



## Markets Board

**Date:** WEDNESDAY, 13 JULY 2022  
**Time:** 11.00 am  
**Venue:** COMMITTEE ROOMS 3 & 4 - 2ND FLOOR, WEST WING, GUILDHALL

**Members:**

|                      |                            |
|----------------------|----------------------------|
| Deputy Henry Pollard | Deputy Philip Woodhouse    |
| Deputy Mark Bostock  | Deputy Henry Colthurst     |
| Alderman & Sheriff   | Catherine McGuinness       |
| Alison Gowman        | Alderman Sir David Wootton |
| Gregory Lawrence     | Deputy Edward Lord         |
| Wendy Mead           | Oliver Sells QC            |
| Deputy Brian Mooney  | Henry Jones                |
| Ian Seaton           |                            |
| James Tumbridge      |                            |

**Enquiries:** Julie Mayer  
julie.mayer@cityoflondon.gov.uk

### Accessing the public meeting

**Members of the public can observe this public meeting at the below link:**

<https://youtu.be/-yAjHtN6aig>

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.

**John Barradell**  
**Town Clerk and Chief Executive**

# AGENDA

## Public Items

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **PUBLIC MINUTES**  
To agree the public minutes and non-public summary of the meeting held on 25<sup>th</sup> May 2022.  

**For Decision**  
(Pages 5 - 12)
4. **UPDATES FROM THE MARKET GENERAL MANAGERS**  
Members are asked to note the attached briefing note in respect of Smithfields, New Spitalfields and Billingsgate Markets.  

**For Decision**  
(Pages 13 - 14)
5. **POULTRY MARKET - SURPLUS DECLARATION**  
Joint Report of the Markets Director, the Comptroller and City Solicitor, Major Programmes Director, the Chamberlain, and the City Surveyor.  

**For Decision**  
(Pages 15 - 34)
6. **WHOLESALE MARKETS RISK UPDATE**  
Report of the Markets Director.  

**For Information**  
(Pages 35 - 52)
7. **MARKETS REVENUE OUTTURN 2021/22**  
Report of the Chamberlain and General Manager.  

**For Information**  
(Pages 53 - 72)
8. **ENERGY UPDATE**  
Report of the City Surveyor.  

**For Information**  
(Pages 73 - 78)

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

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

11. **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**

12. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the meeting held on 25<sup>th</sup> May 2022.

**For Decision**  
(Pages 79 - 82)

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**

**Confidential Items**

15. **CONFIDENTIAL MINUTES**

To agree the confidential minutes of the meeting held on

**For Decision**

16. **MARKETS CO-LOCATION PROGRAMME UPDATE**

The City Surveyor to be heard.

**For Information**

This page is intentionally left blank

**MARKETS BOARD**  
**Wednesday, 25 May 2022**

**Minutes of the meeting at Guildhall at 11.30 am**

**Present**

**Members:**

|   |                            |
|---|----------------------------|
| Deputy Henry Pollard (Chairman)           | Deputy Henry Colthurst     |
| Deputy Philip Woodhouse (Deputy Chairman) | Catherine McGuinness       |
| Deputy Mark Bostock                       | Alderman Sir David Wootton |
| Alderman & Sheriff Alison Gowman          | Deputy Edward Lord         |
| Gregory Lawrence                          | Oliver Sells QC            |
| Wendy Mead                                |                            |
| Deputy Brian Mooney                       |                            |
| Ian Seaton                                |                            |

**In Attendance**

**Officers:**

|                   |  |
|-------------------|--|
| Emma Moore        | - Chief Operating Officer                                      |
| Ben Milligan      | - Markets Director – Department of the Chief Operating Officer |
| Donald Perry      | - Department of the Chief Operating Officer                    |
| Daniel Ritchie    | - Department of the Chief Operating Officer                    |
| Mark Sherlock     | - Department of the Chief Operating Officer                    |
| Emma Beard        | - Department of the Chief Operating Officer                    |
| Julie Gibbs       | - Department of the Chief Operating Officer                    |
| John James        | - Chamberlains   |
| Peter Young       | - City Surveyors   |
| Anna Dunne        | - City Surveyors   |
| Steven Chandler   | - City Surveyors   |
| Andrew Fothergill | - Comptroller & City Solicitor's Department                    |
| Greg Moore        | - Assistant Town Clerk   |
| Julie Mayer       | - Town Clerks  |

**1. APOLOGIES**

Before commencing the business on the agenda, it was Proposed by Gregory Lawrence, Seconded by Edward Lord and agreed that Alderman David Wootton take the Chair until the election of the new Chairman at agenda item 4.

Apologies were received from James Tumbridge.

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

Mr Gregory Lawrence would not participate in this meeting as he was awaiting the renewal of his dispensation to speak on all matters concerning the London Central Markets (i.e., Smithfield) other than: (i) those in which he has a

disclosable pecuniary interest as a shareholder or director of any company which holds a tenancy in the market; and (ii) those which would affect only him personally or his business interests as opposed to the generality of the tenants within the Market.

3. **ORDER OF THE COURT**

RESOLVED, that – the Order of the Court of Common Council dated 21<sup>st</sup> April 2022, appointing the Board and approving its Terms of Reference be received.

4. **ELECTION OF CHAIRMAN**

The Board elected a Chairman in accordance with Standing Order 29.

Being the only Member expressing a willingness to serve, it was RESOLVED, that – Deputy Henry Pollard be elected as Chairman of the Markets Board for 2022/23.

The new Chairman thanked Members for voting for him and addressed the new Board, as set out below; presenting his vision for providing a consultative leadership model, working closely with the Markets' Department's excellent officer team.

1. In respect of the current Terms of Reference, the Chairman believes that the new Board should have greater input to the Markets Co-Location Programme (MCP) and that; '*oversight of the management of all matters relating to Smithfield Market, Billingsgate Market and New Spitalfields Market and the letting of all premises therein*' needs clarity as to whether this is implicit?
2. Whilst accepting that other Committees, such as Policy and Resources and Finance should retain oversight, the Markets Board's has a vested interest in the success of the MCP. Additionally, tenants should be involved in the design, in an advisory capacity, to provide the expertise required to future proof the Programme. We need to look at co-opting representatives from tenants' associations and other professionals in the Markets arena, and scope current and future potential for more sustainable transport: i.e., rail and river for distribution. To achieve this, consideration should also be given to establishing a Sub Committee or Working Party to cover MCP delivery.
3. The Chairman stressed the need to work quickly in this matter, seeking delegated authority, as the next Markets Board is not scheduled to meet until 13<sup>th</sup> July 2022. The Chairman has spoken to a range of Senior Officers and Chairmen and believes there is an understanding on the direction of travel.
4. Members will need to establish what they want from the new Board in terms of the agenda format; i.e. - establishing a relevant set of KPIs and risk register, and an oversight of 3 and 5 year plans, without micro managing local issues. The Board can suggest standing items, issues we need to cover, and provide a sounding board for our professional officers to work with pragmatically, utilising Members' various skill sets to provide advice and direction.

5. We will retain oversight of the existing markets and continue to deal with ongoing issues; i.e. – collapsing roofs, cold storage, animal bi-product facilities and the Markets’ general sustainability as they near end of life.
6. We need to help guide the Bill through the necessary legislation, whilst curating support from tenants and politicians.
7. As a new Board, we can have an aspirational vision; prove our relevance and become the premier markets organisation – pan London, UK and globally – as we have done in other sectors in the City; i.e. - culture, open spaces, education and charity.
8. We can take a lead in sustainability, focusing on reducing food loss and food waste, to ease the pressure in the ‘field to fork’ value chain and encourage new sources of product, work with the National Association of British Market Authorities (NABMA) and the World Union of Wholesale Markets (WUWM), and maybe benefit from visits to other markets, e.g., Rungis.
9. Members, officers, tenants and other stakeholders need to work together; visiting the markets at the earliest opportunity will be key to this.
10. We need to work sustainably and in line with the Corporation’s Net Zero targets – in terms of energy and waste - by encouraging and supporting local charities in the distribution of excess; i.e. - City Harvest and others.
11. Looking to the future, we can provide aspirational aid – to help fund and encourage cold chain technology, using clean renewable energy, giving impetus to upgrade transport links and help export markets, enhance technical innovation, develop educational support and embrace funding from the private sector, encourage match funding for projects such as agro-industrial parks, partner NGOs and private equity, become a pump prime investor and a valued source of expertise, which in itself can become a positive commercial arm of the City of London Corporation.
12. Whilst accepting there is a lot of work to be done, the Chair hoped that the Board shared this vision to provide a consolidated market that is the envy of the world!

Members responded as follows.

- a) The immediate past Chair of Policy and Resources (CPR), also a Member of the Board, commended this vision, which would be best achieved by working in partnership with the other committees responsible for delivering it, whilst noting the Markets Board’s role as ‘client’. The immediate past Markets Chairman was commended for being an exemplar of joint working.
- b) The inclusion of traders in the design elements was endorsed, as their specialist advice is key to achieving the vision.
- c) The immediate past CPR was commended for her tenacity in obtaining an agreement with Smithfield Tenants.

d) In respect of reviewing the Terms of Reference, the Chief Operating Officer offered to provide a fuller set of options, which would inform the kind of expertise needed and set the parameters for representatives or tenants, noting some might be commercial and that their role might need to be advisory and non-voting. The Board also asked if the consultation, under the delegated authority, could include all Members of the Board, as well as the Chairman and Deputy Chairman.

In terms of setting up a Working party or Sub Committee in respect of the MCP, the Town Clerk advised that this need to be approved by the Policy and Resources Committee, in line with recommendations arising from the Governance Review.

It was Proposed by Henry Pollard, Seconded by Brian Mooney and RESOLVED, that – authority to amend the Board's Terms of Reference, in terms of seeking to co-opt expertise from the tenants associations, be delegated to the Town Clerk, in consultation with the Chairman, Deputy Chairman and Members of the Markets Board. *NB. This would then need to be approved by the Policy and Resources Committee and confirmed by the Court of Common Council.*

The Chair thanked new and retiring Members, particularly the immediate past Chairman, John Chapman for his legacy in setting the direction of travel for the MCP.

**5. ELECTION OF DEPUTY CHAIR**

The Board elected a Deputy Chairman in accordance with Standing Order 30.

