

Markets Committee

Date: **WEDNESDAY, 3 NOVEMBER 2021**

Time: 11.30 am

Venue: **COMMITTEE ROOMS 3 & 4 - 2ND FLOOR, WEST WING, GUILDHALL**

Members: John Chapman (Chairman) Angus Knowles-Cutler

> Deputy Henry Pollard (Deputy **Gregory Lawrence** Wendy Mead Chairman)

Caroline Addy **Deputy Robert Merrett**

Matthew Bell Deputy Brian Mooney (Chief

Peter Bennett Commoner) **Hugh Morris** Nicholas Bensted-Smith

Mark Bostock Deputy Barbara Newman

Deputy David Bradshaw John Petrie Simon Duckworth Stephen Quilter

John Edwards Deputy Elizabeth Rogula

Deputy John Scott Deputy Kevin Everett

Ian Seaton Helen Fentimen

Alderman & Sheriff Alison Gowman Deputy Dr Giles Shilson

Alderman Prem Goval James Tumbridge Deputy Tom Hoffman

Deputy Philip Woodhouse

Michael Hudson Dawn Wright **Deputy Henry Jones**

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

Accessing the virtual public meeting

Members of the public can observe this virtual public meeting via the below link: https://youtu.be/vhX02a esxo

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

Lunch will be served in the Guildhall Club at 1.00pm.

John Barradell **Town Clerk**

AGENDA

Public Items

- 1. APOLOGIES
- 2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA
- 3. a) Public Minutes

To agree the public minutes of the meeting held on 15.09.21.

For Decision (Pages 5 - 12)

b) Outstanding Actions Log

For Information (Pages 13 - 14)

4. SUPERINTENDENT UPDATES (ORAL UPDATE)

The Superintendents to be heard.

For Information

5. MARKETS COMMITTEE RISK UPDATE - NOVEMBER 2021 Report of the Markets Director.

For Information (Pages 15 - 38)

6. REVENUE AND CAPITAL BUDGETS 2022/23

Joint report of the Chamberlain and the Markets Director.

For Decision (Pages 39 - 62)

7. CONCESSIONARY PARKING AT SMITHFIELD MARKET DURING THE CHRISTMAS PERIOD 2021

Report of the Markets Director.

For Decision (Pages 63 - 66)

- 8. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE
- 9. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

10. 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

Non-Public Items

11. NON-PUBLIC MINUTES

To agree the non-public minutes of the meeting held on 15.09.21.

For Decision (Pages 67 - 70)

12. SUPERINTENDENT UPDATES (ORAL UPDATE)

The Superintendents to be heard.

For Information

- 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 AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED



MARKETS COMMITTEE

Wednesday, 15 September 2021

Minutes of the meeting of the informal hybrid Markets Committee meeting held in Committee Rooms 3 & 4 - 2nd Floor, West Wing, Guildhall and Microsoft Teams on Wednesday, 15 September 2021 at 11.30 am

Present

Members:

John Chapman (Chairman) Gregory Lawrence
Deputy Henry Pollard (Deputy Chairman) Deputy Robert Merrett

Caroline Addy Deputy Brian Mooney (Chief Commoner)

Matthew Bell Hugh Morris

Peter Bennett Deputy Barbara Newman

Nicholas Bensted-Smith John Petrie Mark Bostock Stephen Quilter

Deputy David Bradshaw Deputy Elizabeth Rogula

John Edwards Deputy John Scott

Deputy Kevin Everett Ian Seaton

Helen Fentimen Deputy Dr Giles Shilson Alderman Prem Goyal James Tumbridge

Deputy Tom Hoffman Dawn Wright Michael Hudson

In Attendance

Officers:

Donald Perry - Markets Division
Daniel Ritchie - Markets Division
Mark Sherlock - Markets Division

Peter Young - City Surveyor's Department
Anna Dunne - City Surveyor's Department
Steven Chandler - City Surveyor's Department

Andrew Fothergill - Comptroller & City Solicitor's Department

Antoinette Duhaney - Town Clerk's Department

ADVICE FROM COMPTROLLER

In response to questions from Members regarding the meeting taking place as a formal decision making meeting, Officers advised that the Court of Common Council had agreed arrangements to continue with informal hybrid meetings and decisions signed off by the appropriate Chief Officer once the will of the Committee is known.

Although it would be possible to hold an in person meeting with decisions made at the meeting if there is a quorum present, the Markets Committee is bound to follow the process agreed by the Court on 15 April 2021. In addition, having advertised the meeting as an informal hybrid meeting, with formal decisions to be taken through delegated officer approval, it would not be appropriate to change it to a formal meeting.

1. **APOLOGIES**

Apologies were received from Simon Duckworth, Alderman Alison Gowman, Wendy Mead, Deputy Henry Jones, Angus Knowles-Cutler and Deputy Philip Woodhouse.

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

There were no declarations.

3. PUBLIC MINUTES

RESOLVED – That the public minutes of the meeting held on 7 July 2021 be approved as a correct record.

4. OUTSTANDING ACTIONS LOG

The Committee considered a report of the Town Clerk tracking progress on actions outstanding from previous meetings. A Member suggested that timelines be included in future reports and this was supported by the Committee.

RESOLVED -

- 1. That the report be noted.
- 2. That future reports include timelines for completion of outstanding actions.

5. SUPERINTENDENT UPDATES (ORAL REPORT)

The Committee heard oral updates from the Markets Superintendents on the matters set out below

New Spitalfields

Trade - Vehicle numbers had increased by 2.5% for June to August 2021 compared to the same period in 2020. This reflected an increase of 8.5% compared to March to May 2021. More people were visiting the market which was especially busy on Thursdays, Fridays, and before and after bank holidays.

Brexit - There was no significant impact to date. However, a few traders were experiencing a 1-2 day delay in receiving deliveries. An average of 3,500 HGV deliveries were made each month between April and August 2021 which was an increase of 16% compared to deliveries for the previous 5 months. Officers flagged that despite the increase in HGV deliveries, the shortage of HGV drivers was a risk to trade.

COVID-19 - Signage was being updated recommending the continued wearing of face coverings and social distancing.

Rental of empty catering units - There was a list of prospective tenants and an update from the agents was awaited.

Climate action policy - The forthcoming Markets Committee tour on 22 September 2021 would incorporate a visit to the waste compound and City Harvest so Members could see the positive work done in terms of no landfill waste and diverting food waste.

Smithfield

Trade – Trade continued to recover but some traders were not able to recruit staff.

Protests - Climate Change protests had taken place with minimal impact on traders and emergency plans and risk assessments had been refreshed as necessary.

Food Business Audit – The Biennial food business had taken place and the market had been ranked as good which was the highest possible rating.

HGV Audit – the recent audit had been positive and there had been a marked improvement in compliance.

Billingsgate

Markets Co location Programme – On the whole, traders were positive about the programme. Concerns remained in respect of repairs and maintenance in the interim.

Income generation - Car park income was lower than expected but this had compensated in part by income from filming which was higher than anticipated

Overseas visit – A visit was hosted for delegates from Iceland.

RESOLVED – That the updates be noted.

6. MARKETS BUSINESS PLAN UPDATE PERIOD 1 2021/22 (APRIL-JULY)

The Committee considered a report of the Markets Director providing an update on progress made during Period 1 (April-July) of 2021/22 against the Key Performance Indicators (KPIs) and key improvement objectives outlined in the Markets' Business Plan 2021/22.

In response to observations and questions from Members, Officers advised that debts were high at Smithfield Market due to an embargo on lease forfeitures until 25th March 2022. However, Officers were taking all possible measures to recover outstanding debt in line with the agreed debt recovery strategy. Debt repayments plans were being negotiated and debt was gradually reducing.

A Member who was a trader at Smithfield Market reported that the closure of hotels and restaurants during lockdown had impacted on the cashflow of businesses and this was exacerbated by suppliers requesting earlier settlement of bills.

RESOLVED – That the report be noted.

7. WHOLESALE MARKETS RISKS UPDATE

The Committee considered a report of the Markets Director providing assurances that satisfactory risk management procedures are in place which meet the requirements of the corporate Risk Management Framework.

The Chairman suggested that business as usual risks were removed from future reports so that the Committee could focus on any risks reported on an exception basis or instances where risk ratings had changed significantly.

Members were concerned that hygiene risks were not reflected in the report and also Climate Action Strategy targets were not included. In response, Officers stated that hygiene managements arrangements varied across markets and there was work to do to achieve full compliance. Officers were happy to prepare a report on hygiene risks across all three markets for a future meeting.

RESOLVED -

- 1. That the report be noted.
- 2. That full risk updates be provided twice yearly and at other times, risk reporting should be on an exception basis/where risk ratings had changed significantly.
- 3. That Officers present a report on hygiene risks across all three markets to a future meeting.

8. UPDATE ON THE EDGE CONDITION SURVEYS FOR THE MARKETS

The Committee considered a report of the City Surveyor outlining works necessary to keep the wholesale markets operational. In presenting the report, Officers advised that the report at item 16a on the agenda for this meeting had been considered by the Projects Sub Committee and concerns had been raised in respect of funding. Officers stated that the Committee would have to make annual bids and prioritise works. On the whole the markets were in a satisfactory condition and operational risks were managed. However significant investment would be required in the medium term and the Committee would have to consider what works were desirable/essential.

Members were concerned that the report had no clear recommendations and requested clarification on what works were deemed necessary so that only essential works were undertaken to minimise expenditure on sites which would become vacant when markets were relocated.

A Member suggested that works at Smithfield Market should be prioritised as these building was listed but only essential works should be undertaken. Concerns were also raised in respect of the CoL breaching its legal obligations by failing to maintain Smithfield Market in a reasonable state of repair.

On balance, Members were generally supportive of the report as the first step in the process of identifying and prioritising works, some of which had been outstanding for many years.

In response to observations and questions from Members, Officers advised that further reports would be presented seeking the views of traders and the Committee on how works would be prioritised and funded to ensure that the markets remained operational until they were relocated to the new site.

