturn for 2018/19

1. The outturn position for your Committee's services during 2018/19 totalled net income of £648,000, an underspend of £806,000 compared to the final budget of (£158,000) net expenditure. A summary comparison with the final budget for the year is tabulated below. In this and subsequent tables, figures in brackets indicate expenditure, decreases in income or increases in expenditure. Figures without brackets represent income, increases in income or decreases in expenditure.

Table 2 - Detailed Summary Comparison of 2018/19 Revenue Outturn with Final Budget

	Original Budget £'000	Latest Budget £'000	Final Budget £'000	Revenue Outturn £'000	Variance Favourable/ (Adverse) £'000	Variance Favourable/ (Adverse) %	Notes
Local Risk							
Interim Director of Consumer Protection and Market Operations	(704)	(1,712)	(1,710)	(1,422)	288	16.8%	A
City Surveyor							
- Repairs and Maintenance	(765)	(771)	(980)	(1,010)	(30)	(3.1%)	
- Cyclical Works Programme	(890)	(809)	(809)	(535)	274	33.9%	
City Surveyor Total	(1,655)	(1,580)	(1,789)	(1,545)	244	13.6%	B
Total Local Risk	(2,359)	(3,292)	(3,499)	(2,967)	532	15.2%	
Central Risk							
Interim Director of Consumer Protection and Market Operations	6,488	5,830	5,832	6,041	209	3.6%	C
Total Local and Central Risk	4,129	2,538	2,333	3,074	741	31.8%	
Capital and Support Services	(2,034)	(2,469)	(2,491)	(2,426)	65	2.6%	D
Overall Total	2,095	69	(158)	648	806	510.1%	
Total Local & Central Risk exc City Surveyor	5,784	4,118	4,122	4,619	497	12.1%	

2. The local risk underspend of £532,000 comprises the following main variances:

A. Interim Director of Consumer Protection and Market Operations £288,000 underspend:

i. **Smithfield Market** – underspend of £242,000 was due to:

- £127,000 increased energy income as a result of energy price rises recharged to tenants following the introduction of the new corporate energy contract delivered by Total Gas & Power Limited;
- £94,000 of the approved 2017/18 carry forward bids were not spent due to large increases in costs for the generator plug-in connection works which prevented the works continuing;
- £78,000 additional income at the Rotunda car park;
- £78,000 staff savings due to vacant positions in maintenance and support staff roles;
- £64,000 minor improvement works managed by City Surveyor's for the replacement of electricity meters was delayed in 2018/19 and will now take place in 2019/20;
- £15,000 additional chilled water income recharged to tenants as a result of increased usage over the summer period;
- £4,000 general supplies and services underspends;
- £2,000 additional income from the Animal By-Product (ABP) facility relating to higher levels of unfit meat surrendered at the market.

This was partly offset by the following overspends:

- (£207,000) additional utilities expenditure due to the introduction of the new corporate energy contract delivered by Total Gas & Power Limited;
- (£8,000) reduced income relating to reimbursable works and service charge sundries;
- (£5,000) locally managed repairs and maintenance works.

ii. **New Spitalfields Market** – underspend of £20,000 was due to:

- £8,000 lower employment costs;
- £5,000 lower than anticipated service charge voids for empty premises;
- £3,000 income derived from interest charged on the late payment of service charge invoices;
- £2,000 energy savings as a result of a lower than anticipated charge for the carbon reduction commitment;
- £2,000 general supplies and services expenditure not required.

iii. **Billingsgate Market** – underspend of £16,000 was due to:

- £25,000 additional filming income;
- £1,000 locally managed repairs and maintenance works not required.

This was partly offset by the following overspends:

- (£6,000) reduced income for public car parking as a result of reduced occupancy levels at the car park;
- (£4,000) additional administrative staff costs due to an overlap period between the outgoing and incoming Superintendents.

iv. **Markets Directorate** – underspend of £10,000 comprised £6,000 in employment & training costs and £4,000 in subscriptions & conference expenses not required.