Being the only Member expressing a willingness to serve, it was RESOLVED, that – Deputy Philip Woodhouse be elected as Deputy Chairman of the Markets Board for 2022/23

**6. PUBLIC MINUTES**

RESOLVED, that - the public minutes of the meeting held on 19<sup>th</sup> January 2022 be approved as a correct record. *NB. Prior to the Court of Common Council on 21<sup>st</sup> April 2021 the Markets Board was referred to as the 'Markets Committee'.*

**7. UPDATES FROM THE MARKET GENERAL MANAGERS (FORMERLY KNOWN AS SUPERINTENDENTS) IN RESPECT OF BILLINGSGATE, SMITHFIELD AND NEW SPITALFIELDS MARKETS**

The Board received updates from the General Managers and welcomed their new written format.

**8. SMITHFIELD MARKET - CAR PARK UTILISATION - APRIL 2021 - MARCH 2022**

The Board received a report of the Director of Markets which provided an update on the utilisation of Smithfield Market Car Park for the 12-month period April 2021 to March 2022.

RESOLVED, that – the report be noted.



9. **MARKETS BUSINESS PLAN UPDATE PERIOD 3 2021/21 (DECEMBER-MARCH)**

The Board received a report of the Director of Markets which provided an update on progress made during Period 3 (December-March) of 2021/22 against the key performance indicators (KPIs) and key improvement objectives outlined in the Markets' Business Plan 2021/22. The Chairman referred to his earlier comments in respect of keeping KPI reporting at a high level, appropriate for the Board's scrutiny.

RESOLVED, that – the report be noted.

10. **WHOLESALE MARKETS RISK UPDATE**

The Board received a report of the Director of Markets, which provided Members with assurance that risk management procedures in place within the Markets Division are satisfactory and meet the requirements of the Corporate Risk Management Framework. The Chairman reiterated his earlier comments in respect of keeping this report at an appropriate high level, noting emerging and/or changing risks. It was also suggested that charts be used as they are often clearer than data and script. The Board would particularly like to focus on areas such as food supply and energy costs.

RESOLVED, that – the report be noted.

11. **REPORT OF ACTION TAKEN**

The Board received a report of the Town Clerk which advised Members of action taken by the Town Clerk since the last meeting of the (former) Markets Committee, in consultation with the Chairman and Deputy Chairman, and in accordance with Standing Order No. 41(a).

**NEW SPITALFIELDS MARKET – SALE OF GENERATORS**

**Action taken:** The Town Clerk, in consultation with the Chairman and Deputy Chairman, agreed:-

- a) To sell the three generators and fuel tanks for the best obtained offer of £64,000, plus sell the rebated fuel contained within the tanks for an estimated conservative value of £4,800 (total receipts £68,800).
- b) That the proceeds of the sale be returned to the Old Spitalfields Market Maintenance Fund, to be used to fund future projects at New Spitalfields Market.
- c) To eliminate any operational risk in the unlikely event of a power failure, an annual Disaster Recovery Plan be required for each of the existing generator locations with MEMS Power Generation at a cost of £4,485 for the first year (to include the bespoke creation of each plan) followed by an annual membership fee of £1,785. In the event of a major power failure, generators and all associated equipment would be brought to site on a hire basis (with the estimated cost for 1 week's hire being £5,580).

**Reason for urgency:** The Markets Committee was not scheduled to meet again until 25<sup>th</sup> May 2022 and the changes to fuel legislation were due to take effect from 1<sup>st</sup> April 2022. After this date, if the generators and fuel tanks had not been sold, as agreed above, there would have been significant costs.

### **CONCESSIONARY PARKING DURING THE EASTER PERIOD 2022**

**Action taken:** The Town Clerk, in consultation with the Chairman and Deputy Chairman, agreed a concessionary period such that the current tariff for the Rotunda Car Park be reduced to free for one night (Wednesday 13th April into Thursday 14th April) for all workers and customers arriving after 9pm and leaving before 10am the following day. *NB. A similar one night car parking concession was granted for Easter 2021.*

**Reason for urgency:** The request was submitted after the January Committee meeting and the next meeting of the Committee was not scheduled until 25<sup>th</sup> May 2022.

RESOLVED, that – the report be noted.

### **12. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

1. In respect of a question about food wastage and the use of food banks, Members noted Spitalfields' work with City Harvest. The Chairman suggested that officers investigate the work that the City Bridge Trust is undertaking in this area and bring a report to the Board.
2. In response to a question about the large number of 'information-only' reports on this agenda, Members noted a larger than usual amount of decisions taken between meetings, as set out in the reports at agenda items 11 and 20. The Chairman felt that the new Board should be more strategic in terms of medium and longer term goals but, as its work evolves, it will become involved in more strategic decisions.

### **12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

1. Members asked if the next meeting of the Board could receive a presentation on the relocation project, particularly for the benefit of the new Members
2. The Board noted that visits arranged for July September and October and asked if they could be brought forward, in accordance with the new Chair's comments at item 4 above.

### **14. 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 |
|--------|-----------|
| 15     | 1,2 & 3   |
| 16     | 3         |
| 17- 19 | 1,2 & 3   |
| 20     | 3         |
| 23-24  | 1,2 & 3   |

15. **NON-PUBLIC MINUTES**  
RESOLVED, that - the non-public minutes of the meeting held on 19<sup>th</sup> January 2022 be approved.
16. **NON PUBLIC UPDATES FROM MARKET GENERAL MANAGERS**  
The Board received non-public updates from the Market General Managers for Billingsgate, Smithfield and New Spitalfields.
17. **DEBT ARREARS - PERIOD ENDING 31ST MARCH 2022**  
The Board received a report of the Markets Director.
18. **WRITE-OFF OF OUTSTANDING DEBT**  
The Board received a report of the Markets Director.
19. **TENANCIES AT WILL AND ASSISGNMENTS**  
The Board received a report of the Markets Director.
20. **REPORT OF ACTION TAKEN (NON- PUBLIC)**  
The Board received a report of the Town Clerk.
21. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**  
There were no questions.
22. **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.
23. **CONFIDENTIAL MINUTES**  
RESOLVED, that – the confidential minutes of the meeting held on 19<sup>th</sup> January 2022 be approved.
24. **MARKETS CO-LOCATION PRORGAMME (MCP) PROGRAMME UPDATE**  
The Board received a report of the Markets Director.

**The meeting ended 12.50 pm**

-----  
Chairman

**Contact Officer: [julie.mayer@cityoflondon.gov.uk](mailto:julie.mayer@cityoflondon.gov.uk)**

## July Markets Board – General Manager Updates

### Smithfield

Maintenance recruitment to vacancies in the department continues. We have appointed a new Maintenance Manager at Billingsgate (an internal promotion) and are currently advertising for an electrician and plumbing general maintenance operative (GMO) also at site. New Spitalfields vacancies in progress are an electrician and a GMO. Smithfield are in the process of appointing an electrician and are advertising for a plumber. I'm hopeful we will be able to appoint suitable candidates in the coming weeks, subject to notice periods to return to a full complement of staff.

I'm pleased to report that Smithfield have two members of staff proposed for Recognition Awards in the department. A cleaner who has maintained an excellent standard of cleaning, which given the nature sometimes of the poor condition he finds accommodation in after trade, is testament to his ability to maintain his enthusiasm and commitment to the role. He has also received praise from market tenants, which is rare, and reflects his genuine desire and dedication to do the best job. A Market constable has also been nominated for her willingness to go above and beyond on many occasions. She will often stay late after shift and ensure a smooth transition to newer members of staff. She will also mentor those staff and develop them into the ways of the Market and the standards to achieve. She has also taken the initiative with a number of surveillance activities aimed at catching illegal dumping of waste around the Market open site.

Work continues on implementing a new maintenance management system called Concerto which has been adopted across the Corporation. Asset and reactive/planned maintenance activities are being transferred from the previous system to ensure a solid and reliable base of information going forwards. Concerto will allow better visibility of work planned or in progress and will also give better management information for contractor performance as well as productivity levels of in-house maintenance teams. It will also generate improved asset reliability statistics which will enable more informed decisions on asset repair or replacement.

### New Spitalfields

#### Permanent General Manager Appointment

After occupying the 'Acting Up' post for 2 months, I have now been appointed as the General Manager of New Spitalfields Market. I am thrilled with my appointment, and I now look forward to further building my relationship with the tenants and collaborating with the other General Managers and their wider teams to achieve the aims of our Target Operating Model.

#### Lord Mayors Visit

On the 8th June, in partnership with the New Spitalfields Market Tenants Association we hosted our annual Lord Mayors visit. Arriving with his civic party at 6:50am we took a tour of the Market Pavilion meeting a number of traders and discussing the wide variety of produce available. Following the tour there was a breakfast and a speech given by both the Chairman of the Tenants Association and the Lord Mayor by return. It was a very successful visit and enjoyed by all who took part.

### Staff Training

We identified a need to offer all our Constabulary team refresher MAYBO training, a course aimed at managing and diffusing conflict in a safe and non-physical manner. This skill is crucial in the safe operation of our Markets, particularly for those in front line roles. The training has been opened up to Constabulary employees at the other two Markets, with a second date scheduled for August 2022. Staff feedback has been positive about both the training provider and the benefits of staying up to date with such skills.

### **Billingsgate**

#### Markets Board Visit

A number of tenants have remarked to me about how positive they viewed the recent visit by Members of the Markets Board and recognised the constructive comments from all those present regarding the support for businesses for the remainder of time at the current site. We look forward to the Lord Mayor's visit next week.

#### CCTV/Billingsgate Action Plan

The installation of a new high definition CCTV system with more cameras and coverage is virtually complete. A new CCTV system was a primary request of the LFMA as part of the Billingsgate Action Plan and is another component of the plan now addressed. The LFMA have met with officers to discuss progress against other elements of the BAP including the Additional Fish Handling Unit and Cold Store Roof. This will be further updated as part of my oral update.