A member suggested that the recommendation in the report be amended and the revised recommendations as set out below were agreed unanimously.

RESOLVED -

- 1. That the report be noted
- 2. That the Committee supports the items marked as key actions in paras 12, 14, 16 & 17 of the report being addressed.

9. PROVISION OF ADDITIONAL FISH HANDLING FACILITIES - BILLINGSGATE MARKET

The Committee considered a report of the City Surveyor requesting approval of measures to increase delivery capacity at Billingsgate Market. In presenting the report, Officers advised that a pedestrian was recently injured by a forklift truck making a delivery and the forklift driver had been suspended. Officers also highlighted that current fish handling facilities were not adequate to accommodate deliveries.

RESOLVED - That the Committee

- 1. Agrees that £15,000 of the previously approved budget of £32,000 is released and supplemented by a further budget of £77,000 for consultancy fees to allow options analysis and works to be tendered;
- 2. Approves a revised project budget of £92,000 (excluding risk);
- Note the total estimated cost of the project at £1,411,000 (excluding risk);
- 4. Agree that a Costed Risk Provision of £5,000 is approved (to be drawn down via delegation to Chief Officer).

5. Agree that a further options evaluation report is prepared following stakeholder consultation and costing to recommend preferred options.

10. BILLINGSGATE ACTION PLAN - CCTV

The Committee considered a report of the City Surveyor regarding the replacement of CCTV to enhance security at Billingsgate Market.

RESOLVED – That

- 1. A budget of £11,000 for staff and consultancy fees to reach the next Gateway be approved.
- 2. The anticipated total estimated project cost of £245,000 (£340,000 including risk) be noted.

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

There were no questions.

12. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**There were no urgent items.

13. EXCLUSION OF THE PUBLIC

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

Item	Paragraph
14 - 23	3

14. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 7 July 2021 were approved as a correct record.

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

The Committee heard non-public oral updates from the Markets Superintendents.

16. BILLINGSGATE ACTION PLAN - EARLY TERMINATION OF EAST QUAY 2 LEASE

The Committee considered a report of the Markets Director seeking to terminate the East Quay 2 lease.

16.1 Billingsgate Fish Market Action Plan

The Committee considered a joint report of the Markets Director and the City Surveyor regarding an action plan for a programme of works for Billingsgate Market.

16.2 Billingsgate Fish Market Cold Store Roof

The Committee considered a joint report of the Markets Director and the City Surveyor regarding proposals to address longstanding issues with condensation to the cold store roof.

17. CITY HARVEST - ANNUAL REVIEW OF RENT AND ADDITIONAL SQUARE FOOTAGE REQUEST

The Committee considered a report of the Markets Director seeking approval for additional floorspace for City Harvest.

18. **DEBT ARREARS - MARKETS (PERIOD ENDING 31ST JULY 2021)**

The Committee considered a report of the Markets Director regarding arrears of invoiced income for the wholesale markets.

19. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

20. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There were no urgent items.

ADVICE FROM COMPTROLLER

In response to questions from Greg Lawrence and other Members regarding Mr Lawrence's participation in the meeting during consideration of confidential business, Officers reiterated previous advice that it is open to the Corporation, through the Town Clerk, Chairman or Committee to deny Mr Lawrence access to documents in circumstances where it is reasonable to conclude that Mr Lawrence should not participate under the Principles of Public Life and/or where the Corporation's legitimate interests are put at risk.

In this instance, sharing confidential Markets Co-location related reports with Mr Lawrence would be likely to prejudice the Corporation's commercial interest in negotiations with the Smithfield Market Tenants Association. This was a valid reason to deny Mr Lawrence access to the report, and in addition to ask him to leave the meeting when the report in question is discussed.

At this point, Mr Lawrence left the meeting.

The meeting ended at 1.39 pm	
Chairman	

Contact Officer: Antoinette Duhaney, antoinette.duhaney@cityoflondon.gov.uk

Agenda Item 3h

MARKETS COMMITTEE - OUTSTANDING ACTIONS (November 2021)

	Meeting date	Agenda item	Action	Officer(s) responsible	Comment/Update
Page 13		3	Energy costs – The Chairman referred to concerns raised at previous meetings in respect of energy costs for market traders. Despite the lengthy delay in sending correspondence to traders, the Chairman gave assurances that this matter was being monitored closely and further updates would be provided to the Committee in due course. A copy of the letter sent to traders would also be circulated to Committee Members for information.	Director of Markets & Consumer Protection/ City Surveyor's	A copy of a letter sent to the Chairman of SMTA has been circulated to Markets Committee Members. We continue to take steps across the Corporation to ensure we are able to manage energy costs in a way which seeks to mitigate costs, without increasing our exposure to markets. These steps tackle commodity prices but also consumption, as both of these elements impact the final cost of energy to tenants.
	16.07.20	4	New Spitalfields Market Barrier - There were a few outstanding technical issues and the payment machine had been converted to accept cash. There were also technical issues with the pedestrian gate and turnstile and it was anticipated that this would be operational by early autumn. Officers were liaising with the Comptroller's Department to draft a letter making a case for compensation from the contractors in lieu of delays in supplying/fitting equipment. (The Chairman requested that a copy of the letter be circulated to Committee Members)	Director of Markets & Consumer Protection/ Comptroller's	Further advice being sought regarding delay in completing works in reasonable time and to the expected standard. Update for 3.11.2021 dated 14.10.2021– The Pre-action Protocol required a meeting between the contractor and the City of London. The Superintendent and Director of Markets attended to assess with the contractor if there was any negotiation or movement to be done prior to commencing litigation. It was a positive meeting and officers are progressing this matter with a

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	view to settlement agreement. As agreed at the last Committee authority has been delegated in consultation with Committee Chairman and Deputy Chairman Officers.
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Agenda Item 5

Committee(s)	Dated:
Markets Committee	3 November 2021
Subject: Wholesale Market Risks Update November 2021	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	 People are safe and feel safe. We are a global hub for innovation in finance and professional services, commerce and culture.
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Director of Markets	For Information
Report author: Don Perry, Markets Division	

Summary

This report has been produced to provide the Markets Committee with assurance that risk management procedures in place within the Markets Division 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 Markets Division. In addition to the flexibility for emerging risks to be raised as they are identified, a process exists for indepth periodic review of the risk register.

The Markets Division has identified a number of departmental risks, of which the following fall within the remit of your Committee:

- MCP-SM 012: Building maintenance-management, Smithfield (AMBER)
- MCP-BG 002: Building maintenance-management, Billingsgate (GREEN)
- MCP-NS 003: Building maintenance-management, New Spitalfields (GREEN)
- MCP-SM 001: HGV Unloading Operations, Smithfield (AMBER)
- MCP-BG 001: Workplace Transport, Billingsgate (AMBER)
- MCP-NS 001: Workplace Traffic Management, New Spitalfields (AMBER)
- MCP-SM 011: Brexit Impact of Brexit on traders and imports, Smithfield (AMBER)
- MCP-BG 003: Brexit Impact of Brexit on tenants, Billingsgate (GREEN)
- MCP-NS 004: Brexit Impact of Brexit on tenants, New Spitalfields (GREEN)
- MCP-WM 001: Wholesale Markets Consolidation Project (AMBER)
- MCP-WM 002: COVID-19: Wholesale Markets (GREEN)
- MCP-SM 013: East Poultry Avenue Canopy Failure, Smithfield (GREEN)
- MCP-SM 014: Glass Canopy Failure, Smithfield (GREEN)

Recommendation(s)

Members are asked to:

 Note the report and the actions taken in the Markets Division to monitor, and manage effectively, risks arising from its operations.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation (the City) requires each Chief Officer to report regularly to Committee the key risks faced in their department.

Current Position

2. This report provides an update on the key risks that exist in relation to the operations of the wholesale markets within the Chief Operating Officer's Department. The report also outlines the processes adopted for the on-going review of risk and mitigating actions.

Risk Management Process

- 3. Risk Management is a standing agenda item at the regular Markets Division Senior Management Group (SMG) meetings, over and above the suggested quarterly review. The SMG receives the risk register for review, together with a briefing note highlighting any changes since the previous review. Consideration is also given to whether any emerging risks exist for addition to the risk register as part of updates on key issues from each of the Superintendents, 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 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 (attached as appendices to this report) 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 Risk Register for Markets contains thirteen risks, including one COVID-19 risk. A summary risk report is attached at Appendix A and the full Risk Register is at Appendix B. Our approach to all these risks is to reduce their rating by the target date shown on the Register. The risks are listed below with their current rating and direction of travel:
 - MCP-SM 012: Building maintenance-management, Smithfield (Current risk: Amber, 8, constant)
 - MCP-BG 002: Building maintenance-management, Billingsgate (Current risk: Green, 4, decreasing)
 - MCP-NS 003: Building maintenance-management, New Spitalfields (Current risk: Green, 4, decreasing)
 - MCP-SM 001: HGV Unloading Operations, Smithfield (Current risk: Amber, 8, decreasing)
 - MCP-BG 001: Workplace Transport, Billingsgate (Current risk: Amber, 12, constant)
 - MCP-NS 001: Workplace Traffic Management, New Spitalfields (Current risk: Amber, 8, decreasing)
 - MCP-SM 011: Brexit Impact of Brexit on traders and imports, Smithfield (Current risk: Amber, 6, constant)
 - MCP-BG 003: Brexit Impact of Brexit on tenants, Billingsgate (Current risk: Green, 4, constant)
 - MCP-NS 004: Brexit Impact of Brexit on tenants, New Spitalfields (Current risk: Green, 4, constant)
 - MCP-WM 001: Wholesale Markets Consolidation Project (Current risk: Amber, 8, constant)
 - MCP-WM 002: Wholesale Markets (Current risk: Green, 4, constant)
 - MCP-SM 013: East Poultry Avenue Canopy Failure, Smithfield (Current risk: Green, 4, constant)
 - MCP-SM 014: Glass Canopy Failure, Smithfield (Current risk: Green, 4, constant)