B. City Surveyor £244,000 underspend:

This underspend relates to:

- £274,000 underspend in the re-phasing of projects relating to the Cyclical Works Programme (CWP) for cost of works at Smithfield Market, comprises £206,000 in CWP works at the main market and £68,000 in projects relating to the Rotunda car park. The CWP does not form part of the City Surveyor's local risk budget and any variances will be carried over to 2019/20. This is a three-year rolling programme reported to the Corporate Asset Sub-Committee (CASC) quarterly, where the City Surveyor will report on financial performance and phasing of the projects. Under the governance of the programme, variances on budgets are adjusted for the life of the programme to allow for the completion of works which span multiple financial years. Projects which fall under the CWP have been reviewed under the Forward Maintenance Plan between the Superintendent and the City Surveyor to ensure assets are extended in service for as long as possible.
- (£30,000) overspend relating to the building, repairs and maintenance contract delivered by Skanska Construction UK Ltd due to higher than anticipated general breakdown and contract servicing costs comprising (£23,000) at Billingsgate Market and (£10,000) at New Spitalfields Market. This was partly offset by an underspend of £3,000 at Smithfield Market.

C. The central risk underspend of £209,000 comprises the following main variances:

i. **Smithfield Market** – underspend of £128,000 was due to:

- £82,000 professional fees not required as the Foods Standards Agency (FSA) now invoices the tenants directly for inspection fees;
- £25,000 higher than anticipated rent levels at the Poultry Market;
- £15,000 additional rent as a result of a rent review in 2018/19 for the Oriole Bar;

- £6,000 reduction of the previous year's bad debt provision at Smithfield Outside Properties.

ii. **New Spitalfields Market** – underspend of £73,000 was due to:

- £60,000 professional fees savings as a result of lower than anticipated lease renewal costs;
- £19,000 additional rent income as a result of a rent review at the catering units;
- £8,000 higher than budgeted service charge income due to increased City Surveyor's employee recharges.

This was offset by (£14,000) in reduced transfer from reserves to the Repainting and Repairs account due to lower than anticipated City Surveyor's employee recharges.

iii. **Billingsgate Market** – underspend of £8,000 was due to:

- £22,000 higher than budgeted service charge income due to increased central recharges, general breakdown and contract servicing costs;
- £18,000 additional income from renting out space to tenants for their storage containers.

This was offset by the following overspends:

- (£22,000) reduced income from public car parking as a result of lower occupancy levels;
- (£5,000) lower than expected tolls income;
- (£3,000) reduced transfer from reserves for the Repainting and Special Works account due to lower than anticipated City Surveyor's employee recharges;
- (£2,000) higher than anticipated service charge voids for empty premises.

D. The underspend of £65,000 for capital and support service recharges was mainly due to the changes in levels of work undertaken in respect of the City's wholesale markets, the most significant of which are:

- City Surveyors £48,000;
- Town Clerks £22,000;
- Comptroller and City Solicitors £21,000;
- Directorate £11,000;
- City Surveyors employment recharges £19,000.

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

- Chamberlains (£39,000);
- IT and City Procurement (£13,000);
- Administrative Buildings (£4,000).

3. Appendix A1 and A2 provides a more detailed comparison of the local and central risk outturn against the final budget.
4. 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 variances. Appendix A3 shows the movement from the 2018/19 original budget and the latest budget (as reported to your Committee in January 2019) to the final budget.

Local Risk Carry Forward to 2019/20

5. Chief Officers can request up to 10% or £500,000 of underspend (whichever is the lesser) of the final local risk budget to be carried forward, if 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.
6. The Interim Director of Consumer Protection and Market Operations had local risk underspends of £288,000 (excluding City Surveyors) on the activities overseen by your Committee. The Interim Director also had local risk overspending totalling £20,000 on activities overseen by other Committees. The Interim Director is proposing that £127,000 of the eligible underspend of £174,000 be carried forward, all of which relates to services supporting Markets Committee at Smithfield Market:
 - £40,000 replacement of the hydraulic platform which is used for essential high-level access, cleaning and repairs;
 - £35,000 replacement of electricity meters at the East and West Markets which is required to invoice tenants for their electricity consumption and to monitor usage in the common areas;
 - £33,000 purchase of a new forklift truck which is an essential part of the pallet collection service and will assist in the unloading of heavy goods items and spares;
 - £8,000 to switch the power supply condensed water-cooling towers from the Poultry Market to the West Market;
 - £7,000 purchase of PDA hand-held devices and software to roll-out Guardtek security and enforcement mobility products to the security staff;
 - £4,000 matting for the refrigeration deck to help improve safety issues resulting from water leaks and spillages.