#### Parking at Billingsgate

Following discussions with the LFMA we have introduced pay by phone and app parking and done away with cash pay and display parking. This has freed up officer hours from both the admin teams and constabulary, as hundreds of pounds of coins don't need to be collected counted and reconciled. Tenants have reported no issues since the days immediately following the introduction of the new system at the beginning of June.

|   |   |
|---|---|
| <b>Markets Board on 13 July 2022<br/>Resource Allocation Sub-committee on 15 July 2022</b>  | <b>For Decision<br/>For Information</b> |
| <b>Poultry Market – Surplus Declaration</b>   | <b>Public</b>                           |
| <b>Which outcomes in the City of London Corporation’s Corporate Plan does this proposal aim to impact directly?</b>                   | <b>2,3,4,5,7,8,9,10,11,12</b>           |
| <b>Does this proposal require extra revenue and/or capital spending?</b>  | <b>No</b>                               |
| <b>If so, how much?</b>   | <b>N/A</b>                              |
| <b>What is the source of Funding?</b>   | <b>N/A</b>                              |
| <b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>   | <b>N/A</b>                              |
| <b>Report of:<br/>Markets Director, The Comptroller and City Solicitor, Major Programmes Director, Chamberlain, The City Surveyor</b> | <b>For Decision</b>                     |
| <b>Report author: Ben Milligan, Director of Markets</b>   |   |

## Summary

Under the London Central Markets Act of 1875, in respect of the Poultry Market, City of London Corporation has the power to dispose or otherwise use this land if it no longer requires it to be retained for London Central Market purposes.

This report advises the Markets Board as to why City of London Corporation no longer requires this land and appurtenances thereon (known as the Poultry Market) for London Central Market purposes. The report further recommends that the Markets Board resolve, on behalf of the Corporation, to confirm, as described in this report and under s25 of the London Central Markets Act of 1875, that this land should therefore be made available for alternative use. The wording of section 25 of the 1875 Act is attached at Appendix A.

## Recommendation(s)

This report recommends:

- a) That subject to completion of all Deeds of Surrender for leases within the Poultry Market and suitable alternative arrangements being made for relocation of services provided to the East and West Markets from the Poultry Market as explained in this report, the Markets Board resolve that the Poultry Market (save for the three first floor plant rooms containing cooling towers and related

apparatus) is no longer required to be retained for market purposes and can be disposed of or used for other purposes.

- b) That the Town Clerk be delegated, in consultation with the Chairman and Deputy Chairman of Markets Board, authority to determine when the provisos to Recommendation a) have been satisfied, if not fully satisfied by the date of this Board, and when Recommendation a) therefore comes into effect.

## **Main Report**

### **Background**

1. Smithfield Market, otherwise known as the London Central Markets, has three buildings in current use for market purposes: the East and West buildings and part of the Poultry Market. A plan of the London Central Markets is shown at Appendix B.
2. Wholesale markets have been a feature of the City of London for many centuries. Smithfield Market is the only remaining wholesale market within the City, but City of London Corporation ("CoLC") still owns and manages Billingsgate Fish Market and New Spitalfields Fruit & Vegetable Market which are located in the London Boroughs of Tower Hamlets and Waltham Forest respectively.
3. CoLC is progressing a Markets Co-location Programme ("MCP") for the possible co-location of all three markets at Dagenham Dock. There are also proposals to relocate the Museum of London to the General Market and (should it be vacant and available) to the Poultry Market. However, it should be noted at the outset that neither the MCP nor the Museum of London proposals are relevant to the question of whether or not the Poultry Market is required for market purposes.
4. The prior question and, importantly, the question to which this report is addressed, is whether or not the Poultry Market is required for market purposes in the light of the current extent and nature of its market uses (including ancillary market uses), the extent of vacancy and underuse of the building, the extent and nature of other non-market uses in the building and the ability to accommodate the markets uses elsewhere in the East and West buildings.

### **Current Use of Poultry Market**

5. A drawing showing the current uses of the Poultry Market is attached Appendix C.
6. Over time, the Poultry Market has seen the greatest changes to its use, becoming the least well-utilised of any of CoLC's market buildings (which are still in occupation). This began in 1980 with the letting of the central basement for storage purposes as there was no demand for the extra cold store space, and on the basis it was no longer required for market purposes. Subsequently, the use for storage ceased and the basement became vacant. Only part of it is used today by Keltbray (which is not a market operator) for non-market temporary storage purposes.



7. The central basement space (former cold store) is surrounded by basement units and plant areas, including staircases giving access to the basement units. The basement units and adjoining areas on the western side (shown marked in Appendix C) are not reasonably capable of being put to market use for the reasons explained below.
8. The ground floors of units 232, 231 and 230 have formed part of the Animal By-Product Facility (“the ABP Facility”) since 2011. The basements of these units can only be accessed from a single staircase in the northwest corner of the building and are therefore for reasons of fire safety not occupiable. They have been vacant for many years.
9. The ground floors of units 229 and 228 are occupied by the market’s facilities team with 226 and 227 used as a forklift/pump truck recharging bay. The basements of those units are highly inaccessible. The only access is via narrow spiral staircases within the units, as the lifts in the units are not operational and the basements cannot therefore be readily occupied for market purposes. They have also been unoccupied for several years and are in a semi derelict state. The markets facilities team does not require the basement areas of the units mentioned above. For these reasons, the basement units described above and in paragraph 8 were determined to be no longer required for market purposes by Markets Committee in November 2021. As such, the recommendations in this report relate only to the remaining areas of the Poultry Market (in respect of which no decision that they are no longer required for market purposes has previously been made).
10. The remaining areas of the Poultry Market comprise 32 units. A number of these are vacant or used for other purposes other than market use. The occupation is now as follows:
  - a) 17 are market stalls let to traders;
  - b) 1 is a storage unit let to a market refrigeration contractor;
  - c) 5 are vacant (see the section ‘The Current Condition of the Poultry Market’ regarding impact of ongoing works);
  - d) 6 are used by the Corporation for stores, workshops and the ABP Facility (which can be readily accommodated elsewhere in the vicinity);
  - e) 3 are communal fork-lift/pumper truck charging facilities which can be accommodated elsewhere;
  - f) There are also market offices, welfare facilities and workshops on the first floor (which can be readily accommodated elsewhere in the immediate vicinity) and a Market waste consolidation/transfer area on the ground floor in the north covered way (which is to be relocated or managed by modified waste collection arrangements);
  - g) On the first floor there are 3 plantrooms containing the Market condenser water cooling towers; and
  - h) The Oriole Bar, formerly the Cock Tavern, is not an operational market area and will be vacated by 31 January 2023.

**Proposed Arrangements for Accommodating Market or Market-Related Functions Currently Carried Out at the Poultry Market**

11. It is proposed that the market and market-related activities currently undertaken at the Poultry Market are provided for as follows:

| Use   | Existing location | Relocation Site   | Detail   |
|---|-------------------|---|--|
| Market maintenance office, lockers and welfare facilities | Poultry Market    | 79-83 Charterhouse Street                                   | There is adequate space at CoLC's premises at Charterhouse Street, which is very close by and convenient   |
| Maintenance stores & workshops                            | Poultry Market    | Smithfield Car Park   | There is adequate space at the car park, which is extremely proximate and convenient   |
| Forklift storage/charging (CoLC equipment only)           | Poultry Market    | 79-83 Charterhouse Street                                   | There is adequate space for CoLC equipment at CoLC's premises at Charterhouse Street, which is very close by and convenient  |
| Tenant forklifts/pumper trucks                            |                   | Tenant premises   | Tenants have confirmed their own equipment can be accommodated in their premises in the East and West buildings  |
| Waste area  | Poultry Market    | Daily collection currently under scope and option decisions | It is proposed that all waste is collected daily to reduce/remove the need for storage (which arises only when there are less frequent collections). This is considered a satisfactory and more sanitary arrangement for market operations than existing   |
| ABP Refrigeration Unit                                    | Poultry Market    | Daily collection service from 79 Charterhouse Street        | Alternative provision within the curtilage of the East & West Market including the potential of a daily collection service   |
| Stalls  | Poultry Market    | N/A   | Use of stalls for active face-to-face trading between buyers and sellers is low level and generally limited to peak periods, mainly Christmas and Easter. Stall holders who also have premises at East & West Market will continue to carry out face-to-face sales from there. A small minority may cease trading but it is considered displaced trade in face-to-face sales can be adequately accommodated by |

|                            |                               |                                   |  |
|----------------------------|-------------------------------|-----------------------------------|--|
|                            |                               |                                   | intensification of this use at East & West Market  |
| Break-up and consolidation | Poultry Market (covered ways) | East and West Market or off-site  | Pallets are received by traders and the contents broken up into smaller quantities for sale from stalls (mainly at stalls at East & West Market) or for direct despatch to customers. To the extent this activity relates to some meat for sale from East & West Markets, this activity will take place at the East & West Markets. To the extent this activity relates to meat for direct despatch to customers it does not require face-to-face trading and the activity is not therefore dependent on market premises |
| Storage use by traders     | Poultry Market                | East and West Market or off-site  | Significant areas of the let stalls are used for storage. To the extent this activity relates to storage of meat for sale from East & West Markets, this activity will take place from East & West Markets. To the extent this activity relates to some meat for direct despatch to customers it does not require face-to-face trading and the activity is not therefore dependent on market premises  |
| Cooling Towers             | Poultry Market                | N/A - remaining at Poultry Market | The 3 1 <sup>st</sup> floor plant rooms containing the condenser cooling towers and related apparatus are not included in the surplus resolution. Access rights will be reserved   |

12. It should be noted that CoLC and the market traders (through the SMTA) have been liaising closely. The above arrangements have been developed (and continue to be refined) in discussion with the traders and, if the recommendations are agreed, it is proposed to continue working in close co-operation with the SMTA to ensure that the market activities in Poultry Market as described above are appropriately consolidated through an effective transition in the ways described above.

### Impacts and Evaluation

13. There will be a small amount of market trade, in the sense of face-to-face buying and selling, which is displaced from the Poultry Market. However, it is considered

that this can be adequately accommodated through marginal intensification of this use at the East and West Market. The facilities at the East and West Market for face-to-face buying and selling are considered sufficient to meet any extra demand due to cessation of face-to-face buying and selling at the Poultry Market.