Conclusion

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

Appendices

- Appendix A: Wholesale Markets Risks Summary report
- Appendix B: Wholesale Markets Risk Register

Background Papers

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

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Billingsgate Market:

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Appendix A - MCP Risk summary report - committee reports by risk score

Report Type: Risks Report Generated on: 20 October 2021



Risks are ordered by subject matter, then risk score

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
MCP-SM 012	Building maintenance-management	8		-	
MCP-BG 002	Building maintenance-management	4	②	•	
MCP-NS 003	Building maintenance-management	4	Ø	•	
№ P-SM 001	HGV Unloading Operations	12		1	
P -BG 001	Workplace Transport	12		-	
MCP-NS 001	Workplace Traffic Management	8		•	4
MCP-SM 011	Brexit - Impact of Brexit on traders and imports	6		-	
MCP-BG 003	Brexit - Impact of Brexit on tenants	4	②	-	
MCP-NS 004	Brexit – Impact of Brexit on tenants	4	②	-	
MCP-SM 013	EPA Canopy Failure	4	②	-	
MCP-SM 014	Glass Canopy Failure	4	②	-	
MCP-WM 001	Wholesale Markets Consolidation Project	8		-	
CVD19 SPGS 03	COVID-19: Wholesale Markets	4	②	•	

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Appendix B: Wholesale Markets Risk Register

Report Author: Joanne Hill **Generated:** 14 October 2021



Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating &	Score	Risk Update and date of update	Target Risk Rating & S	Score	Target Date/Risk Approach	Current Risk score change indicator
MCP-SM 012 Building Buintenance- magement O	Cause: The deterioration of physical assets due to the lack of adequate maintenance Event: Partial collapse or failure of structure. Effect: Serious harm to building occupiers and members of the public by exposure to various physical hazards Loss of use of physical assets through accident investigations and enforcement authority prohibitions, etc Financial losses through potential Health and Safety Executive (HSE) fees for intervention, prosecution, civil claims and reputational damage to the City.	Impact		The survey reports have been received from City Surveyor's Department (CSD). Further site visits have taken place with consultants who are advising CoL on the practical solutions to the initial recommendations made by the contractors who produced the survey reports. Meetings have taken place with CSD to agree works and funding priorities. CSD are now drafting initial Project Initiation Documents for review and submission for funding approvals.	Impact	1	31-Dec- 2021	
29-Sep-2020				11 Oct 2021			Reduce	Constant
Ben Milligan								

Action no	Action description			Latest Note Date	Due Date
MCP-SM 012e	City Surveyor's Department (CSD). CSD to raise PIDs to continue with further surveys and pricing exercises.	The survey reports have been received from City Surveyor's Department (CSD). Further site visits have taken place with consultants who are advising CoL on the practical solutions to the initial recommendations made by the contractors who produced the survey reports. Meetings have taken place with CSD to agree works and funding priorities. CSD are now drafting initial Project Initiation Documents for review and submission for funding approvals.	Sherlock		31-Oct- 2021

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating	& Score	Risk Update and date of update	Target Risk Rating & S		Target Date/Risk Approach	Current Risk score change indicator
MCP-BG 002 Building maintenance- management 29-Sep-2020 Daniel Ritchie	Cause: The deterioration of physical assets due to the lack of adequate maintenance Event: Partial collapse or failure of structure. Effect: Serious harm to building occupiers and members of the public by exposure to various physical hazards Loss of use of physical assets through accident investigations and enforcement authority prohibitions, etc Financial losses through potential Health and Safety Executive (HSE) fees for intervention, prosecution, civil claims and reputational damage to the City.	Likelihood	4	A full condition survey has been completed by the appointed contractor and the results shared with the City Surveyor's Department. The Superintendent is working with CSD to consider and address the recommendations made by the contractor. A strategy is being developed to ensure the market remains statutorily compliant and risks are suitably mitigated. The risk has been reassessed and, although the impact remains 'major', the likelihood of the adverse event occurring has been reduced to 'rare'. 20 Oct 2021	Likelihood	1	30-Nov- 2021	Decreasing

23				
	Action description		Latest Note Date	Due Date
	the recommendations made in the Conditions Survey and implement them as appropriate.	1	20-Oct- 2021	30-Nov-2021
		A strategy is being developed to ensure that the market continues to be statutorily compliant, recommendations are addressed, and risks suitably mitigated.		

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/Risk Approach	Current Risk score change indicator
MCP-NS 003 Building maintenance- management	Cause: The deterioration of physical assets due to the lack of adequate maintenance Event: Partial collapse or failure of structure. Effect: Serious harm to building occupiers and members of the public by exposure to various physical hazards Loss of use of physical assets through accident investigations and enforcement authority prohibitions, etc Financial losses through potential Health and Safety Executive (HSE) fees for intervention, prosecution, civil claims and reputational damage to the City.	Impact	Consultation has taken place regarding the content of the Condition Survey. The 20 year plan has been updated to include items from the survey and these are now being examined in greater detail. Some items are to be deferred until further in-depth surveys have been completed.	Impact	01-Nov- 2021	•
29-Sep-2020			13 Oct 2021		Reduce	Decreasing
Debbie Howard						

Action no	Action description		Latest Note Date	Due Date
	the recommendations made in the Conditions Survey and implement them as appropriate.	has been updated to include items from the survey and these are now being examined in greater detail. Some items have now been instructed and some items are to be deferred until	 13-Oct- 2021	01-Nov-2021

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Sc	core I	Risk Update and date of update	Target Risk Rating & Score		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	r T A V	An interim Risk Assessment has reduced the risk score to 8 (from 12). This will be reviewed in November. At present, non-compliance is low and will be managed in the coming months. 11 Oct 2021	Impact 8	31-Dec- 2021 Accept	Decreasing

Action no	Action description	Latest Note	Latest Note Date	Due Date
MCP-SM 001k	*	An interim Risk Assessment has reduced the risk score to 8 (from 12). This will be reviewed in November. At present, non-compliance is low and will be managed in the coming months.	11-Oct- 2021	31-Dec-2021
e 25				

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/Risk Approach	Current Risk score change indicator
MCP-BG 001 Workplace Transport 26-Apr-2017 Daniel Ritchie	Cause: A lack of suitable and sufficient training and adequate management controls in relation vehicle movements at Billingsgate Market. Event: There is a risk of a life changing injury to a pedestrian if vehicle movements including forklift trucks are not appropriately managed and controlled. Effect: An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City.	Likelihood	12	This risk has been reviewed and is being held at Amber until we have total compliance with our traffic management policies. 20 Oct 2021	Impact	8	30-Nov- 2021 Reduce	Constant

Action no	Action description		Latest Note Date	Due Date
MCP-BG 001f O O	reducing the risk rating (if appropriate).			30-Sep- 2021
P-BG 001g	Re-engage consultant to provide assurance that essential recommendations have been actioned and that the risk has reduced.	8 8		30-Nov- 2021

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Scor	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	
MCP-NS 001 Workplace Traffic Management 24-Feb-2015 Emma Beard; Seen Benton; Daobie Howard	Cause: Over 200 forklift trucks operate on the New Spitalfields Market site. Event: There is a serious risk of life changing injury to a pedestrian if vehicle movements in this constrained space are not appropriately managed and controlled. Effect: An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.	Impact	Zero tolerance to produce being placed in the Market Hall roadways is now being enforced and the main roadways are kept clear of all produce during trading hours. All actions from the Traffic Management Plan are now complete. The risk has, therefore, been reduced to target and will be kept under review. 13 Oct 2021	Impact	31-Dec- 2021	Decreasing
Residence Howard O					Ţ	<u> </u>

Non no	Action description	Latest Note	Latest Note Date	Due Date
MCP NS-001m	· ·	r · · · · · · · · · · · · · · · · · · ·	 13-Oct- 2021	31-Dec-2021

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/Risk Approach	Current Risk score change indicator
MCP-SM 011 Brexit - impact of Brexit on traders and imports Page 28 06-Sep-2019 Mark Sherlock	Cause: The outcome of Brexit negotiations between the UK government and the EU fails to secure continuity of contracts and/or security of supply chains. Event: The market tenants fail to prepare appropriately for the end of the Brexit transition period on 31 December 2020. Uncertainty around the potential outcomes until it is too late to react. Effect: Delays and disruption in the food supply chain, and shortages of product over a prolonged period. There is also a risk, albeit unlikely, that this could impact the financial viability of some tenants' businesses. This in turn could lead to business failures and vacant premises at the markets but given the current position this seems highly unlikely.		6	On 11 March 2021, the government announced a new timetable for border checks with full processes for some imports not required until January 2022. These dates have now been moved to later in the new year: • Pre-notification requirements for Products of Animal Origin (POAO) and certain animal by-products (ABP) will be required from January 2022 • Full checks and import declarations will now commence in July 2022. The current situation and circumstances are under regular and constant review and the risk will be reviewed and amended appropriately as time progresses. 13 Oct 2021	Impact	2	31-Jan- 2022	Constant

Action no	Action description			Latest Note Date	Due Date
MCP-SM 011a	holding areas in the vicinity of the market to cope with the	consulting with Highways, endeavouring to mitigate as much as possible the operational impacts of loading bay suspensions. The outcomes will be discussed regularly at the Christmas traffic planning meetings with the Tenants' Association.	Sherlock		31-Jan- 2022

possible extended trading hours.	Staffing levels and flexibility will be reviewed prior to the pending full import checks. Resource plans will be amended depending upon advance impact information advised through CoL Brexit briefing groups or trader feedback.		31-Jan- 2022
prepared to be flexible in response to demand possibly up to 1pm each day.			31-Jan- 2022
	thereafter more closely pending year end and full checks in July 2022.		