Financial Performance of the Markets

7. Members have requested a breakdown of the financial performance of individual wholesale markets (i.e. excluding the car park and outside properties at Smithfield). This is set out in the operating statement in Appendix B1 which shows the net operating income/(expenditure) for each market. An apportionment of the Directorate costs and other central support costs are included below the net operating line.
8. For 2018/19, there was net operating income of £2.161m at New Spitalfields Market and £1.403m at Billingsgate Market, which was partly offset by net operating expenditure of (£0.601m) at Smithfield Market which has produced a combined net operating income of £2.963m for the three wholesale markets. When capital charges of (£1.103m) and central support costs of (£1.337m) are added, there is a consolidated net income to the City of London Corporation of £0.523m.

9. The difference between total market net income of £0.523m (shown on Appendix B1) and revenue outturn of £0.648m (shown on Table 1 in the main report) is the £0.125m net income generated for outside properties at Smithfield, including the Rotunda car park, which are not included in Appendix B1. Details of variances for the operating statement are included on Appendix B2.

Appendices

- **Appendix A1** - Comparison of 2018/19 Local Risk Outturn with Final Budget
- **Appendix A2** - Comparison of 2018/19 Central Risk Outturn with Final Budget
- **Appendix A3** – Movement from Latest Budget to Final Budget
- **Appendix B1** – Wholesale Markets Operating Statement 2018/19
- **Appendix B2** – Wholesale Markets Operating Statement Variance Notes - 2018/19

Contact details:

Leyla Dervish

leyla.dervish@cityoflondon.gov.uk

020 7332 3574

Markets Committee - Comparison of 2018/19 Local Risk Outturn with Final Budget

	Original Budget	Latest Budget	Final Budget	Revenue Outturn	Variance Favourable/ (Adverse)	Variance	Notes
	£'000	£'000	£'000	£'000	£'000	%	
LOCAL RISK							
Interim Director of Consumer Protection and Market Operations							
City Fund							
New Spitalfields Market Service Charge	(21)	(21)	(21)	(16)	5	23.8%	1
New Spitalfields Market Corporate Account	(26)	(66)	(66)	(51)	15	22.7%	2
New Spitalfields Market Repainting and Repairs	0	0	0	0	0	0.0%	
Total City Fund	(47)	(87)	(87)	(67)	20	23.0%	
City's Cash							
Smithfield Market Service Charge	0	(797)	(800)	(815)	(15)	(1.9%)	3
Smithfield Market Corporate Account	(180)	(308)	(308)	(163)	145	47.1%	4
Smithfield Other Services	122	122	122	234	112	91.8%	5
Billingsgate Market Service Charge	0	0	0	0	0	0.0%	
Billingsgate Market Corporate Account	(137)	(164)	(164)	(148)	16	9.8%	6
Billingsgate Market Repainting and Special Works	0	0	0	0	0	0.0%	
Markets Directorate	(462)	(478)	(473)	(463)	10	2.1%	7
Total City's Cash	(657)	(1,625)	(1,623)	(1,355)	268	16.5%	
Total Interim Director of Consumer Protection and Market Operations	(704)	(1,712)	(1,710)	(1,422)	288	16.8%	
City Surveyor							
City Fund							
New Spitalfields Market Service Charge	(54)	(54)	(54)	(54)	0	0.0%	
New Spitalfields Market Corporate Account	(37)	(49)	(61)	(71)	(10)	(16.4%)	8
Total City Fund	(91)	(103)	(115)	(125)	(10)	(8.7%)	
City's Cash							
Smithfield Market Service Charge	(407)	(409)	(604)	(512)	92	15.2%	9
Smithfield Market Corporate Account	(920)	(741)	(741)	(617)	124	16.7%	9
Smithfield Other Services	(53)	(165)	(165)	(104)	61	37.0%	9
Billingsgate Market Service Charge	(177)	(162)	(164)	(186)	(22)	(13.4%)	10
Billingsgate Market Corporate Account	(7)	0	0	(1)	(1)	N/A	10
Total City's Cash	(1,564)	(1,477)	(1,674)	(1,420)	254	15.2%	
Total City Surveyor	(1,655)	(1,580)	(1,789)	(1,545)	244	13.6%	
TOTAL LOCAL RISK	(2,359)	(3,292)	(3,499)	(2,967)	532	15.2%	

Explanations for Local Risk Variances

1. **New Spitalfields Market Service Charge** - underspend of £5,000 was due to the vacant premises for 2018/19 being lower than anticipated, resulting in the liability for service charge apportionment on empty premises being lower.
2. **New Spitalfields Market Corporate Account** – underspend of £15,000 was due to the following:
 - £8,000 lower employment costs;
 - £3,000 income derived from interest charged on the late payment of service charge invoices;
 - £2,000 energy savings as a result of a lower than anticipated charge for the carbon reduction commitment;
 - £2,000 general supplies and services expenditure not required.
3. **Smithfield Market Service Charge** - overspend of (£15,000) was due to the following:
 - (£74,000) premises related expenditure was due to overspends in energy costs primarily relating to electricity. This was partly offset by locally managed repairs and maintenance works as well as water expenditure and cleaning and domestic supply costs being lower than budgeted;
 - (£6,000) equipment purchases;
 - (£6,000) less than budgeted income for reimbursable works and service charge sundries.