14. Other market-related activities and support services currently provided from the Poultry Market can be reasonably and conveniently accommodated in the immediate vicinity as set out in paragraph 11 (other than as set out at paragraph 15 below).
15. The exception to this is activity relating to break-up and consolidation of meat (mainly delivered on pallets), where the product is made up into orders for direct despatch to customers. It is considered that this logistics activity and related storage does not involve face-to-face trading and is not therefore dependent on market premises. As such, in some cases it can be carried out off site.
16. It is acknowledged that operational arrangements will need to be modified and carefully managed to ensure that the support services for the market function provided by CoLC, and the intensified storage and logistics activity at and around the East and West Market, can be provided efficiently and effectively (such as introduction of daily waste collections).
17. However, it is considered that all necessary modification can be achieved to ensure that all displaced demand for market services can be met from the East and West Market. The modifications will be put in place if the recommendations are agreed and given effect. It is further considered that Smithfield (through marginally intensified provision of face-to-face buying and selling at the East and West Market) could continue to offer the same range and availability of produce to its market customer base if market use were to cease at the Poultry Market
18. As such, it is considered the Markets Board is open reasonably to conclude that the Poultry Market (insofar as it has not already been found to be no longer required for market purposes) is not required for market purposes as provided for in the recommendations. Given the evident scope for consolidation and better use of the East and West Market and the ability for all market activity to be appropriately accommodated in those buildings, it is considered that the Poultry Market is no longer required for market purposes.

### **The Current Condition of the Poultry Market**

19. This section of the report is not directly relevant to whether or not the Poultry Market is required for market purposes but is provided as background particularly in relation to the vacant units and as part of the context for their vacancy.
20. Smithfield Market buildings are older than the buildings accommodating Spitalfields and Billingsgate, and they are listed. Following a fire in 1958 which destroyed the original Victorian building a new market hall with basement, ground and first floor accommodation was completed in 1963. This building provides flexible open plan space for trading built, as was common in the 1960s, from a reinforced concrete frame. Integral to this frame is a single span reinforced concrete domed roof which when constructed was the largest of its kind in the

Europe. Reflecting the special nature of the roof, the building was listed Grade II in 2000.

21. The Poultry Market has never been fully refurbished and therefore the reinforced concrete frame and roof has gradually begun to deteriorate. Repair costs are recoverable by way of service charges payable by market tenants. Due to the impacts for tenants of service charge increases, market traders have requested routine and capital-intensive maintenance to be delayed. Following the 2013 lease renewal negotiations, major maintenance works were, by agreement with the tenants, deferred until the contractual expiry of the leases in 2028. This has contributed to the poor state of repair of this building at the current time.
22. In 2017, the Corporation began evaluating options to repair the concrete Dome roof and Monitor roofs by undertaking a programme of extensive repairs. Works to stabilise, re-screed and renew the copper covering on the Dome roof started in 2020 and is due for completion in 2023. Vacant stalls at the Poultry Market have not been let due to risks of disruption to tenants by the works.
23. The walls and roof of the Poultry Market are part of an integrated design. Works to the Dome roof have inevitably impacted the remaining fabric which was already deteriorating. The building has been extensively surveyed. Surveys note that the property encompasses a high volume of cracking and some areas of spawling to structural members. Many of the affected areas are within tenanted units. There is also visible cracking and deformation to the concrete frame at basement level.
24. As well as issues with the structural member it should be noted that the flat roofs and Monitor roofs have not yet been replaced; and if the building were to continue in occupation new stairwells, lifts, drainage pipework and ventilation equipment and MEP replacements would also be required. In the opinion of independent building surveyors, the extent of the works required through-out the building to return it to a state fit for full occupation would cause so such disruption that the Poultry Market would need to be closed for a period, likely to be in excess of a year following intrusive survey work.
25. The condition of the market building, impacts of works and the diminution of use of the building as a market has been the subject of extensive dialogue with the Smithfield Market Tenants' Association ("SMTA"). Following negotiation, arrangements for the Poultry Market tenants to vacate the building have been settled in principle (and is the subject of another report), subject to legal agreements. In the interests of continued joint working with the SMTA and to ensure proper management of the transition to new operational arrangements, Recommendation a) makes clear that any decision that the Poultry Market is no longer required for market use is subject to completion of the agreements with existing tenants relating to their departure from the Poultry Market.
26. As part of this negotiated agreement, a number of services will need to be seamlessly relocated by CoLC from the Poultry Market to enable continued operations in the East and West buildings, as set out at paragraph 11 above. The precise details of which are being discussed with the SMTA.

## **Legal Implications**

27. CoLC is required to make provision for the operation of a market (being a “concourse of buyers and sellers”) at Smithfield Market (unless the relevant Smithfield legislation is amended or revoked by Act of Parliament). However, the extent of market provision which it is necessary to make available, whether this should include the Poultry Market and the determination of whether or not the Poultry Market is required to be retained by the Corporation, is a matter for the discretion of CoLC as market authority, acting reasonably. All other legal implications are in the body of the report.

## **Financial Implications**

28. There are no specific financial considerations associated with the resolution to declare the Poultry Market land and buildings as no longer required for market purposes and available for another use.

## **Equalities Implications**

29. Equality is about ensuring that every individual has an equal opportunity to make the most of their lives and not experience discrimination because of who they are, where they come from, what they believe or whether they have a disability.

30. The Equality Act came into effect in October 2010 and replaced the Disability Discrimination Act and other anti-discrimination legislation. It legally protects people from discrimination in the workplace and in wider society. Section 149 of the Equality Act (2010) sets out the general equality duty: “A public authority must, in the exercise of its functions, have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.”

31. In relation to declaring the Poultry Market no longer required for market purposes, the main equality considerations include eliminating discrimination as far as possible and advancing equality of opportunity for anyone who used the Poultry Market and would be affected from its closure.

32. A Test of Relevance was undertaken to understand whether an Equality Assessment was necessary, and the test anticipated that there would be ‘no impact’ on protected groups. The closure of the Poultry Market building has no identifiable impact on any particular community, neither traders or customers. In particular, no protected characteristic will be negatively impacted by ceasing activities in the Poultry Market as any in-person buying (considered minimal) can still be made at grade in the East and West Markets a short distance away.

## **Conclusion**

33. For the reasons set out in the Impacts and Evaluation section of this report, it is considered open to Markets Board to decide that the Poultry Market is no longer required for market purposes.

## **Appendices**

A – Section 25 of the London Central Markets Act of 1875

B – A plan of the London Central Markets

C – Utilisation plan for the Poultry Market

## Appendix A – Section 25 of the 1875 Act

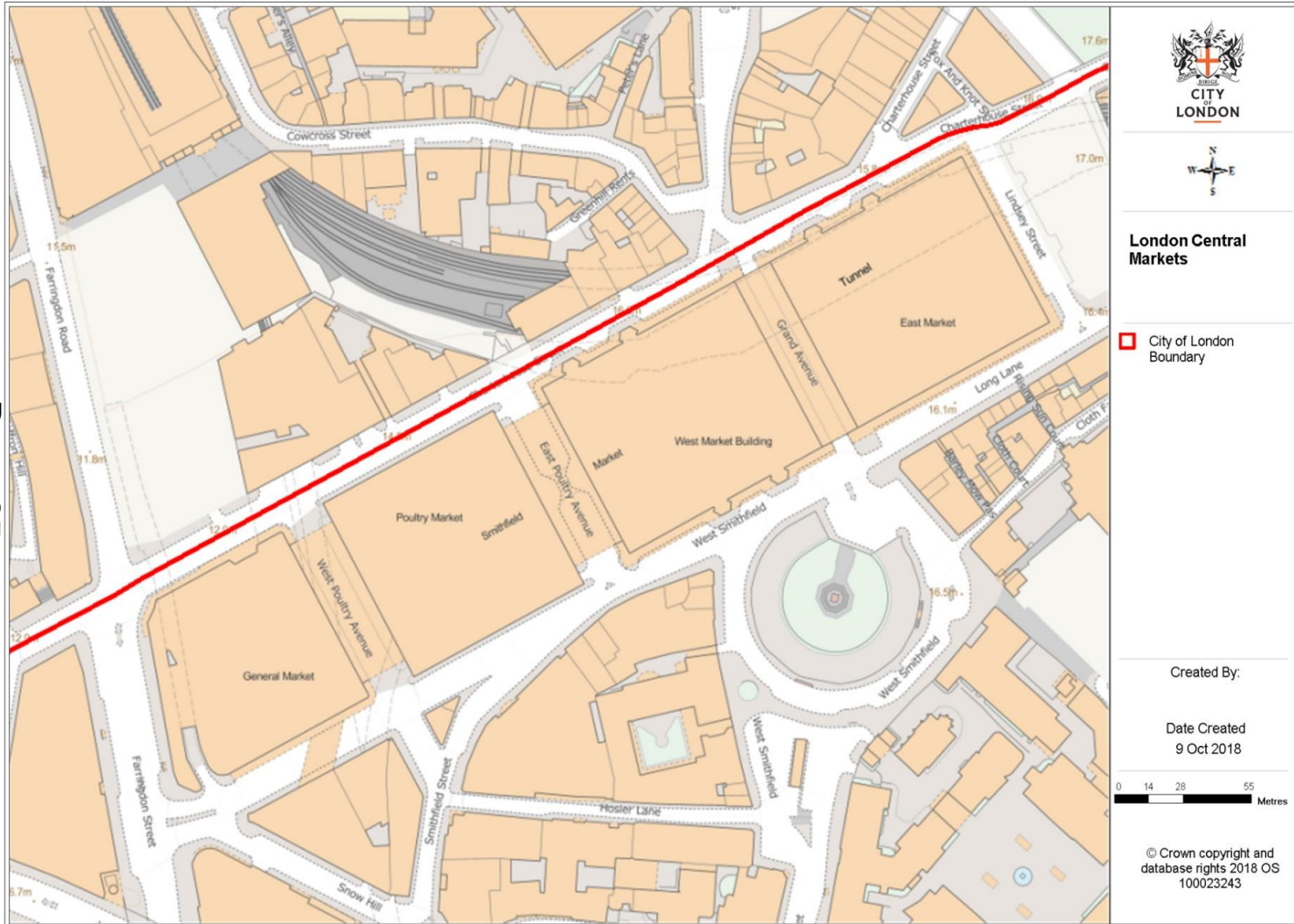
**25.** The Corporation may from time to time sell, lease, exchange, or otherwise dispose of, at such prices or rents, for such terms, and with and subject to such covenants and conditions, and generally in such manner as they think fit, or appropriate and use for any purpose, any lands acquired by them for purposes of the London Central Markets, or any of them, but not required to be retained by them for those purposes, and the site of Farringdon Market and its appurtenances, and may make, execute, and do any deed, act, or thing proper for effectuating any such sale, lease, exchange, disposition, appropriation, or use.

Power for Corporation to dispose of surplus lands and of site of Farringdon Market.