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/Risk Approach	Current Risk score change indicator
MCP-BG 003 Brexit - Impact Page Output Output Daniel Ritchie	Cause: The outcome of Brexit negotiations between UK Government and EU fails to secure continuity of contracts and/or security of supply chains. Event: Market tenants fail to prepare appropriately. Impact: Delays and disruption in the food supply chain create shortages of product over a sustained period placing businesses under threat of viability, with small risk of failure and vacant market premises.	Likelihood	4	Currently consulting with LFMA, tenants and industry bodies on impact of the new import and export rules to ensure business preparedness. Pre-notification requirements for Products of Animal Origin (POAO) and certain animal by-products (ABP) will be required from 1 October 2021. • Full checks and import declarations will now commence in January 2022. The current situation and circumstances are under regular and constant review and the risk will be reviewed and amended appropriately as time progresses. 20 Oct 2021	Impact	1	31-Jan- 2022	Constant

Ac	tion no	Action description		 Latest Note Date	Due Date
MO		,	8		31-Jan- 2022
		1 1	the medium term. Discussions remain ongoing.		

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/Risk Approach	Current Risk score change indicator
MCP-NS 004 Brexit - impact of Brexit on tenants Description 23-Dec-2020 Enuma Beard; Debbie Howard	Cause: The outcome of Brexit negotiations between the UK government and the EU fails to secure continuity of contracts and/or security of supply chains. Event: The market tenants fail to prepare appropriately for the end of the Brexit transition period on 31 December 2020. Uncertainty around the potential outcomes until it is too late to react. Effect: Delays and disruption in the food supply chain, and shortages of product over a prolonged period. There is also a risk, albeit unlikely, that this could impact the financial viability of some tenants' businesses. This in turn could lead to business failures and vacant premises at the markets but given the current position this seems highly unlikely.		The outcome of the trade agreement between the UK government and the EU had a minor adverse effect on the supply chain of goods into the market. However, normal deliveries have since resumed. Implementation of the new border checks has now been delayed. Currently there appears to have been no visible effect on trade. The availability of parking for delivery vehicles and waiting times for unloading may cause disruption to parking and unloading operations. These operations are being reviewed as part of the HGV management plan. 13 Oct 2021	Impact 2	01-Jan- 2022	Constant

Action no	Action description		Latest Note Date	Due Date
		The HGV area at the rear of the market hall has been enlarged and further areas at the sides of the market hall are being considered. This remains under review as part of the Traffic Management Plan.		01-Jan- 2022
MCP-NS-004b	Consult with the SpMTA to agree parking charges.	Consultation with the SpMTA is ongoing.		01-Jan- 2022

	new import rules which are due to be fully implemented		Howard	01-Jan- 2022
MCP-NS-004d	of produce.	Work is continuing to identify suitable areas for additional storage of produce to enable a 'click and collect' option as this has now been identified as a necessary requirement by some tenants. Due to lack of space this may not be feasible, but we continue to review alternative options.		 01-Jan- 2022

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/Risk Approach	Current Risk score change indicator
MCP-WM 001 Wholesale Markets Consolidation Project 17-Mar-2020 Ben Milligan	Cause: The Markets Co-location Project (MCP) team are leading a project to move the City's Wholesale Markets to a single site in Barking & Dagenham. This proposed move may influence decisions on maintenance at the existing markets to ensure resources are not invested in works whose life will exceed the anticipated occupation of the respective market site. However, should the City of London Corporation be unable to, or decide not to, complete the MCP or determines an alternative use for the Barking site, the markets may not move and this could have an injurious effect on the continued operation of the markets on their existing sites. Event: The City's three wholesale food markets, New Spitalfields, Smithfield and Billingsgate are unable relocate to the Barking site and find themselves with seriously dilapidated infrastructure due to the investment decisions taken in anticipation of the proposed move to the Barking site. Effect: This could result in a major programme of works at the existing markets sites to catch up with the deferred maintenance in order to ensure the markets are fit for purpose. This could require significant additional capital investment. Relationships with tenants may be adversely affected due to the impact on normal operation of the refurbishment works, which could result in adverse publicity, possibly leading to reputational damage to the City and tenant claims against City of London Corporation for loss of earnings and other incurred costs Should the capital investment required be cost prohibitive, or the impact of the refurbishment cause severe disruption to tenants' businesses, this could trigger a decline in the markets, possibly to the point where they are irrecoverable.	Impact	CSD have prepared initial Project Initiation Documents and submitted bids for funding to implement the survey findings. 20 Oct 2021	Impact 4	31-Dec-2026 Reduce	Constant

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Action no	Action description			Latest Note Date	Due Date
MCP-WM 001a	Keep risk under regular review		-	20-Oct- 2021	31-Dec- 2026
MCP-WM 001b	Agree and implement a maintenance strategy to ensure there are appropriate levels of maintenance such that the markets will not be forced to close due to failing infrastructure.	to be carried out until there is more certainty about the markets' move. This will address the risk that the markets cannot operate due to failing infrastructure in the short to medium term. Survey reports have been received and action taken to agree priorities and obtain funding. The City will continue to ensure it meets its lease commitments with regard to maintenance		20-Oct- 2021	31-Dec- 2026
_		through a combination of local maintenance teams and the City Surveyor's Facilities Management Team. The Cyclical Works Programme and major project works will also continue as normal at the markets, subject to the terms of the interim maintenance strategy.			

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & S	Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	Current Risk score change indicator
MCP-WM 002 Wholesale Markets COVID-19	Cause: The spread of COVID-19 continues to escalate affecting staff, businesses and stakeholders. Event: Trading at the markets reduces to a point where businesses will begin to close, either temporarily or cease trading permanently. Absence levels of CoL staff increase to a point where we are unable to provide critical services. This includes maintaining regulatory compliance Effect: The spread of COVID-19 impacts on the City's ability to safely operate the three wholesale food markets leading to partial or full closure which may lead to permanent business closures and affect the future viability of the markets. Reputational damage to the City and public health risks may be realised due to overcrowding and failure of market users to follow COVID-Secure guidance. The City may also be unable to recover debts if businesses are not sufficiently able to mitigate the threat of coronavirus to enable them to reopen post lockdown.	Impact		Trading is currently at a steady state. We are working with relevant local authorities to ensure COVID-Secure guidelines are followed. We are continuously monitoring staff availability particularly in light of the most recent government advice and guidance. The current risk score has been reduced to target but we will continue to monitor the ongoing situation. 20 Oct 2021	Impact 4	01-Jan- 2022	Constant

Action no	Action description			Latest Note Date	Due Date
		Standard Operating Procedures at all three markets will continue to be updated to reflect government advice and guidance.	_		01-Jan- 2022
		relevant local authorities to ensure market users follow recommended guidelines.	-		01-Jan- 2022

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/Risk Approach	Current Risk score change indicator
MCP-SM 013 EPA Canopy Failure	Cause: Lack of condition survey and maintenance. Event: Sections of concrete canopy fail and collapse following extreme weather. Effect: Serious harm to building occupiers and members of the public by exposure to various physical hazards. Loss of use of physical assets through accident investigations and enforcement authority prohibitions, etc. Financial losses through potential Health and Safety Executive (HSE) fees for intervention, prosecution, civil claims and reputational damage to the City.	Impact	4	All safety and maintenance work has been completed in order to reopen East Poultry Ave and commence safe trading. Further rectification work will be identified by a wider condition survey. When we have sight of the initial findings of the wider condition surveys it is intended that any further work will be carried out as quickly as possible, noting the listed facade.	Impact	2	31-Dec- 2021	
17-Aug-2020 Mark Sherlock				11 Oct 2021			Reduce	Constant
Pag								
ge								

Modion no	Action description		Latest Note Date	Due Date
MCP -SM 013a	and West Poultry Avenue. Erect crash mats and support props to secure remaining structure.	 		31-Dec- 2021

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & S	Score	Risk Update and date of update	Target Risk Rating & So	Score	Target Date/Risk Approach	Current Risk score change indicator
MCP-SM 014 Glass Canopy Failure 07-Oct-2020 Mark Sherlock	Cause: Spontaneous failure of overhead glazing panel. Event: Failure of the toughened glass overhead canopy panel/s. Effect: Lacerations, fractures and/or impact injuries to pedestrians who may be showered with glass fragments.	Likelihood		Any further works to the remaining elevations are now under consideration by City Surveyor's Department as part of the building condition audits and contractor recommendations. Funding sources and approval routes are now in progress. 11 Oct 2021	Likelihood	1	31-Dec- 2021	Constant

tion no	r		Latest Note Date	Due Date
P-SM 014a	agreed for safe return of glass canopy to operational uses.	Any further works to the remaining elevations are now under consideration by City Surveyor's Department as part of the building condition audits and contractor recommendations. Funding sources and approval routes are now in progress.		31-Dec- 2021

Committee(s):	Dated:				
Markets	03/11/2021				
Subject:	Public				
Revenue and Capital Budgets 2022/23					
Which outcomes in the City Corporation's Corporate	n\a				
Plan does this proposal aim to impact directly?					
Does this proposal require extra revenue and/or	No				
capital spending?					
If so, how much?	n/a				
What is the source of Funding?	n/a				
Has this Funding Source been agreed with the	n/a				
Chamberlain's Department?					
Report of:	For Decision				
The Chamberlain and the Markets Director					
Report author:					
Clem Harcourt, Chamberlain's Department					

Summary

This report is the annual submission of the revenue and capital budgets overseen by your Committee. It is asking members to note the latest revenue budget for 2021/22 and approve the proposed revenue and capital budgets for 2022/23, for subsequent submission to Finance Committee.

The 2021/22 Latest Budget totals net income of £212k, a decrease of (£603k) compared with the 2021/22 Original Budget of net income £815k.

The proposed 2022/23 Original Budget totals net income of £529k compared to the original 2021/22 budget of £815k, a decrease in net income of (£286k).

The proposed budget for 2022/23 has been prepared within the provisional resource envelope anticipated to be allocated to the Chief Operating Officer by Resource Allocation Sub Committee in October 2021, but is dependent on the delivery of savings proposals which are still being developed.

The resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.