This was partly offset by £71,000 staff savings due to vacant positions in maintenance and support staff roles.

4. **Smithfield Market Corporate Account** – underspend of £145,000 was due to the following:
 - £127,000 increased energy income as a result of energy price rises recharged to tenants following the introduction of the new corporate energy contract delivered by Total Gas & Power Limited;
 - £94,000 of the approved 2017/18 carry forward bids were not spent due to large increases in costs for the generator plug-in connection works which prevented the works continuing;
 - £64,000 minor improvement works managed by City Surveyor's for the replacement of electricity meters was delayed in 2018/19 and will now take place in 2019/20;
 - £15,000 additional chilled water income recharged to tenants as a result of increased usage over the summer period;
 - £7,000 employment costs due to vacant positions in support staff roles;
 - £6,000 general supplies and services underspends;
 - £2,000 additional income from the ABP facility relating to higher levels of unfit meat surrendered at the market.

This was offset by the following overspends:

- (£166,000) additional utilities expenditure due to the introduction of the new corporate energy contract delivered by Total Gas & Power Limited;
- (£3,000) breakdown general costs relating to the ABP facility;

- (£1,000) less income than budgeted in relation to the recovery of business rates recharged to the tenants.
5. **Smithfield Other Services** - underspend of £112,000 was due to £78,000 in additional income from the Rotunda car park as well as an underspend of £34,000 in premises related expenditure primarily relating to energy costs being recharged to the Museum of London relocation project.
 6. **Billingsgate Market Corporate Account** – underspend of £16,000 due to the following:
 - £25,000 additional filming income;
 - £1,000 locally managed repairs and maintenance works not required.

This was offset by the following overspends:

 - (£6,000) less income than budgeted for public car parking as a result of reduced occupancy levels;
 - (£4,000) additional administrative staff costs due to an overlap period between the outgoing and incoming Superintendents’.
 7. **Markets Directorate** – underspend of £10,000 comprised £6,000 in employment & training costs and £4,000 in subscriptions & conference expenses not required.
 8. **City Surveyor New Spitalfields Market** - overspend of (£10,000) due to higher than budgeted building, repairs and maintenance contract costs delivered by Skanska Construction UK Ltd.
 9. **City Surveyor Smithfield Market** - total underspend of £277,000 was due to underspends of £274,000 relating to the re-phasing of the CWP. Additionally, there was an underspend of £3,000 relating to the building, repairs and maintenance contract delivered by Skanska Construction UK Ltd.
 10. **City Surveyor Billingsgate Market** - overspend of (£23,000) due to higher than budgeted building, repairs and maintenance contract costs delivered by Skanska Construction UK Ltd.

Markets Committee - Comparison of 2018/19 Central Risk Outturn with Final Budget

	Original Budget	Latest Budget	Final Budget	Revenue Outturn	Variance Favourable / (Adverse)	Variance	Notes
	£'000	£'000	£'000	£'000	£'000	%	
CENTRAL RISK							
Interim Director of Consumer Protection and Market Operations							
City Fund							
New Spitalfields Market Service Charge	394	395	395	403	8	2.0%	11
New Spitalfields Market Corporate Account	2,031	2,028	2,028	2,107	79	3.9%	12
New Spitalfields Market Repainting and Repairs	22	22	22	8	(14)	(63.6%)	13
Total City Fund	2,447	2,445	2,445	2,518	73	3.0%	
City's Cash							
Smithfield Market Service Charge	786	(4)	(4)	(3)	1	25.0%	14
Smithfield Market Corporate Account	1,345	1,520	1,520	1,634	114	7.5%	15
Smithfield Other Services	83	83	83	96	13	15.7%	16
Billingsgate Market Service Charge	355	336	338	360	22	6.5%	17
Billingsgate Market Corporate Account	1,463	1,441	1,441	1,430	(11)	(0.8%)	18
Billingsgate Market Repainting and Special Works	9	9	9	6	(3)	(33.3%)	19
Total City's Cash	4,041	3,385	3,387	3,523	136	4.0%	
TOTAL CENTRAL RISK	6,488	5,830	5,832	6,041	209	3.6%	