# Appendix B – Plan of the London Central Markets

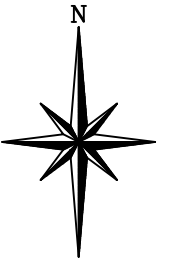
Page 25



**Appendix C – Utilisation plan for the Poultry Market –**

**KEY**

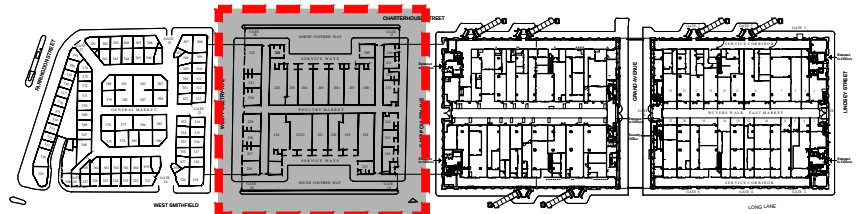
-  Non Market Use
-  Common Parts
-  Let Units
-  Vacant Units
-  City of London Market Department Areas



LONDON CENTRAL MARKET  
WEST SMITHFIELD, LONDON EC1

# POULTRY MARKET UTILISATION PLAN - BASEMENT FLOOR LEVEL

Drawn By: S.B.- June 2022 -1:500@A3 - (Last Updated 05/07/22)  
Drawing No. 1-C-43144-01

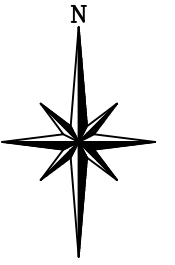


OVERVIEW KEY PLAN OF SMITHFIELD MARKET  
(SPECIFIC AREA HIGHLIGHTED IN GREY)

This page is intentionally left blank

**KEY**

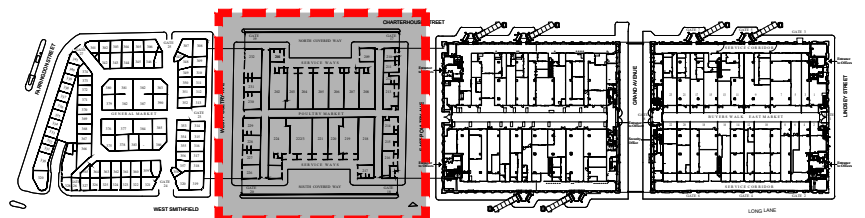
-  Non Market Use
-  Common Parts
-  Let Units
-  Vacant Units
-  City of London  
Market Department Areas



LONDON CENTRAL MARKET  
WEST SMITHFIELD, LONDON EC1

**POULTRY MARKET  
UTILISATION PLAN - BASEMENT (MEZZ) FLOOR LEVEL**

Drawn By: S.B.- June 2022 -1:500@A3 - (Last Updated 05/07/22)  
Drawing No. 1-C-43144-02

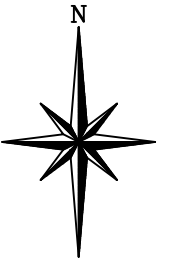


OVERVIEW KEY PLAN OF SMITHFIELD MARKET  
(SPECIFIC AREA HIGHLIGHTED IN GREY)

This page is intentionally left blank

**KEY**

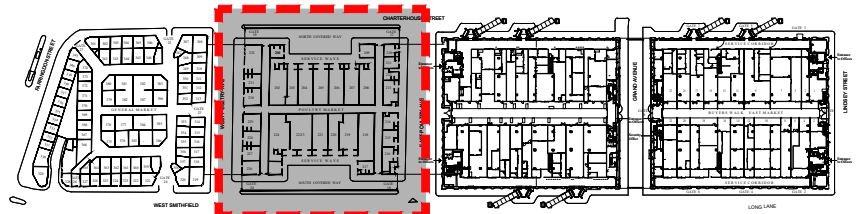
-  Non Market Use
-  Common Parts
-  Let Units
-  Vacant Units
-  City of London Market Department Areas



LONDON CENTRAL MARKET  
WEST SMITHFIELD, LONDON EC1

# POULTRY MARKET UTILISATION PLAN - GROUND FLOOR LEVEL

Drawn By: S.B.- June 2022 -1:500@A3 - (Last Updated 05/07/22)  
Drawing No. 1-C-43144-03









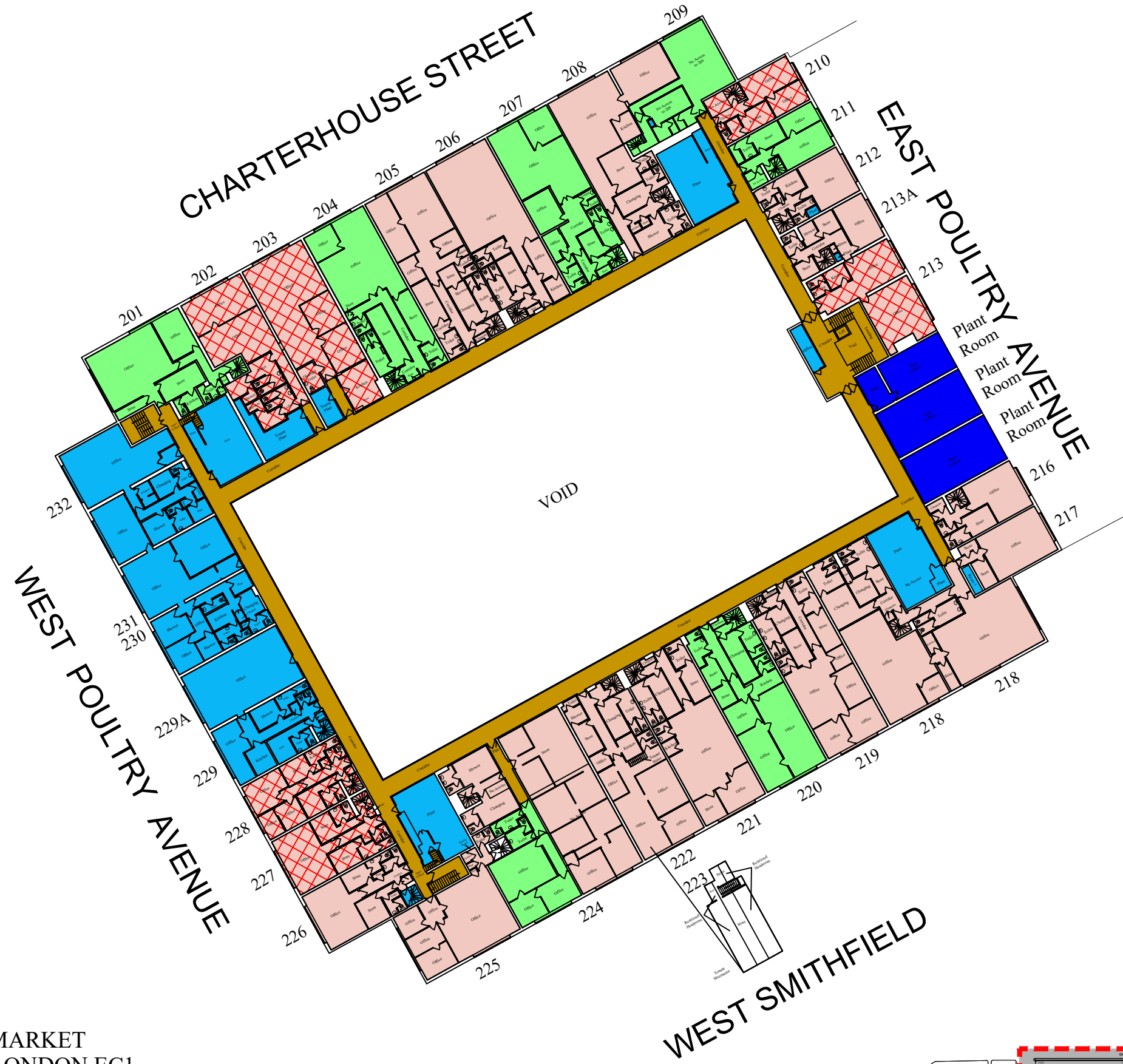
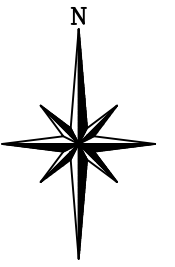
OVERVIEW KEY PLAN OF SMITHFIELD MARKET  
( SPECIFIC AREA HIGHLIGHTED IN GREY )

This page is intentionally left blank



KEY

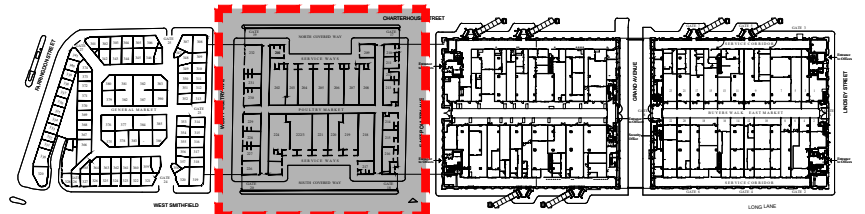
-  Non Market Use
-  Common Parts
-  Let Units
-  Vacant Units
-  Plant Rooms
-  City of London Market Department Areas



LONDON CENTRAL MARKET  
WEST SMITHFIELD, LONDON EC1

**POULTRY MARKET  
UTILISATION PLAN - FIRST FLOOR LEVEL**

Drawn By: S.B.- June 2022 -1:500@A3 - (Last Updated 05/07/22)  
Drawing No. 1-C-43144-04



OVERVIEW KEY PLAN OF SMITHFIELD MARKET  
( SPECIFIC AREA HIGHLIGHTED IN GREY )

This page is intentionally left blank

|   |                        |
|---|------------------------|
| <b>Committee(s)</b>   | <b>Dated:</b>          |
| Markets Board   | 13.07.22               |
| <b>Subject:</b> Wholesale Market Risks Update Report  | <b>Public</b>          |
| <b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b> | 4, 7                   |
| <b>Does this proposal require extra revenue and/or capital spending?</b>                                  | <b>N/A</b>             |
| <b>If so, how much?</b>   | <b>N/A</b>             |
| <b>What is the source of Funding?</b>   | <b>N/A</b>             |
| <b>Has this Funding Source been agreed with the Chamberlain's Department?</b>                             | <b>N/A</b>             |
| <b>Report of:</b> Ben Milligan, Director of Markets   | <b>For Information</b> |
| <b>Report author:</b> Don Perry, Markets Department   |                        |

## Summary

This report has been produced to provide the Markets Board 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 of the Chief Operating Officer's Department. A process exists for in-depth periodic review of the risk register and for emerging risks to be identified.