Recommendations

Members are asked to:

- i) note the latest revenue budget for 2021/22 for Markets Committee;
- ii) review and approve the Markets Committee proposed revenue budget for 2022/23 for submission to Finance Committee:

- iii) review and approve the Markets Committee proposed capital and supplementary revenue projects budgets for 2022/23 for submission to Finance Committee:
- iv) authorise the Chamberlain, in consultation with the Chief Operating Officer, to revise these budgets to allow for any further implications arising from subsequently approved savings proposals, Target Operating Model (TOM) implementation, or changes to the resource envelope; and
- v) agree that amendments for 2021/22 and 2022/23 budgets arising from changes to recharges or for any further implications arising from Corporate Projects, other reviews and changes to the Cyclical Works Programme and capital charges during budget setting be delegated to the Chamberlain in consultation with the Chief Operating Officer.

Main Report

Background

- 1. This report sets out the latest budget for 2021/22 and the proposed revenue and capital budgets for 2022/23 for your Committee and under the control of the Chief Operating Officer, analysed between:
 - a. **Local Risk Budgets** these are budgets deemed to be largely within the Chief Officer's control.
 - b. **Central Risk Budgets** these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside his/her control or are budgets of a corporate nature.
 - c. **Support Services and Capital Charges** these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.
- 2. 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.
- 3. The latest 2021/22 budget and provisional 2022/23 budgets, summarised in Table 1 below, are analysed by risk, fund and Chief Officer in Appendix 1.

Table 1 - Summary Revenue Budgets 2021/22 and 2022/23							
	Original	Latest	Original				
	Budget	Budget	Budget				
	2021/22	2021/22	2022/23				
	£'000	£'000	£'000				
Expenditure	(16,311)	(16,465)	(16,222)				
Income	19,639	19,370	19,324				
Net (Expenditure)/ Income	3,328	2,905	3,102				
Support Services and Capital Charges	(2,513)	(2,693)	(2,573)				
Total Net (Expenditure)/Income	815	212	529				

Latest Revenue Budget for 2021/22

- 4. Appendix 2 provides details on budget movements between the 2021/22 Original Budget and the 2021/22 Latest Budget. Total net income has decreased by (£603k) from a net income position of £815k to a net income position of £212k. Main reasons for the net decrease are:
 - (£249k) reduction in service charge income at New Spitalfields and Billingsgate Markets as a result of decreases in gross service charge expenditure;
 - (£180k) additional depreciation charges at New Spitalfields Market;
 - (£175k) increase in professional fees costs for lease renewals at Billingsgate Market and rent reviews at New Spitalfields Market;
 - (£103k) reduction in rent income at New Spitalfields Market attributable to two vacant catering units at the market;
 - (£63k) cost of condition surveys at Billingsgate and New Spitalfields Markets to identify required works at the markets;
 - (£54k) decrease in utilities costs recharged to tenants as a result of lower energy prices;
 - £91k increased transfer from reserves to meet the cost of additional works funded through tenant reserves at Billingsgate and New Spitalfields Markets;
 - £83k reduction in employment costs attributable to pay being frozen for staff on grades D and above from July 2021 in addition to savings from flexible retirement and the removal of three vacant posts;
 - £70k saving from the waste and cleaning contract at New Spitalfields Market covering both fixed and variable elements of the contract.
- 5. A detailed breakdown of the budget changes by expenditure and income category can be found within the notes section of Appendix 2.

Proposed Revenue Budget for 2022/23

- 6. Total net income for 2022/23 amounts to £529k, a decrease of (£286k) compared with the original budget for 2021/22 of £815k.
- 7. For 2022/23 budgets include:
 - (i) 2% uplift for inflation offset by 2% efficiency savings (a flat cash position);
 - (ii) Pay increases at 1.525% for grades A-C from 1st July; and
 - (iii) Increase of 1.25% in employer's National Insurance contributions.

The resulting resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.

- 8. The budget has been prepared within the provisional resource envelope anticipated to be allocated to the Chief Operating Officer by Resource Allocation Sub Committee in October 2021, with the following exceptions and assumptions:
 - The Chief Operating Officer is still in the process of identifying savings proposals which, if delivered, will enable her to remain within her resource envelope. As a result, the savings required have been incorporated into the 2022/23 budget as "Unidentified Efficiency Savings" and will be revised as necessary throughout the year.
 - Services covered by Markets Committee are not expected to complete implementation of the TOM until 2022 and therefore the budgets set out here do not reflect any changes to structures that may result from that process, including any associated savings as set out above.
 - Support services and capital charges budgets reflect the attribution and cost of central departments. However, the full budgets for these departments have not yet been finalised, so further changes to these budgets may be required.
- 9. Main reasons for the (£286k) decrease in net income compared with the 2021/22 original budget are:
 - (£267k) reduction in service charge income at Billingsgate and New Spitalfields Markets as a result of changes in gross service charge expenditure;
 - (£207k) decrease in unidentified efficiency savings. The 2021/22 original budget included £171k in savings related to the TOM in addition to £75k in further required savings. Based on current levels of anticipated expenditure and income for 2022/23, only £39k remains to be identified which the Markets Director will progress throughout the 2022/23 budgetary cycle;
 - (£180k) in additional buildings depreciation charges at New Spitalfields Market:
 - (£125k) less income from the entry barrier at New Spitalfields Market due to a reduction in customer numbers throughout the pandemic;
 - (£113k) increase in professional fees relating to costs for the lease renewals at Billingsgate Market and rent reviews at New Spitalfields Market;
 - (£80k) increase in transfer to reserves at New Spitalfields Market to fund additional expenditure on the Repainting and Repair account;
 - (£55k) additional heating and cooling costs at Smithfield Market due to increased energy consumption at the market since the lifting of Covid-19 restrictions:
 - £283k lower costs for the waste and cleaning contract at New Spitalfields Market primarily relating to fixed contract costs caused by a variation in the contract;
 - £197k reduction in employment costs as a result of savings from flexible retirement, pay being frozen for staff on grades D above and the removal of three vacant posts;

- £120k net increase in Directorate recharges to other areas of the Department of Markets & Consumer Protection;
- £58k increase in income from parking relating to the Rotunda Car Park at Smithfield and trade car parking at Billingsgate Market; and
- £50k additional filming income at Billingsgate Market.
- 10. A detailed breakdown of the budget changes by expenditure and income category can be found within the notes section of Appendix 3.

Operating Statement

- 11. The operating statement which shows the financial position of the individual Wholesale Markets (i.e. excluding the Rotunda Car Park and outside properties at Smithfield Market) is shown in Appendix 4, with Appendix 5 detailing the reasons for all variances over £50k.
- 12. There is an overall net income to the City of London Corporation for operating the Markets of £833k in 2022/23. The net income is higher than the overall Markets Committee total of £529k as the Operating Statement excludes a net cost of (£304k) for the operation of the Rotunda Car Park and outside properties at Smithfield Market. The overall Markets net income for 2022/23 includes costs for capital depreciation charges of (£1.446m).

Staffing Statement

13. The below table analyses the movement in manpower and related staff costs. This shows a decrease in full-time equivalent posts from 121.5 to 118.4 and a decrease in total employment costs of £197k from (£6.224m) to (£6.027m).

Table 2 - Staffing Statement OR 2021/22 - OR 2022/23									
	Original Bud	dget 2021/22	Original Budget 2022/23						
	Manpower Full-	Estimated Cost	Manpower Full-	Estimated Cost					
	time Equivalent	£'000	time Equivalent	£'000					
Directorate	4.5	(356)	4.4	(369)					
New Spitalfields Market	34.0	(1,744)	31.0	(1,627)					
Smithfield Market	44.0	(2,131)	44.0	(2,070)					
Billingsgate Market	39.0	(1,993)	39.0	(1,961)					
Total Markets	121.5	(6,224)	118.4	(6,027)					

Draft Capital Project budgets for 2022/23

14. The latest estimated costs of the Committee's current approved capital and supplementary revenue projects are summarised in the table below.

Service	Project	Exp. Pre 01/04/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Later Years £'000	Total £'000
CITY FUND							
Spitalfields	Entry Barrier	245	31	-	-	-	276
TOTAL MARKETS	S	245	31	-	-	-	276

- 15. The scheme listed above is now complete.
- 16. It should be noted that the table above excludes the costs of the Markets Consolidation Programme.
- 17. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2022.

Conclusion

18. This report presents the proposed 2022/23 budgets for Markets Committee for Members to consider and approve.

Appendices

- Appendix 1 Committee Summary Budget by Risk, Fund and Chief Officer
- Appendix 2 Original Budget 2021/22 to Latest Budget 2021/22
- Appendix 3 Original Budget 2021/22 to Original Budget 2022/23
- Appendix 4 Wholesale Markets Operating Statement 2021/22 Latest Budget and 2022/23 Original Budget
- Appendix 5 Wholesale Markets Operating Statement Movement Notes

Clem Harcourt

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Committee Summary Budget by Risk, Fund and Chief Officer

	Original Budget 2021/22 £'000	Latest Budget 2021/22 £'000	Original Budget 2022/23 £'000
LOCAL RISK			
Chief Operating Officer			
City Fund			
New Spitalfields Market Service Charge	(17)	(17)	(17)
New Spitalfields Market Corporate Account	(48)	(66)	(48)
New Spitalfields Market Repainting and Repairs	0	0	0
Total City Fund	(65)	(83)	(65)
City's Cash Smithfield Market Service Charge	(749)	(741)	(781)
Smithfield Market Corporate Account	(75)	(95)	(76)
Smithfield Other Services	150	150	150
Billingsgate Market Service Charge	0	0	0
Billingsgate Market Corporate Account	(91)	(115)	(93)
Billingsgate Market Repainting and Special Works	0	0	0
Markets Directorate	(366)	(461)	(457)
Total City's Cash	(1,131)	(1,262)	(1,257)
Total Chief Operating Officer	(1,196)	(1,345)	(1,322)
City Surveyor			
New Spitalfields Market Service Charge	(73)	(84)	(95)
New Spitalfields Market Corporate Account	(40)	(29)	(18)
Smithfield Market Service Charge	(369)	(384)	(369)
Smithfield Market Corporate Account	(154)	(154)	(154)
Smithfield Other Services	(446)	(446)	(446)
Billingsgate Market Service Charge	(161)	(161)	(161)
Total City Surveyor	(1,243)	(1,258)	(1,243)
TOTAL NET LOCAL RISK	(2,439)	(2,603)	(2,565)
CENTRAL RISK			
Chief Operating Officer			
City Fund			
New Spitalfields Market Service Charge	431	448	461
New Spitalfields Market Corporate Account	2,082	1,914	1,956
New Spitalfields Market Repainting and Repairs	0	0	4
City Fund Total	2,513	2,362	2,421
	_,0.10	_,	_,
City's Cash			
Smithfield Market Service Charge	(4)	(4)	(4)
Smithfield Market Corporate Account	1,488	1,488	1,488
Smithfield Other Services	104	104	104
Billingsgate Market Service Charge	346	345	345
Billingsgate Market Corporate Account	1,314	1,204	1,307
Billingsgate Market Repainting and Special Works	6	9	6
City's Cash Total	3,254	3,146	3,246
TOTAL NET CENTRAL RISK	5,767	5,508	5,667
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,513)	(2,693)	(2,573)
TOTAL NET (EXPENDITURE)/INCOME	815	212	529