Explanations for Central Risk Variances

11. **New Spitalfields Market Service Charge** – service charge income was £8,000 higher than budgeted to fund increased City Surveyor's employee recharges.
12. **New Spitalfields Market Corporate Account** – underspend of £79,000 related to a £60,000 saving in professional fees as a result of lower than anticipated lease renewal costs. This was in addition to £19,000 in additional rent income as a result of a rent review at the catering units.
13. **New Spitalfields Market Repainting and Repairs** – the transfer from reserves was (£14,000) less than budgeted due to lower than anticipated City Surveyor's employee recharges relating to the level of works carried out.
14. **Smithfield Market Service Charge** – underspend of £1,000 due to lower than anticipated FSA inspection fees.
15. **Smithfield Market Corporate Account** – underspend of £114,000 due to £82,000 in professional and legal fees not required as the FSA now invoices the tenants

directly. This was in addition to £26,000 in higher than anticipated rent levels at the Poultry Market and a £6,000 reduction of the previous year's bad debt provision.

16. **Smithfield Other Services** – underspend of £13,000 due to £15,000 in additional rent income generated from the Oriole Bar as a result of a rent review in 2018/19. This was partly offset by an overspend of (£2,000) relating to professional fees incurred as a result of the rent review.
17. **Billingsgate Market Service Charge** – service charge income was £22,000 higher than budgeted to fund increases in City Surveyor's employee recharges and building, repairs and maintenance works delivered by Skanska Construction UK Ltd.
18. **Billingsgate Market Corporate Account** – overspend of (£11,000) due to (£22,000) in reduced income from public car parking in addition to (£5,000) lower than expected tolls income and (£2,000) higher than anticipated service charge voids for empty premises. This was partly offset by £18,000 additional income from renting out space for their storage containers.
19. **Billingsgate Market Repainting and Special Works** – the transfer from reserves was (£3,000) less than budgeted due to lower than anticipated City Surveyor's employee recharges relating to the level of works carried out.

Markets Committee – Movement in 2018/19 Latest Budget to Final Budget - All Risks

Analysis by Service Managed	Original Budget 2018/19 £'000	Latest Budget* 2018/19 £'000	Final Budget 2018/19 £'000	Movement £'000	Notes
CITY FUND					
New Spitalfields Market Service Charge	(21)	(21)	(21)	0	1
New Spitalfields Market Corporate Account	1,204	861	850	(11)	
New Spitalfields Market Repainting and Repairs	0	0	0	0	
TOTAL CITY FUND	1,183	840	829	(11)	
CITY'S CASH					
Smithfield Market Service Charge	0	(1,601)	(1,799)	(198)	2
Smithfield Market Corporate Account	(174)	14	14	0	
Smithfield Other Services	55	(61)	(61)	0	
TOTAL SMITHFIELD MARKET	(119)	(1,648)	(1,846)	(198)	
Billingsgate Market Service Charge	0	0	0	0	3
Billingsgate Market Corporate Account	1,031	877	859	(18)	
Billingsgate Market Repainting and Special Works	0	0	0	0	
TOTAL BILLINGSGATE MARKET	1,031	877	859	(18)	
DIRECTORATE	0	0	0	0	
TOTAL CITY'S CASH	912	(771)	(987)	(216)	
TOTAL	2,095	69	(158)	(227)	

*Latest Budget as reported to your Committee on 30th January 2019

Notes

1. (£12,000) increase in repairs and maintenance budgets managed by City Surveyor's relating to the building, repairs and maintenance contract and a £1,000 reduction relating to the Directorate recharge.
2. (£195,000) increase in repairs and maintenance budgets managed by City Surveyor's relating to the building, repairs and maintenance contract and a (£3,000) budget transfer from the Directorate relating to MICAD repairs and maintenance software.
3. (£18,000) budget added to cover central recharge costs relating to filming.