In accordance with the City of London's Risk Management Framework, and as agreed by Markets Committee in November 2021, this report only considers key departmental level risks with a current risk score of 6 or above (i.e., those classed as Red or Amber) and which fall within the remit of your Board:

- COO-MKT WM 004: Wholesale Markets – Traffic Management (AMBER, 12)
- COO-MKT SM 012: Building maintenance-management, Smithfield (AMBER, 8)
- COO-MKT WM 001: Wholesale Markets - Consolidation Project (AMBER, 8)
- COO-MKT BG 003: Brexit – Impact of Brexit on traders and imports, Billingsgate (AMBER, 6)
- COO-MKT NS 007: Air Quality Pavilion, New Spitalfields (AMBER 6)
- COO-MKT SM 011: Brexit – Impact of Brexit on traders and imports, Smithfield (AMBER, 6)

## 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 Board 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 ongoing 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. At each meeting, the SMG reviews existing risks and considers whether there are any emerging ones for addition to the risk register.
4. Between each SMG meeting, risks are reviewed in consultation with risk and control owners, and updates are recorded in the corporate risk management system (Pentana).
5. Regular risk management update reports are provided to this Board 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.
  - An annual, fundamental, risk register review, undertaken by the tier of management below SMG.
7. The risk register may be refreshed over and above the stated process for review and oversight, in response to emerging issues or changing circumstances.

### **Summary of Key Risks**

8. The Risk Register for the Wholesale Markets contains five departmental level risks with a current rating of 6 or above (i.e. those classed as 'Red' or 'Amber' on the City of London Risk Matrix, a copy of which is provided at Appendix A).
9. A Summary Risk Register is attached at Appendix B and the detailed Register at Appendix C. Our approach to all these risks is to reduce their rating.

## Transport Risk

10. The following summary provides commentary on external reviews and guidance that have been sought to address the transport risk on each site.
11. **Smithfield Market**  
In early 2016 the City commissioned the Freight Transport Association (FTA) to carry out an audit of vehicle movements at the market. The audit report was published in April 2016 and was used as the basis of an action plan to reduce the risk. A follow up to the original audit was carried out by the FTA in January 2017. The FTA concluded that improvements in physical safety had been made but stressed that the management of vehicles onto and off of the loading bays was an area where focus was needed. Regular audits of banksman activities are carried out by Market management and the risk is reviewed in the light of the outcome of these audits.
12. **Billingsgate Market**  
In 2019 the City commissioned a review of workplace transport safety at Billingsgate Market by FTA Operational Consultancy. The review was carried out during July 2019 and the FTA reported back the same month with recommendations for remedial actions. The high priority actions have been completed and the FTA were invited to re-visit their review findings in February 2022. They issued their report in April 2022 and the Market management are currently formulating an updated plan to address the key findings.
13. **New Spitalfields Market**  
In 2015 the City Commissioned Labyrinth to carry out an assessment of the traffic movements at the market and to make recommendations for necessary actions to reduce the risk. Labyrinth completed their site and work and reported in October 2015, with a series of graded recommendations. The recommendations were built into an action plan that was delivered in collaboration with the Market tenants. All actions on the plan have been completed. The risk is at target and kept under regular review.

## Corporate & Strategic Implications

**Strategic implications:** Effective management of risk is at the heart of the City Corporation's approach to delivering cost effective and valued services to the public as well as being an important element within the corporate governance of the organisation.

**Financial implications:** None

**Resource implications:** None

**Legal implications:** None

**Risk implications:** The proactive management of risk, including the reporting process to Members, demonstrates that the Markets Division of the Chief Operating Officer's Department is adhering to the requirements of the City of London Corporation's Risk Management Policy and Strategy.

**Equalities implications:** There are no proposals in this report that would have an impact on people protected by existing equality legislation.

**Climate implications:** None

**Security implications:** None

## Conclusion

14. 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: City of London Corporation Risk Matrix
- Appendix B: Wholesale Markets Risks – Summary Risk Register
- Appendix C: Wholesale Markets Risks – Detailed Risk Register

## Background Papers

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

### Contacts:

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

Smithfield Market:  
General Manager – Mark Sherlock  
T: 020 7332 3747  
E: [mark.sherlock@cityoflondon.gov.uk](mailto:mark.sherlock@cityoflondon.gov.uk)

New Spitalfields Market:  
Acting General Manager – Emma Beard  
T: 020 8518 7670  
E: [emma.beard@cityoflondon.gov.uk](mailto:emma.beard@cityoflondon.gov.uk)

Billingsgate Market:  
General Manager – Daniel Ritchie  
T: 020 7332 3067  
E: [daniel.ritchie@cityoflondon.gov.uk](mailto:daniel.ritchie@cityoflondon.gov.uk)



**City of London Corporation Risk Matrix (Black and white version)**

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom right (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

**(A) Likelihood criteria**

|             | Rare (1)   | Unlikely (2)                                 | Possible (3)                                  | Likely (4)                                |
|-------------|--|--|---|---|
| Criteria    | Less than 10%                                      | 10 – 40%                                     | 40 – 75%                                      | More than 75%                             |
| Probability | Has happened rarely/never before                   | Unlikely to occur                            | Fairly likely to occur                        | More likely to occur than not             |
| Time period | Unlikely to occur in a 10 year period              | Likely to occur within a 10 year period      | Likely to occur once within a one year period | Likely to occur once within three months  |
| Numerical   | Less than one chance in a hundred thousand (<10-5) | Less than one chance in ten thousand (<10-4) | Less than one chance in a thousand (<10-3)    | Less than one chance in a hundred (<10-2) |

Page 39

**(B) Impact criteria**

| Impact title | Definitions  |
|--------------|--|
| Minor (1)    | <b>Service delivery/performance:</b> Minor impact on service, typically up to one day. <b>Financial:</b> financial loss up to 5% of budget. <b>Reputation:</b> Isolated service user/stakeholder complaints contained within business unit/division. <b>Legal/statutory:</b> Litigation claim or find less than £5000. <b>Safety/health:</b> Minor incident including injury to one or more individuals. <b>Objectives:</b> Failure to achieve team plan objectives.   |
| Serious (2)  | <b>Service delivery/performance:</b> Service disruption 2 to 5 days. <b>Financial:</b> Financial loss up to 10% of budget. <b>Reputation:</b> Adverse local media coverage/multiple service user/stakeholder complaints. <b>Legal/statutory:</b> Litigation claimable fine between £5000 and £50,000. <b>Safety/health:</b> Significant injury or illness causing short-term disability to one or more persons. <b>Objectives:</b> Failure to achieve one or more service plan objectives.   |
| Major (4)    | <b>Service delivery/performance:</b> Service disruption > 1 - 4 weeks. <b>Financial:</b> Financial loss up to 20% of budget. <b>Reputation:</b> Adverse national media coverage 1 to 3 days. <b>Legal/statutory:</b> Litigation claimable fine between £50,000 and £500,000. <b>Safety/health:</b> Major injury or illness/disease causing long-term disability to one or more people <b>Objectives:</b> Failure to achieve a strategic plan objective.  |
| Extreme (8)  | <b>Service delivery/performance:</b> Service disruption > 4 weeks. <b>Financial:</b> Financial loss up to 35% of budget. <b>Reputation:</b> National publicity more than three days. Possible resignation leading member or chief officer. <b>Legal/statutory:</b> Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. <b>Safety/health:</b> Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. <b>Objectives:</b> Failure to achieve a major corporate objective. |

**(C) Risk scoring grid**

|            |              | Impact         |                |                 |                |
|------------|--------------|----------------|----------------|-----------------|----------------|
|            |              | Minor (1)      | Serious (2)    | Major (4)       | Extreme (8)    |
| Likelihood | X            |                |                |                 |                |
|            | Likely (4)   | <b>4 Green</b> | <b>8 Amber</b> | <b>16 Red</b>   | <b>32 Red</b>  |
|            | Possible (3) | <b>3 Green</b> | <b>6 Amber</b> | <b>12 Amber</b> | <b>24 Red</b>  |
|            | Unlikely (2) | <b>2 Green</b> | <b>4 Green</b> | <b>8 Amber</b>  | <b>16 Red</b>  |
|            | Rare (1)     | <b>1 Green</b> | <b>2 Green</b> | <b>4 Green</b>  | <b>8 Amber</b> |

**(D) Risk score definitions**

|              |  |
|--------------|--|
| <b>RED</b>   | Urgent action required to reduce rating      |
| <b>AMBER</b> | Action required to maintain or reduce rating |
| <b>GREEN</b> | Action required to maintain rating           |

This is an extract from the City of London Corporate Risk Management Strategy, published in May 2014.