ORIGINAL BUDGET 2021/22 TO LATEST B	UDGET 2021/22			
Analysis of Service Expenditure	Original Budget 2021/22		Better/(Worse)	Para Ref
EXPENDITURE - LOCAL RISK	£'000	£'000	£'000	
	(6.224)	(6.141)	83	1
Employment Costs Premises Related Expenses	(6,224) (4,515)			2
City Surveyor – Repairs & Maintenance	(1,243)	, , ,		
Transport Related Expenses	(36)	(74)	(38)	4
Supplies & Services	(1,172)	` ′		5
Waste & Cleaning Contract at New	,	,		
Spitalfields Mkt	(2,850)	(2,780)	70	6
Transfer to Reserves	(76)	(93)	(17)	7
Committee Contingency	246	` ′		•
Total Expenditure	(15,870)		21	
INCOME - LOCAL RISK	(10,010)	(10,010)		
Other Grants, Reimbursements &	540	500	(7)	0
Contributions	510	503	(7)	8
Customer, Client Receipts	12,881	12,615	(266)	9
Investment Income	2	2	Ô	
Transfer from Reserves	38	126	88	10
Total Income	13,431	13,246	(185)	
TOTAL NET LOCAL RISK (EXP)/ INC	(2,439)	(2,603)	(164)	
EXPENDITURE - CENTRAL RISK				
Premises Related Expenses	(191)	(191)	0	
Supplies & Services	(41)	(216)	(175)	11
Capital Charges/Depreciation	(209)	(209)	0	
Total Expenditure	(441)	(616)	(175)	
INCOME - CENTRAL RISK				
Customer, Client Receipts	1,397	1,413	16	12
Customer, Client Receipts (Rent)	4,805	4,702	(103)	13
Transfer from Reserves	6	9	3	14
Total Income	6,208	6,124	(84)	
TOTAL NET CENTRAL RISK (EXP)/ INC	5,767	5,508	(259)	
SUPPORT SERVICES AND CAPITAL				
CHARGES				
Central Support Services	(1,764)	(1,764)	0	
Capital Charges/Depreciation	(1,057)	(1,237)	(180)	15
Recharges within Committee	0	Ó) o	
Recharges within Fund	77	77	0	
Recharges across Fund	231	231	0	
TOTAL SUPPORT SERVICES AND			(453)	
CAPITAL CHARGES	(2,513)	(2,693)	(180)	
TOTAL NET (EXPENDITURE)/INCOME	815	212	(603)	

Original Budget 2021/22 to Latest Budget 2021/22 – Movement Notes

Local Risk

- 1. Employment Costs decrease of £83k is due to savings from flexible retirement in addition to pay being frozen for staff at grades D and above from July 2021 and the removal of three vacant posts.
- **2. Premises Related Expenses** reduction of £22k is due to the following:
 - £19k savings in the corporate cleaning contract at New Spitalfields Market;
 - £17k reduction in water expenditure at Smithfield Market;
 - £9k decrease in energy costs at Smithfield Market as a result of a fall in energy prices:
 - £5k net reduction in rates expenditure across all markets;
 - (£26k) increase in the cost of heating and cooling at Smithfield Market;
 - (£2k) additional ad-hoc pest control costs at Smithfield Market.
- **3.** City Surveyor Repairs & Maintenance the (£15k) increase is attributable to additional expenditure on the corporate pest control contract at Smithfield Market.
- **4. Transport Related Expenses** the (£38k) increase in transport related expenditure is due to the purchase of a forklift truck for use at Smithfield Market amounting to (£20k) which has been funded by carry forward monies, together with an extra (£18k) in vehicle maintenance costs at Billingsgate Market.
- **5. Supplies & Services** the (£84k) increase is due to the following:
 - (£63k) cost of condition surveys at Billingsgate and New Spitalfields Markets to identify future works at the markets;
 - (£17k) expenditure relating to the maintenance of the entry barrier at New Spitalfields Market;
 - (£9k) increase in equipment costs at Billingsgate and New Spitalfields Market;
 - (£7k) refuse collection expenditure at Smithfield Market as a result of additional waste at the market:
 - (£3k) extra stationery and communication costs at all markets;
 - £15k reduction in internal legal fees at Smithfield Market.
- **6. Waste & Cleaning Contract at New Spitalfields Market** the decrease of £70k relates to contract savings from the fixed element of the contract amounting to £38k as well as a reduction of £32k in variable costs from the contract.
- 7. Transfer to Reserves the additional (£17k) relates to an increase in the transfer to the Repainting and Repair (R&R) Fund at New Spitalfields Market as a result of additional costs being met through the reserves in 2021/22.
- **8.** Other Grants, Reimbursements and Contributions the (£7k) decrease is due to a reduction in the overall cost of business rates charged to Smithfield Market.
- 9. Customer, Client Receipts the (£266k) reduction in income is due to the following: Page 48

- (£215k) reduction in service charge income at New Spitalfields Market as a result of decreases in gross service charge expenditure;
- (£50k) decrease in service charge income at Billingsgate Market as a result of decreases in gross service charge expenditure;
- (£33k) less income from the recharge of utilities costs to commercial tenants at Smithfield Market as a result of lower heating and cooling costs;
- (£21k) decrease in the recharge of utilities costs to tenants at New Spitalfields Market as a result of reductions in energy prices;
- (£7k) less income related to recharges from the Animal By-Product (ABP) facility at Smithfield Market as a result of lower levels of condemned meat;
- £32k additional income from the Rotunda Car Park following the lifting of Covid-19 restrictions;
- £18k income from the recharges of refuse collection to tenants at Billingsgate Market:
- £10k extra income from trade car parking at Billingsgate Market due to an increase in customer numbers at the market following the lifting of Covid-19 restrictions.
- 10. Transfer from Reserves the increase of £88k is due to an additional transfer from reserves of £57k at Billingsgate Market to fund extra works on the Repainting and Special Works Fund (RSWF) as well as a further £31k to cover expenditure on the R&R Fund at New Spitalfields Market.

Central Risk

- **11. Supplies & Services** the increase of (£175k) is due to (£110k) in external surveyor and legal fees for the lease renewals at Billingsgate Market and an additional (£65k) in professional fees for rent reviews at New Spitalfields Market.
- **12. Customer, Client Receipts** the £16k increase is due to additional service charge income of £17k at New Spitalfields Market relating to central support and City Surveyor's costs recharged to tenants. This is offset by a (£1k) decrease in service charge income at Billingsgate Market.
- **13. Customer, Client Receipts (Rent)** the (£103k) reduction is attributable to a decrease in rent income at New Spitalfields Market relating to vacant premises.
- **14. Transfer from Reserves** the £3k increase is due to additional City Surveyor's employee recharges being incurred on the RSWF account at Billingsgate Market requiring additional transfers from tenant reserves.

Support Services and Capital Charges

15. Capital Charges/Depreciation – the (£180k) increase relates to additional buildings deprecation charges being incurred at New Spitalfields Market.

ORIGINAL BUDGET 2021/22 TO ORIGIN	IAL BUDGET 2022/	23		
Analysis of Service Expenditure	Original Budget 2021/22	Original Budget 2022/23	Movement Better/(Worse)	Para Reference
	£'000	£'000	£'000	
EXPENDITURE - LOCAL RISK				
Employment Costs	(6,224)	(6,027)	197	1
Premises Related Expenses	(4,515)	(4,507)	8	2
City Surveyor – Repairs & Maintenance	(1,243)	(1,243)	0	
Transport Related Expenses	(36)	(34)	2	3
Supplies & Services	(1,172)	(1,173)	(1)	4
Waste & Cleaning Contract at New	(2,850)	(2,567)	283	5
Spitalfields Mkt	(2,000)	(2,307)	203	3
Transfer to Reserves	(76)	(156)	(80)	6
Unidentified Efficiency Savings	246	39	(207)	7
Total Expenditure	(15,870)	(15,668)	202	
INCOME - LOCAL RISK				
Other Grants, Reimbursements &	510	503	(7)	8
Contributions	310	303	(')	0
Customer, Client Receipts	12,881	12,523	(358)	9
Investment Income	2	2	0	
Transfer from Reserves	38	75		10
Total Income	13,431	13,103	(328)	
TOTAL NET LOCAL RISK (EXP)/ INC	(2,439)	(2,565)	(126)	
EXPENDITURE - CENTRAL RISK				
Premises Related Expenses	(191)	(191)	0	
Supplies & Services	(41)	(154)	(113)	11
Capital Charges/Depreciation	(209)	(209)	0	
Total Expenditure	(441)	(554)	(113)	
INCOME - CENTRAL RISK	, ,	, ,	, ,	
Customer, Client Receipts	1,397	1,426	29	12
Customer, Client Receipts (Rent)	4,805	4,785		13
Transfer from Reserves	6	10	4	14
Total Income	6,208		13	17
TOTAL NET CENTRAL RISK (EXP)/				
INC	5,767	5,667	(100)	
SUPPORT SERVICES AND CAPITAL				
CHARGES				
Central Support Services	(1,764)	(1,764)	0	
Capital Charges/Depreciation	(1,057)	(1,237)	(180)	15
Recharges within Committee	(1,00 <i>1)</i>	(1,201)	(100)	
Recharges within Fund	77	77	0	
			1	16
Recharges across Fund TOTAL SUPPORT SERVICES AND	231	351	120	16
CAPITAL CHARGES	(2,513)	(2,573)	(60)	
TOTAL NET (EXPENDITURE)/INCOME	815	529	(286)	