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Wholesale Markets Operating Statement 2018/19

Appendix B1

	New Spitalfields Market							Billingsgate Market							Smithfield Market							Total Wholesale Markets						
	Original Budget OR	Latest Budget LB	Final Budget FB	Actual	Variance	Percentage Increase/Decrease	Notes	Original Budget OR	Latest Budget LB	Final Budget FB	Actual	Variance	Percentage Increase/Decrease	Notes	Original Budget OR	Latest Budget LB	Final Budget FB	Actual	Variance	Percentage Increase/Decrease	Notes	Original Budget OR	Latest Budget LB	Final Budget FB	Actual	Variance	Percentage Increase/Decrease	Notes
	2018/19	2018/19	2018/19	2018/19	2018/19			2018/19	2018/19	2018/19	2018/19	2018/19			2018/19	2018/19	2018/19	2018/19	2018/19			2018/19	2018/19	2018/19	2018/19	2018/19		
	£'000	£'000	£'000	£'000	£'000	%		£'000	£'000	£'000	£'000	£'000	%		£'000	£'000	£'000	£'000	£'000	%		£'000	£'000	£'000	£'000	£'000	%	
Operating Expenditure:																												
Employment Costs (basic pay, NI, pension, overtime, training and recruitment advertising)	(1,610)	(1,667)	(1,667)	(1,498)	169	10	1	(1,800)	(1,838)	(1,838)	(1,852)	(14)	(1)	7	(1,985)	(1,947)	(1,947)	(1,869)	78	4	12	(5,395)	(5,452)	(5,452)	(5,219)	233	4	
Premises (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials)	(1,607)	(1,326)	(1,338)	(1,377)	(39)	(3)	2	(1,359)	(1,345)	(1,337)	(1,139)	198	15	8	(3,996)	(3,923)	(4,118)	(3,987)	131	3	13	(6,962)	(6,594)	(6,793)	(6,503)	290	4	
Transport (Vehicle running costs, congestion charge and travel costs)	(4)	(2)	(2)	(1)	1	50		(52)	(72)	(72)	(50)	22	31		(20)	(20)	(20)	(20)	0	0		(76)	(94)	(94)	(71)	23	24	
Supplies and Services (Refuse collection, equipment hire/maintenance and purchase, uniforms and clothing, communication and office expenses)	(166)	(232)	(232)	(180)	52	22	3	(127)	(143)	(145)	(150)	(5)	(3)	9	(470)	(461)	(464)	(374)	90	19	14	(763)	(836)	(841)	(704)	137	16	
Waste and Recycling Contract	(2,100)	(2,734)	(2,734)	(2,777)	(43)	(2)	4	0	0	0	0	0	0		0	0	0	0	0	0		(2,100)	(2,734)	(2,734)	(2,777)	(43)	(2)	
Total Operating Expenditure	(5,487)	(5,961)	(5,973)	(5,833)	140	2		(3,338)	(3,398)	(3,392)	(3,191)	201	6		(6,471)	(6,351)	(6,549)	(6,250)	299	5		(15,296)	(15,710)	(15,914)	(15,274)	640	4	
Operating Income:																												
Rent	2,031	2,102	2,102	2,121	19	1		972	972	972	990	18	2		1,729	1,704	1,704	1,729	25	1		4,732	4,778	4,778	4,840	62	1	
Charges for Services (Service charge income, filming, car parking, insurance, advertising, boarding, wayleaves and tolls, reimbursement of directly recovered costs and interest income, contributions to repair fund)	5,332	5,951	5,951	5,873	(78)	(1)	5	3,880	3,880	3,875	3,604	(271)	(7)	10	5,254	3,784	3,784	3,920	136	4	15	14,466	13,615	13,610	13,397	(213)	(2)	
Total Operating Income	7,363	8,053	8,053	7,994	(59)	(1)		4,852	4,852	4,847	4,594	(253)	(5)		6,983	5,488	5,488	5,649	161	3		19,198	18,393	18,388	18,237	(151)	(1)	
Net Operating (Expenditure)/Income	1,876	2,092	2,080	2,161	81	4		1,514	1,454	1,455	1,403	(52)	(4)		512	(863)	(1,061)	(601)	460	43		3,902	2,683	2,474	2,963	489	20	
Central Costs:																												
Capital Charges and Depreciation	(689)	(888)	(888)	(888)	0	0		(117)	(117)	(117)	(116)	1	1		(99)	(99)	(99)	(99)	0	0		(905)	(1,104)	(1,104)	(1,103)	1	0	
Other Central Costs (Transfer to and from reserves to fund repairs and works including non-government grants, support costs and Directorate apportionment)	(4)	(364)	(363)	(365)	(2)	(1)	6	(366)	(460)	(479)	(396)	83	17	11	(587)	(625)	(625)	(576)	49	8		(957)	(1,449)	(1,467)	(1,337)	130	9	
Total Central Costs	(693)	(1,252)	(1,251)	(1,253)	(2)	(0)		(483)	(577)	(596)	(512)	84	14		(686)	(724)	(724)	(675)	49	7		(1,862)	(2,553)	(2,571)	(2,440)	131	5	
Total Market (Expenditure)/Income	1,183	840	829	908	79	10		1,031	877	859	891	32	4		(174)	(1,587)	(1,785)	(1,276)	509	29		2,040	130	(97)	523	620	639	

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

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Wholesale Markets Operating Statement Variance Notes - 2018/19

The tables below analyse the variances for the wholesale markets as reported on the operating statement which is attached at Appendix B1. The statement compares the 2018/19 final budget to the actual outturn for 2018/19.