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

This page is intentionally left blank



# COO MKT Markets Committee Risk Summary Report

Report Type: Risks Report

Generated on: 27 June 2022



Rows are sorted by Risk Score

Traffic Light: Amber 6 Green 12

| Risk code      | Risk title                                       | Current Risk Score | Current Risk Score Indicator | Trend Icon | Flight path |
|----------------|--|--------------------|------------------------------|------------|-------------|
| COO-MKT-WM 004 | Wholesale Markets – Traffic Management           | 12                 |                              |            |             |
| COO-MKT-SM 012 | Building maintenance management                  | 8                  |                              |            |             |
| COO-MKT-WM 001 | Wholesale Markets Consolidation Project          | 8                  |                              |            |             |
| COO-MKT-BG 003 | Brexit – Impact                                  | 6                  |                              |            |             |
| COO-MKT-NS 007 | Air Quality – Market Pavilion                    | 6                  |                              |            |             |
| COO-MKT-SM 011 | Brexit – impact of Brexit on traders and imports | 6                  |                              |            |             |

This page is intentionally left blank

# COO MKT- Markets Committee Risk Report (Detailed Risk Register)

Report Author: Jane Poulton

Generated on: 04 July 2022



Rows are sorted by Risk Score

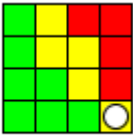
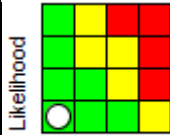
| Risk no, title, creation date, owner                                      | Risk Description (Cause, Event, Impact)   | Current Risk Rating & Score     |    | Risk Update and date of update  | Target Risk Rating & Score      |   | Target Date/Risk Approach | Current Risk score change indicator |
|---|---|---------------------------------|----|---|---------------------------------|---|---------------------------|-------------------------------------|
| P<br>COO-MKT-<br>M 004<br>Wholesale<br>Markets -<br>Traffic<br>Management | <p><b>Cause:</b> A lack of suitable and sufficient training and adequate management controls in relation to vehicle movements at each of the Markets.</p> <p><b>Event:</b> There is a serious risk of life changing injury to a pedestrian if vehicle movements are not appropriately managed and controlled.</p> <p><b>Effect:</b> 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.</p> | <p>Likelihood</p> <p>Impact</p> | 12 | <p><b>The risk is kept under review by, and mitigating actions are developed and implemented to address specific areas of concern at, each Market.</b></p> <p><b>Billingsgate:</b> Total compliance with the market's traffic management policies is sought. Reviewing with Q Shop tenants how to manage this area safely, looking at removing containers and equipment, managing customer and trade deliveries to specific times and ensuring that reversing vehicles are better supervised. Other recommendations from the consultant's report are being worked through in order of priority.</p> <p><b>New Spitalfields:</b> Over 200 forklift trucks operate on the site. Zero tolerance to produce being placed in</p> | <p>Likelihood</p> <p>Impact</p> | 8 | 30-Nov-2022               |                                     |

30-Dec-2021  
Ben Milligan

|  |  |  |   |  |  |        |          |
|--|--|--|---|--|--|--------|----------|
|  |  |  | <p>the Market Hall roadways is now being enforced and the main roadways are kept clear of all produce during trading hours.</p> <p>All actions from the Traffic Management Plan are now complete. Monthly review still required.</p> <p><b>Smithfield:</b> Key concern is a lack of suitable and sufficient training and adequate management controls in relation to Heavy Goods Vehicle banksman activities undertaken by staff employed by Smithfield Market tenants.</p> <p>Regular audits are carried out and non-compliance is followed up with individual tenants and the Smithfield Market Tenants Association. The most recent audit was concluded over 4 nights on the 19th May, 14% were non-compliant with no receiving trader banksman present to oversee the safe lock-on to the delivery bay.</p> |  |  |        |          |
|  |  |  | <b>04 Jul 2022</b>  |  |  | Reduce | Constant |

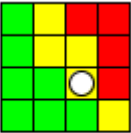
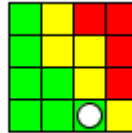

| Action no       | Action description   | Latest Note  | Action owner   | Latest Note Date | Due Date    |
|-----------------|--|--|----------------|------------------|-------------|
| COO-MKT-WM 004a | Re-engage consultant to provide assurance that essential recommendations have been actioned and that the risk has reduced. | Reviewing with all Q Shop tenants ways to better manage this area including removing containers and equipment, managing customer and trade deliveries to specific times and ensuring that reversing vehicles are better supervised. Other recommendations being worked through in order of priority. | Daniel Ritchie | 27-Jun-2022      | 27-Sep-2022 |
| COO-MKT-WM 004b | Keep the risk under review.  | Monthly review still required. The new maintenance contract is not meeting the expected standards and we are having ongoing issues with the software and its plate recognition   | Emma Beard;    | 20-Jun-2022      | 30-Nov-2022 |

|                 |   |   |  |             |             |
|-----------------|---|---|--|-------------|-------------|
|                 |   | technology. Complaints and escalations via the contract are not proving to be effective. Now reviewing alternative software and maintenance options.  | Debbie Howard                          |             |             |
| COO-MKT-WM 004c | Keep the risk under review and undertake regular audits of HGV movements. | The most recent audit was concluded over 4 nights on the 19th May. With 128 carcass meat deliveries, 14% were non-compliant with no receiving trader banksman present to oversee the safe lock-on to the delivery bay. All applicable traders will be written to reminding them of their lease obligations with regard to providing a banksman for all carcass deliveries. The market constabulary are monitoring deliveries every night and not opening bays until a banksman is present. If necessary, deliveries will be turned away until a banksman arrives. | Shelley Ross-Harding;<br>Mark Sherlock | 28-Jun-2022 | 08-Aug-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 |
|---|---|--|---|---|---|---|---------------------------|-------------------------------------|
| COO-MKT-SM 012<br><b>Building maintenance management</b><br><br>29-Sep-2020<br>Ben Milligan | <b>Cause:</b> The deterioration of physical assets due to the lack of adequate maintenance.<br><b>Event:</b> Partial collapse or failure of structure.<br><b>Effect:</b> 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. | <br>Likelihood<br><br>Impact | 8 | Work with CSD to review Edge reports and agree priorities is ongoing. There is some funding agreed for works in 22/23 but the bulk of any necessary future works will come in 23/24 and beyond. A plan document should be available from CSD after consultation with the Market by the end of September with relevant PID's being raised for funding.<br><br><b>23 Jun 2022</b> | <br>Likelihood<br><br>Impact | 1 | 31-Mar-2023               | Constant                            |
|   |   |  |   |   |   |   | Reduce                    |                                     |

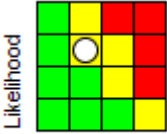
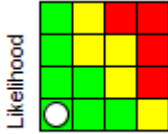
Page 45

| Action no       | Action description   | Latest Note  | Action owner  | Latest Note Date | Due Date    |
|-----------------|--|--|---------------|------------------|-------------|
| COO-MKT-SM 012e | Works priorities and phasing in progress to be agreed with City Surveyor's Department (CSD). CSD to raise PIDs to continue with further surveys and pricing exercises. | <p>Projects completed in the last 6 months – East Market side stream filter, 25 year sprinkler inspection (remedials to follow), glazed canopy remedials/replacement to the south and east elevations (a further gateway for the remaining north elevation has just commenced), replacement of high level lighting in Grand Avenue, fixed wire test remedials. Projects currently in progress - smoke curtain replacement, fire alarm full survey (remedials to follow), replacement and upgrading of lighting and selective cable and distribution boards in the car park, replacement of cold-water tanks in the east and west markets, and a survey of the condenser water pipework (started w/c 9th May).</p> <p>3 PIDs have been successfully presented to Chamberlain and these are now starting the gateway process – East Poultry Ave structural remedials/reinstallation of the canopy, remedial works to the remaining north elevation glass canopy, ceiling covering and selective water ingress remedials in the car park. Funding of £1.9m allocated.</p> <p>CWP works that align with the Edge survey reports are also planned for 2022/23 namely – condenser water pipework replacement, pumps replacement, fume extract ductwork replacement and trace heating replacement. These are in addition to projects running from 2021/22 – BMS replacement, and selective pumps replacement and Air Handling Unit (AHU) works.</p> | Mark Sherlock | 23-Jun-2022      | 30-Sep-2022 |

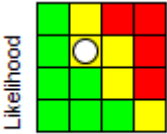
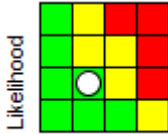

| Risk no, title, creation date, owner   | Risk Description (Cause, Event, Impact)  | Current Risk Rating & Score  |          | Risk Update and date of update  | Target Risk Rating & Score  |   | Target Date/Risk Approach | Current Risk score change indicator   |
|--|--|--|----------|---|---|---|---------------------------|---|
| <b>COO-MKT-WM 001 Wholesale Markets Consolidation Project</b><br>17-Mar-2020<br>Ben Milligan | <p><b>Cause:</b><br/>The Markets Co-location Project (MCP) team are leading a project to move the City's Wholesale Markets to a single site in Barking &amp; 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.</p> <p>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.</p> <p><b>Event:</b><br/>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.</p> <p><b>Effect:</b><br/>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.<br/>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<br/>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.</p> |  <p>Likelihood</p> <p>Impact</p> | 8        | The Markets Colocation Project (MCP) team are in active dialogue with each of the Markets Tenants' Associations. Regular design workshops and update meetings have been held.<br><br><b>04 Jul 2022</b> |  <p>Likelihood</p> <p>Impact</p> | 4 | 31-Dec-2026               |  |
|  |  | Reduce   | Constant |   |   |   |                           |   |

| Action no       | Action description  | Latest Note   | Action owner | Latest Note Date | Due Date    |
|-----------------|---|---|--------------|------------------|-------------|
| COO-MKT-WM 001a | Keep risk under regular review  | This risk has been reviewed in the light of recent actions on remedial works arising from the condition surveys and progress in dialogue with the Tenants' Associations. The risk will continue to be kept under review to ensure it reflects the developing circumstances that will impact the future operation of the markets.  | Ben Milligan | 03-May-2022      | 31-Dec-2026 |
| COO-MKT-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. | <p>The interim maintenance strategy will ensure that appropriate levels of maintenance continue 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.</p> <p>Capital funding has been approved for three projects that will address the most significant findings of the condition survey at Smithfield. The Billingsgate Action Plan is progressing with projects to introduce new fish handling facilities, an outbound logistics trial and works to the Cold Store roof underway. Further intrusive survey work has been commissioned at New Spitalfields to establish in detail the works needed and provide an estimate of costs.</p> | Ben Milligan | 03-May-2022      | 31-Dec-2026 |