Original Budget 2021/22 to Original Budget 2022/23 - Movement Notes

Local Risk

- 1. Employment Costs the decrease of £197k is mainly attributable to savings from flexible retirement in addition to the freeze in pay for all staff on grades D and above from July 2021 as well as the removal of three vacant posts.
- **2. Premises Related Expenses** the reduction of £8k is due to:
 - £36k lower repairs and maintenance costs primarily related to a decrease in the value of works funded by the Repainting and Repair (R&R) account at New Spitalfields Market;
 - £18k decrease in cleaning related expenditure largely attributable to savings from the corporate cleaning contract at New Spitalfields Market;
 - £8k lower water expenditure at all markets;
 - £5k overall reduction in energy costs at all markets;
 - (£55k) increase in heating and cooling costs at Smithfield Market as a result of increased energy usage following the end of Covid-19 restrictions;
 - (£4k) overall increase in rates expenditure.
- **3.** Transport Related Expenses the decrease of £2k is due to a £3k reduction in congestion charging expenses at Smithfield Market and a (£1k) increase in travelling expenses on the Directorate.
- **4. Supplies & Services** the (£1k) net increase is due to additional equipment costs at Billingsgate Market, maintenance costs for the entry barrier at New Spitalfields Market and conference expenses met by the Directorate. This is offset by reduced equipment costs at New Spitalfields Market and lower internal legal fees at Smithfield Market.
- 5. Waste & Cleaning Contract at New Spitalfields Market the £283k decrease is primarily due to a £260k reduction in fixed contract costs largely attributable to a variation in the contract in addition to £23k savings from the variable element of the contract.
- **6.** Transfer to Reserves the (£80k) increase is due to additional transfers being made from the R&R account to the reserves at New Spitalfields Market.
- 7. Unidentified Efficiency Savings the (£207k) decrease is the result of the latest estimate of savings still to be identified to remain within the local risk resource envelope, after all other budget movements are taken into account. The 2021/22 original budget included £171k in savings related to the required 12% Target Operating Model (TOM) reduction in addition to £75k in further required savings. The Markets Director is continuing to work through proposals against the 12% savings and these will be revised once the TOM is progressed. Based on anticipated levels of expenditure and income for 2022/23, a balance of £39k will need to be identified by the Director throughout the course of the 2022/23 budgetary cycle.
- **8.** Other Grants, Reimbursements and Contributions the (£7k) decrease is due to the reduced cost of business rates charged to Smithfield Market.
- 9. Customer, Client Receipts the decrease of £358k) is due to:

- (£255k) reduction in service charge income at New Spitalfields Market as a result of decreases in gross service charge expenditure;
- (£125k) less income from the entry barrier at New Spitalfields Market attributable to a reduction in customer numbers during the pandemic;
- (£41k) decreased income from service charges at Billingsgate Market following a reduction in gross service charge expenditure;
- (£30k) decline in income from declared waste at New Spitalfields Market as a result of additional food waste being donated to charity;
- (£14k) reduced income from reimbursable works at New Spitalfields Market;
- (£7k) lower recharges for the Animal By-Product (ABP) facility at Smithfield Market owing to reduced levels of condemned meat;
- (£7k) net reduction in energy recharges and other sundry charges to tenants at all markets as a result of lower energy prices;
- £50k increase in filming income at Billingsgate Market as a result of an anticipated increase in the number of filming projects following the end of Covid-19 restrictions;
- £48k additional income from the Rotunda Car Park at Smithfield Market following increased customer numbers following the pandemic;
- £13k extra income from refuse collection recharges at Billingsgate Market;
- £10k increase in trade parking income at Billingsgate Market due to an increase in customer numbers at the market following the end of Covid-19 restrictions.
- **10.Transfer from Reserves** the increase of £37k is due to additional transfer from reserves on the R&R account at New Spitalfields Market to fund increased levels of works.

Central Risk

- **11. Supplies & Services** the increase of (£113k) relates to additional professional fees of (£75k) at New Spitalfields Market connected to the rent reviews in addition to (£38k) in professional fees for the lease renewals at Billingsgate Market.
- **12. Customer, Client Receipts** the extra £29k is due to £30k in service charge income at New Spitalfields Market related to an increase in central recharges and City Surveyor's costs met by tenants. This is offset by a (£1k) reduction at Billingsgate Market.
- **13. Customer, Client Receipts (Rent)** the decrease of (£20k) relates to a reduction in rent income at New Spitalfields Market of (£51k) as a result of two catering units being vacant. This is offset by increased income of £31k at Billingsgate Market.
- **14.Transfer from Reserves** the £4k increase is due to additional transfer from reserves at New Spitalfields Market to fund City Surveyor's employee recharges on the R&R account.

Support Services and Capital Charges

- **15. Capital Charges/Depreciation** the increase of (£180k) is due to additional building depreciation charges at New Spitalfields Market.
- **16.Recharges Across Fund** the net increase of £120k is due to increased Directorate recharges to other areas of the Department of Markets & Consumer Protection.

Wholesale Markets Operating Statement 2021/22 Latest Budget and 2022/23 Original Budget

		Ne	ew Spitalfi	elds Mark	et			E	Billingsga	ate Market					Smithfiel	d Market					Total		
	Original Budget	Latest Budget	Movement	Original Budget	Movement	Notes	Original Budget	Latest Budget	Movement	Original Budget	Movement	Notes	Original Budget	Latest Budget	Movement	Original Budget	Movement	Notes	Original Budget	Latest Budget	Movement	Original Budget	Movement
	2021/22 £'000	2021/22 £'000	£'000	2022/23 £'000	£'000		2021/22 £'000	2021/22 £'000	£'000	2022/23 £'000	£'000		2021/22 £'000	2021/22 £'000	£'000	2022/23 £'000	£'000		2021/22 £'000	2021/22 £'000	£'000	2022/23 £'000	£'000
Operating Expenditure: Employment Costs (basic pay, NI, pension, overtime, training and recruitment advertising)	(1,744)	(1,629)	115	(1,627)	117	1	(1,993)	(1,973)	20	(1,961)	32		(2,131)	(2,088)	43	(2,070)	61	9	(5,868)	(5,690)	178	(5,658)	210
Premises (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials)	(1,595)	(1,525)	70	(1,538)	57	2	(1,219)	(1,257)	(38)	(1,239)	(20)		(2,883)	(2,886)	(3)	(2,910)	(27)		(5,697)	(5,668)	29	(5,687)	10
Transport (Vehicle running costs, congestion charge and travel costs)	(1)	(1)	0	(1)	0		(31)	(49)	(18)	(31)	0		(3)	(23)	(20)	0	3		(35)	(73)	(38)	(32)	3
Supplies and Services (Refuse collection, equipment hire/maintenance and purchase, uniforms and clothing, communication and office	(250)	(366)	(116)	(324)	(74)	3	(161)	(310)	(149)	(206)	(45)	8	(407)	(401)	6	(393)	14		(818)	(1,077)	(259)	(923)	(105)
Waste and Recycling Contract	(2,850)	(2,780)	70	(2,567)	283	4	0	0	0	0	0		0	0	0	0	0		(2,850)	(2,780)	70	(2,567)	283
Total Operating Expenditure	(6,440)	(6,301)	139	(6,057)	383		(3,404)	(3,589)	(185)	(3,437)	(33)		(5,424)	(5,398)	26	(5,373)	51		(15,268)	(15,288)	(20)	(14,867)	401
Operating Income:																	_						
Charges for Services (Service charge income, filming, car parking, insurance, advertising hoarding, wayleaves and tolls, reimbursement of directly recovered costs and interest income, contributions to repair fund)	2,102 6,620	1,999	(103)	2,051 6,218	(51) (402)	5 6	3,709	3,692	(17)	1,021 3,745	31 36		1,604 3,707	1,604 3,654	(53)	1,604 3,689	(18)	10	4,696 14,036	4,593	(103)	4,676 13,652	
Total Operating Income	8,722	8,400	(322)	8,269	(453)		4,699	4,682	(17)	4,766	67		5,311	5,258	(53)	5,293	(18)		18,732	18,340	(392)	18,328	(404)
Net Operating (Expenditure)/Income	2,282	2,099	(183)	2,212	(70)		1,295	1,093	(202)	1,329	34		(113)	(140)	(27)	(80)	33		3,464	3,052	(412)	3,461	(3)
Central Costs:																							
Capital Depreciation Charges Other Central Costs (Transfer to and from reserves to fund repairs and works, support costs and Directorate apportionment)	(1,057) (391)	(1,237) (403)	(180) (12)	(1,237) (401)	(180)	7	(98)	(222)	37	(98) (295)	(36)		(429)	(111) (465)	(36)	(111) (486)	(57)	11	(1,266) (1,079)	(1,446) (1,090)	(180) (11)	(1,446) (1,182)	
Total Central Costs	(1,448)	(1,640)	(192)	(1,638)	(190)		(357)	(320)	37	(393)	(36)		(540)	(576)	(36)	(597)	(57)		(2,345)	(2,536)	(191)	(2,628)	(283)
Total Market (Expenditure)/Income	834	459	(375)	574	(260)		938	773	(165)	936	(2)		(653)	(716)	(63)	(677)	(24)		1,119	516	(603)	833	(286)

NOTE: The above operating statement excludes expenditure and income related to the Smithfield Car Park and Outside Properties



Operating Statement Movement Notes

The tables below analyse the aggregate movements over £50k for the Wholesale Markets as reported on the Operating Statement which is attached at Appendix 4. The summary compares the budget movements between the 2021/22 Original Budget (OR) to the 2021/22 Latest Budget (LB) and budget movements between the 2021/22 OR and the 2022/23 OR. Brackets in the summary signify an expenditure item or an adverse movement. Figures without brackets indicate an income item or a favourable movement.