The operating statement has not been prepared in accordance with the conventional public sector financial reporting format. Brackets signify an expenditure item and/or an adverse position and non-brackets signify an income item and/or a favourable position. All adverse variances between final budget and actual figures and favourable variances of £50,000 or more have been detailed below.

New Spitalfields Market		
Notes	Description	2018/19 Final Budget to Actual Outturn
Operating Expenditure		
1	Employment Costs	£169,000, 10% staff savings was due to vacant positions in maintenance and security roles.
2	Premises	<p>(£39,000), (3%) overspend was due to:</p> <ul style="list-style-type: none"> • (£40,000) energy costs as a result of the introduction of the new corporate energy contract delivered by Total Gas & Power Limited. This was offset by energy efficient measures introduced at the market; • (£19,000) minor improvement works managed by City Surveyor's relating to fixed wire testing; • (£10,000) building, repairs and maintenance contract costs delivered by Skanska Construction UK Ltd and managed by City Surveyor's; • (£4,000) water expenditure as a result of increased water consumption; • (£1,000) rates expenditure relating to office space occupied by the Superintendent and administrative staff. <p>This was partly offset by the following underspends:</p> <ul style="list-style-type: none"> • £20,000 locally managed repairs and maintenance works as a result of lower than anticipated breakdown general and breakdown electrical costs; • £12,000 cleaning and pest control materials;

		<ul style="list-style-type: none"> £3,000 insurance costs.
3	Supplies and Services	<p>£52,000, 22% underspend was due to:</p> <ul style="list-style-type: none"> £60,000 professional fees savings due to lower than anticipated lease renewal costs. <p>This was partly offset by the following overspends:</p> <ul style="list-style-type: none"> (£7,000) firefighting safety equipment which was recharged to the tenants; (£1,000) general supplies and services expenditure.
4	Waste and Recycling Contract	<p>(£43,000), (2%) overall overspend relating to the waste and recycling contract delivered by Countrystyle Recycling Ltd. This was due to a CPI increase in contract costs and higher than anticipated recycling levels at the market.</p>
Operating Income		
5	Charges for Services	<p>(£78,000), (1%) less income than budgeted was due to:</p> <ul style="list-style-type: none"> (£100,000) budgeted income from the entry barrier was not achieved due to delays in the planning and installation of the barrier. Planning permission has since been granted and the barrier is due to be installed early in 2019/20; (£38,000) recharge of general waste at the market; (£8,000) undeclared waste income; (£2,000) overtrading infringement income. <p>This was partly offset by additional income in the following areas:</p> <ul style="list-style-type: none"> £25,000 recycling rebate received from Countrystyle Recycling Ltd; £11,000 electricity and gas recharged to the tenants as a result of higher utility prices; £9,000 reimbursable works recharged to tenants; £8,000 recharged firefighting remedial works;

		<ul style="list-style-type: none"> • £8,000 declared waste income; • £5,000 compliance inspection fees; • £4,000 car parking permits.
Central Costs		
6	Other Central Costs	(£2,000), (1%) overspend due to higher than anticipated support costs.

Billingsgate Market		
Notes	Description	2018/19 Final Budget to Actual Outturn
Operating Expenditure		
7	Employment Costs	(£14,000), (1%) overspend was primarily due to higher than anticipated security overtime costs.
8	Premises	<p>£198,000, 15% underspend was due to:</p> <ul style="list-style-type: none"> • £130,000 lower than budgeted service charge contribution to the Repainting and Special Works account as a result of the overall level of works being less than anticipated. This was in addition to the reserves being used to fund the cost of part of the works; • £84,000 locally managed repairs and maintenance works due to lower than anticipated breakdown general costs; • £23,000 minor improvement works managed by City Surveyor's; • £7,000 cleaning materials; • £5,000 water expenditure as a result of lower than anticipated usage levels. <p>This was partly offset by the following overspends:</p> <ul style="list-style-type: none"> • (£26,000) energy expenditure as a result of the introduction of the new corporate energy contract delivered by Total Gas & Power Limited; • (£23,000) building, repairs and maintenance contract costs delivered by Skanska Construction UK Ltd and managed by City Surveyor's; • (£2,000) service charge voids on vacant premises.
9	Supplies and Services	<p>(£5,000), (3%) overspend was due to:</p> <ul style="list-style-type: none"> • (£7,000) equipment purchases; • (£6,000) refuse collection costs; • (£2,000) cash collection fees and computer consumables. <p>This was partly offset by the following underspends:</p> <ul style="list-style-type: none"> • £6,000 clothing and uniforms;