New Spitalfields Market	Description 2021/22 OR to 2021/22 LB Movement Notes 2021/22 OR to 2022/23 OR Movement								
Note No.	e No. Operating Expenditure								
1	Employment Costs	Decrease of £115k is a result of pay being frozen for staff on grades D and above from July 2021, savings from flexible retirement and a reduction in the number of Full Time Equivalents (FTEs) at the market.	·						
2	Premises	Reduction of £70k due to: • £35k decrease in energy costs attributable to a reduction in energy prices and energy efficiency measures; • £22k reduction in works funded by the Repainting and Repair (R&R) account; • £19k cleaning contract savings; • (£6k) additional rates expenditure relating to vacant premises.	 £28k reduction in works funded by the R&R account; £18k decrease in energy costs as a result of a reduction in energy prices and energy efficiency measures; £16k savings from the corporate cleaning contract; £10k reduction in water expenditure due to lower consumption; (£15k) additional rates expenditure relating to vacant premises. 						

3	Supplies ar Services	 Increase of (£116k) is due to: (£93k) additional professional fees primarily relating to the rent reviews and the market condition surveys; (£22k) costs relating to the entry barrier covering maintenance and the purchase of a new payment machine; (£1k) additional printing and stationery costs. 	 Increase of (£74k) is due to: (£71k) increase in professional fees primarily relating to the cost of rent reviews; (£17k) costs relating to maintenance of the entry barrier; (£1k) additional printing and stationery expenses; £15k reduction in equipment expenditure covered by the R&R account. 			
4	Waste ar Recycling Contract	Decrease of £70k relates to contract savings from the fixed element of the contract amounting to £38k as well as a reduction of £32k in variable costs from the contract.	Savings of £283k include £260k reduction in fixed contract costs largely attributable to a variation in the contract as well as £23k savings from the variable element of the contract.			
		Operating Incon	ne			
5	Rent	Reduction in rent income of (£103k) largely due to two catering units being vacant.	Reduction in rent income of (£51k) largely due to two catering units being vacant.			
6	Charges for Services	Decrease of (£219k) is due to (£198k) reduction in service charge income recharged to tenants because of reduced service charge expenditure. This in addition to reduced utility recharges to tenants of (£21k) as a result of a reduction in energy prices.	 Decrease of (£402k) is due to: (£225k) reduction in service charge income as a result of decreases in gross service charge expenditure; (£125k) less income from the entry barrier due to a reduction in customer numbers during the pandemic; (£30k) decline in income from declared waste as a result of additional food waste being donated to charity; (£14k) reduced income from reimbursable works; 			

			(£8k) reduction from utility recharges and other sundry income.
	Central Costs		
7	Capital Depreciation Charges	Increase of (£180k) due to additional buildings depreciation charges.	Increase of (£180k) due to additional buildings depreciation charges.

Billingsgate Market	Description	2021/22 OR to 2021/22 LB Movement Notes	2021/22 OR to 2022/23 OR Movement Notes	
Note No.	Operating Expenditure			
8	Supplies and Services	 Increase of (£149k) is due to: (£110k) in professional fees relating to the lease renewals; (£32k) cost of market condition surveys being funded by the Repainting and Special Works account; (£7k) additional costs relating to equipment and hospitality. 		

Smithfield Market	Description	2021/22 OR to 2021/22 LB Movement Notes	2021/22 OR to 2022/23 OR Movement Notes		
Note No.	Operating Expenditure				
9	Employment Costs		Decrease of £61k is due to savings from flexible retirement and the freeze in pay for employees on grades D and above from July 2021.		
	Operating Income				
10	Charges for Services	 Decrease of (£53k) is due to the following: (£33k) reduced income from utilities recharges caused by lower heating and cooling costs; (£7k) lower business rates costs charged to the market; (£7k) less recharges for the Animal By-Product (ABP) facility attributable to lower levels of condemned meat; (£6k) reduction in service charge income caused by vacant properties at the Poultry Market at the start of 2021/22. 			
	Central Costs				
11	Other Central Costs		Increase of (£57k) is due to a reduction in unidentified efficiency savings of (£66k) offset by a £9k decrease in the cost of Directorate recharges.		

Committee(s)	Dated:	
Markets Committee	3.11.2021	
Subject: Concessionary Parking at Smithfield Market During the Christmas Period 2021	Public	
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Support a thriving economy. Shape outstanding environments.	
Does this proposal require extra revenue and/or capital spending?	N	
If so, how much?	N/A	
What is the source of Funding?	N/A	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A	
Report of: Ben Milligan	For Decision	
Report author: Mark Sherlock, Markets Department		

Summary

The Smithfield Market Tenants' Association (SMTA) has submitted a request to the Superintendent Smithfield Market, similar to that of 2020, for a temporary reduction in the car park tariffs from 9pm 1st December 2021 until 10am 31st December (30 days) to encourage the use of the car park to alleviate parking pressures around the Market during the busiest period of the year and to assist Market trade.

In addition, this year there are a significant number of Market loading bays (9) that have been suspended around the Market for major project works and this will create significant operational impacts to the Market as well as potentially causing severe traffic flow problems to the surrounding area and potentially beyond. The concession will therefore be even more important this year in view of the reduction in Market loading and pavement space and the impact construction work has had in the reduction of available bays.

In considering this request, officers have compiled three options for Members consideration, taking into account the current and continuing Covid-19 impact to the Market and the importance of increased traffic calming measures over the Christmas period:

- Agree the SMTA request in total (maximum 30 days).
- Reduce the concessionary period to 19 days from Sunday 5th December to Thursday 24th December (compared to 14 days approved in 2020).
- Not give any concession

Recommendation(s)

In order to boost trade to the Market in difficult times and reduce as much as possible the impact local project works are having on the Market, the recommendation is to grant an increased concessionary period of 19 days, compared to 14 days granted in 2020.

It is recommended that the current tariff be reduced to free for all visitors to the Rotunda car park from 9.00pm on Sunday 5th December until 10am on Thursday 24th December 2020 (19 days).

This option would still enable the car park operator to leave the barriers raised during the period of the proposed Traffic Management Plan, which significantly aided the flow of vehicles in and out of the Rotunda car park in 2020, thereby helping to ease the flow of traffic around the Market and surrounding road network.

Main Report

Background

- 1. In previous years, similar car parking concessions for the month of December have been made to help alleviate traffic congestion around the Market buildings and to encourage customers to shop at the Market. In addition, this year there is additional pressure upon the Market operation due to the suspension of nine loading bays for major projects work.
- 2. It is estimated that the SMTA proposed concession under option a) could reduce revenue for the car park by up to £18,000 based upon previous Christmas usage of the Rotunda Car Park during a similar period.
- 3. Should Members wish to approve a similar concession to Christmas 2020 but widen it to 19 days, it is estimated that such a concession for December 2021 (option b) could reduce revenue for the car park over the 19 night/day period by some £11,400.

Current Position

- 4. On 30th September 2021, the Smithfield Market Tenants' Association (SMTA) submitted a request that free parking in the Rotunda car park should be approved for December 2021 from 9pm on Wednesday 1st December to 10am on Friday 31st December for all workers and customers arriving after 9pm and leaving before 10am the following day.
- 5. The concession, therefore, would be offered to vehicles between the hours of 9pm and 10am, vehicles parking outside of these hours will be deemed to be unrelated to Market operations and so will be charged the normal hourly rate of £4.00 per hour or part thereof for the full duration of their stay.

6. The SMTA request includes every day so that any Saturday/Sunday that the Market is open will be covered. The maximum impact of this request would be over a period of 30 nights, but this would be reduced to 24 trading nights as the Market will not be open on the weekend of 4th December, Saturday 25th, Sunday 26th, Monday 27th and Tuesday 28th December respectively. The Market will be open on Wednesday 29th December until Friday 31st December, to reopen as normal on Tuesday 4th January.

Options

- 7. Officers have identified three options for Members consideration:
 - a) Agree the SMTA proposal requested on the 30th September 2021, that the current tariff, be reduced to free for all visitors to the Rotunda car park from 9pm on Wednesday 1st December to 10am on Friday 31st December (30 days), for all workers and customers arriving after 9pm and leaving before 10am the following day.
 - b) Reduce the concessionary period requested by the SMTA to 9.00pm on Sunday 5th December until 10am on Friday 24th December 2021, 19 days/nights (compared to the 14 days approved in 2020).
 - This option would still enable the car park operator to leave the barriers raised during the period of the proposed Traffic Management Plan which was seen last year as significantly aiding the flow of vehicles in and out of the Rotunda car park. It also widens the period of the concession to just under 3 weeks prior to Christmas to assist with trade and reduce as much as possible the impact various adjacent construction works will undoubtedly have.
 - c) Not give any concession.

Financial Implications

- 8. It is estimated that the SMTA proposed concession under option a) could reduce revenue for the car park by up to £18,000.
- 9. Should Members wish to approve a similar concession to Christmas 2020 but widen it to 19 days, it is estimated that such a concession for December 2021 (option b) could reduce revenue for the car park over the night/day period by some £11,400, an increase of £2,900 to the 2020 concession.
- 10. Members may wish to consider not approving any concessionary period for Christmas 2021 in order to maximise income streams for the car park and to recover the cost of the additional traffic management measures (£16k) proposed from other sources.

Conclusion

11. Officers have identified three options for Members' consideration in response to the SMTA's request for temporary concessionary car parking rates over the 2021 Christmas period. The recommended option b) would provide for concessionary rates during the Market's busiest period of trading activity over Christmas, assist in the implementation of the Traffic Management Plan designed to reduce traffic

gridlock around the Market and associated arterial roads and in addition this year, reduce the impact of major adjacent project works and loss of Market designated loading bays.

Report author

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Agenda Item 11

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