			<ul style="list-style-type: none"> £4,000 hospitality and advertising expenses.
Operating Income			
10	Charges for Services		<p>(£271,000), (7%) less income than budgeted was due to:</p> <ul style="list-style-type: none"> (£208,000) service charge income as a result of reduced levels of service charge expenditure; (£130,000) reduced contribution to the Repainting and Special Works account as a result of lower than anticipated levels of works; (£28,000) less public car parking income as a result of reduced occupancy levels; (£8,000) casual rent, wayleaves and tolls. <p>This was partly offset by additional income in the following areas:</p> <ul style="list-style-type: none"> £26,000 utilities income as a result of energy price rises recharged to tenants following the introduction of the new corporate energy contract delivered by Total Gas & Power Limited; £25,000 retail and trade car parking as a result of higher than expected customer usage; £25,000 additional filming income; £23,000 refuse collection income as a result of increased levels of polystyrene collected at the market; £3,000 derived from interest charged on the late payment of rent and service charge invoices; £1,000 interest earned on the Repainting and Special Works Fund.
Central Costs			
11	Other Central Costs		<p>£83,000, 17%, underspend was due to:</p> <ul style="list-style-type: none"> £53,000 transfers from reserves to fund works allocated to the Repainting and Special Works account; £28,000 central support recharges;

		<ul style="list-style-type: none"> • £6,000 Directorate recharges; • £2,000 City Procurement recharges. <p>This was partly offset by overspends in the following areas:</p> <ul style="list-style-type: none"> • (£3,000) in IT staff recharges; • (£2,000) in City Surveyor's employee recharges; • (£1,000) less grant income than budgeted.
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Smithfield Market		
Notes	Description	2018/19 Final Budget to Actual Outturn
Operating Expenditure		
12	Employment Costs	£78,000, 4% staff savings due to vacant positions in maintenance and support staff roles.
13	Premises	<p>£131,000, 3% underspend was due to:</p> <ul style="list-style-type: none"> • £206,000 relating to the re-phasing of cyclical works expenditure managed by City Surveyor's; • £94,000 of the approved 2017/18 carry forward bids were not spent due to large increases in costs for the generator plug-in connection works which prevented the works continuing; • £64,000 minor improvement works managed by City Surveyor's for the replacement of electricity meters was delayed in 2018/19 and will now take place in 2019/20; • £18,000 water expenditure as a result of lower levels of usage at the market; • £11,000 pest control and cleaning materials costs; • £4,000 building, repairs and maintenance contract costs delivered by Skanska Construction UK Ltd and managed by City Surveyor's. <p>This was partly offset by overspends in the following areas:</p> <ul style="list-style-type: none"> • (£264,000) in additional energy expenditure as a result of the introduction of the new corporate energy contract delivered by Total Gas & Power Limited; • (£1,000) locally managed repairs and maintenance works; • (£1,000) insurance costs.
14	Supplies and Services	<p>£90,000, 19% underspend was due to:</p> <ul style="list-style-type: none"> • £86,000 consultancy, professional and legal fees not required due to a change in billing process whereby the Foods Standards Agency now invoices tenants directly; • £4,000 refuse collection for the Animal By-Product

		(ABP) facility, communications, computing, clothing and provisions.
Operating Income		
15	Charges for Services	<p>£136,000, 4% additional income was due to:</p> <ul style="list-style-type: none"> • £127,000 energy income as a result of energy price rises recharged to tenants following the introduction of the new corporate energy contract delivered by Total Gas & Power Limited; • £15,000 chilled water income recharged to tenants as a result of increased usage over the summer period; • £2,000 income from the ABP facility relating to higher levels of unfit meat surrendered at the market. <p>This was partly offset by (£8,000) in reduced income relating to reimbursable works and service charge sundries.</p>

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