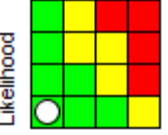

| Risk no, title, creation date, owner                                | Risk Description (Cause, Event, Impact)   | Current Risk Rating & Score  |   | Risk Update and date of update   | Target Risk Rating & Score  |   | Target Date/Risk Approach | Current Risk score change indicator |
|---|---|--|---|--|---|---|---------------------------|-------------------------------------|
| COO-MKT-BG 003 Brexit - Impact<br><br>04 May-2021<br>Daniel Ritchie | <p><b>Cause:</b> The outcome of Brexit negotiations between UK Government and EU fails to secure continuity of contracts and/or security of supply chains.</p> <p><b>Event:</b> Market tenants fail to prepare appropriately.</p> <p><b>Impact:</b> 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.</p> |  <p>Likelihood</p> <p>Impact</p> | 6 | <p>On the 28th April 2022 Government announced that the further import controls on EU goods which were due to be phased in from July, will not be introduced in 2022. The controls that have already been introduced will remain in place. The Government will publish a Target Operating Model in the Autumn that will set out our new regime of border import controls and will target the end of 2023 as the revised introduction date for our controls regime.</p> <p><b>04 May 2022</b></p> |  <p>Likelihood</p> <p>Impact</p> | 1 | 30-Nov-2022               | Constant                            |
|   |   |  |   |  |   |   | Reduce                    |                                     |

| Action no       | Action description   | Latest Note   | Action owner   | Latest Note Date | Due Date    |
|-----------------|--|---|----------------|------------------|-------------|
| COO-MKT-BG 003a | Consult with LFMA, tenants and industry bodies on impact of the new import and export rules to ensure business preparedness. | On the 28th April 2022 Government announced that the further import controls on EU goods which were due to be phased in from July, will not be introduced in 2022. The controls that have already been introduced will remain in place. The Government will publish a Target Operating Model in the Autumn that will set out our new regime of border import controls and will target the end of 2023 as the revised introduction date for our controls regime. | Daniel Ritchie | 04-May-2022      | 31-Dec-2023 |

| 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   |
|--|---|--|---|--|---|---|---------------------------|---|
| <b>COO-MKT-NS 007 Air Quality - Market Pavilion</b><br><br>16-Feb-2022<br>Emma Beard<br><br><b>Page 50</b> | <p><b>CAUSE:</b> Use of diesel operated FLT's and other mechanical equipment in the Market Pavilion cause high levels of NO2 and particulate matter. There is an existing policy that prohibits tenants from idling (running engines while stationary) which has seen some improvement to the air quality, but not nearly sufficient to reduce the level of pollution.</p> <p><b>EVENT:</b> Individuals (CoL staff, tenants, market workers and members of the public) are exposed to high levels of NO2 and particulate matter over a long period of time.</p> <p><b>EFFECT:</b> Impaired lung function, cardiovascular disease or other serious health conditions are suffered by individual members of CoL and tenants' staff or members of the public.<br/>Potential financial and reputational damage to the Market and CoL as a result of legal action and/or negative publicity.</p> |  <p>Likelihood</p> <p>Impact</p> | 6 | Tenants Forklifts can now only operate on bio-fuel. It will take time for the impacts to be seen on our air quality monitoring results but this will be reviewed over the next 12 months to help us consider if it is enough to reduce the risk further or if there are additional changes that can be implemented to improve air quality.<br><br><b>10 Jun 2022</b> |  <p>Likelihood</p> <p>Impact</p> | 4 | 31-Dec-2022               | <br><br>Decreasing |

| Action no       | Action description   | Latest Note   | Action owner | Latest Note Date | Due Date    |
|-----------------|--|---|--------------|------------------|-------------|
| COO-MKT-NS 007c | Review the air quality monitoring results each month to assess the impact that bio-fuel is having on the air quality within the Market Pavilion. | Waiting for the AQ results for the period 01/04/2022 - 31/05/2021 to compare the results going forward. | Emma Beard   | 10-Jun-2022      | 31-Dec-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 |
|--------------------------------------|---|-----------------------------|--------------------------------|----------------------------|---------------------------|-------------------------------------|
|--------------------------------------|---|-----------------------------|--------------------------------|----------------------------|---------------------------|-------------------------------------|

|  |   |  |          |   |   |          |             |   |
|--|---|--|----------|---|---|----------|-------------|---|
| <b>COO-MKT-SM 011 Brexit - impact of Brexit on traders and imports</b><br><br>06-Sep-2019<br>Mark Sherlock | <b>Cause:</b> The outcome of Brexit negotiations between the UK government and the EU fails to secure continuity of contracts and/or security of supply chains.<br><b>Event:</b> 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.<br><b>Effect:</b> 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. | <br>Likelihood<br>Impact | <b>6</b> | On the 28th April 2022 Government announced that the further import controls on EU goods which were due to be phased in from July, will not be introduced in 2022. The controls that have already been introduced will remain in place. The Government will publish a Target Operating Model in the Autumn that will set out our new regime of border import controls and will target the end of 2023 as the revised introduction date for our controls regime.<br><br><b>04 May 2022</b> | <br>Likelihood<br>Impact | <b>1</b> | 30-Nov-2022 |  |
|  |   |  |          |   |   |          | Reduce      | Constant  |

**P**  
**Projects**

| Action no       | Action description   | Latest Note   | Action owner  | Latest Note Date | Due Date    |
|-----------------|--|---|---------------|------------------|-------------|
| COO-MKT-SM 011a | Review the possibility of establishing HGV parking/holding areas in the vicinity of the market to cope with the anticipated increased volume of traffic, including the suspension of some on-street parking bays for this purpose. Other suggestions were West Poultry Avenue, where there is currently a contractors' compound, and Giltspur Street, which is apparently used for parking buses overnight at present. | Use of loading bays around the Market and the impact of local project works are constantly under review. As the pending full implementation and revised/new controls regime will not be implemented by the UK government until the end of 2023, the use and review of loading bays will become more pertinent nearer that date. | Mark Sherlock | 12-May-2022      | 31-Dec-2022 |
| COO-MKT-SM 011b | Reschedule working hours for market staff to cover possible extended trading hours.  | As the pending full implementation and revised/new controls regime will not be implemented by the UK government until the end of 2023, the review of staff hours will be reviewed nearer the end of 2023 depending upon the final outcome of import procedures and potential impacts to the Market.                             | Mark Sherlock | 12-May-2022      | 30-Sep-2022 |
| COO-MKT-SM 011c | Extend permissible on-street parking periods. Be prepared to be flexible in response to demand possibly up to 1pm each day.  | The full implementation of Brexit Checks planned to be introduced this July have been further delayed until end of 2023.  | Mark Sherlock | 11-May-2022      | 30-Nov-2022 |

This page is intentionally left blank

# Agenda Item 7

|   |                          |
|---|--------------------------|
| <b>Committee(s): Markets</b>  | <b>Dated: 13/07/2022</b> |
| <b>Subject:</b> Markets Revenue Outturn 2021/22   | <b>Public</b>            |
| <b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b> | n/a                      |
| <b>Does this proposal require extra revenue and/or capital spending?</b>                                  | No                       |
| <b>If so, how much?</b>   | n/a                      |
| <b>What is the source of Funding?</b>   | n/a                      |
| <b>Has this Funding Source been agreed with the Chamberlain's Department?</b>                             | n/a                      |
| <b>Report of:</b><br>The Chamberlain<br>Markets Director  | <b>For Information</b>   |
| <b>Report author:</b><br>Clem Harcourt, Chamberlain's Department  |                          |

## Summary

This report compares the 2021/22 revenue outturn for the services overseen by your Board with the final budget for the year. The outturn for the year shows net expenditure of (£641k), compared to the final budget of (£624k), representing a net overspend of (£17k).

The overspend was due to increased service charge voids as well as the costs of debts being written off for two tenants at New Spitalfields Market who ceased trading during the Covid-19 pandemic. This was in addition to increased bad debt provisions at both New Spitalfields and Billingsgate Markets as well as reduced income from public car parking at Billingsgate Market. The overspend was partly offset by underspends in employment and additional income generated from filming and parking at Smithfield in addition to underspends on the Cyclical Works Programme managed by the City Surveyor.

Both the Chief Operating Officer and the City Surveyor were overspent on their local risk budgets overall and are not in a position to request carry forward funding for 2022/23. The Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee has agreed that no departmental overspendings will be carried forward into 2022/23.

The report also presents the Wholesale Markets Operating Statement for 2021/22 which shows combined net operating income of £2.777m for the three wholesale markets, an underspend of £150k compared with the final net income budget of £2.627m. Once capital charges and other central costs are accounted for, total net expenditure amounted to (£634k), an overspend of (£412k) compared with the final budget of (£222k). The majority of this deficit can be attributed to the capped service charge at Smithfield Market.

## Recommendation(s)

Members are asked to:

- Note the report.

## Main Report

### Revenue Outturn for 2021/22

- This report compares the 2021/22 revenue outturn for services overseen by your Board with the final budget for the year. Appendix A3 details the budget movements between the original budget agreed by Markets Committee on the 13th January 2021 and the year-end final budget. The outturn position for your Board's services during 2021/22 totalled net expenditure of (£641k), an overspend of (£17k) compared to the final budget of (£624k) net expenditure. A summary comparison with the final budget for the year is tabulated below. In this and subsequent tables, figures in brackets indicate expenditure, decreases in income or increases in expenditure. Figures without brackets represent income, increases in income or decreases in expenditure.

| <b>Table 1 - Detailed Summary Comparison of 2021/22 Revenue Outturn with Final Budget</b> |                        |                     |                        |                                 |                                 |              |
|---|------------------------|---------------------|------------------------|---------------------------------|---------------------------------|--------------|
|   | <b>Original Budget</b> | <b>Final Budget</b> | <b>Revenue Outturn</b> | <b>Variance Better/ (Worse)</b> | <b>Variance Better/ (Worse)</b> | <b>Notes</b> |
|   | <b>£'000</b>           | <b>£'000</b>        | <b>£'000</b>           | <b>£'000</b>                    | <b>%</b>                        |              |
| <b>Local Risk</b>   |                        |                     |                        |                                 |                                 |              |
| Chief Operating Officer   | (1,196)                | (1,346)             | (1,512)                | (166)                           | (12.4%)                         | A            |
| City Surveyor   |                        |                     |                        |                                 |                                 |              |
| - Repairs and Maintenance   | (795)                  | (802)               | (720)                  | 82                              | 10.2%                           |              |
| - Cyclical Works Programme*   | (448)                  | (752)               | (533)                  | 219                             | 29.2%                           |              |
| City Surveyor Total   | (1,243)                | (1,554)             | (1,253)                | 301                             | 19.4%                           | B            |
| <b>Total Local Risk</b>   | <b>(2,439)</b>         | <b>(2,900)</b>      | <b>(2,765)</b>         | <b>135</b>                      | <b>4.6%</b>                     |              |
| <b>Central Risk</b>   |                        |                     |                        |                                 |                                 |              |
| Chief Operating Officer   | 5,767                  | 5,142               | 5,083                  | (59)                            | (1.2%)                          | C            |
| <b>Total Local and Central Risk</b>   | <b>3,328</b>           | <b>2,242</b>        | <b>2,317</b>           | <b>75</b>                       | <b>3.4%</b>                     |              |
| <b>Capital and Support Services</b>   | <b>(2,513)</b>         | <b>(2,866)</b>      | <b>(2,958)</b>         | <b>(92)</b>                     | <b>(3.2%)</b>                   | D            |
| <b>Overall Total</b>  | <b>815</b>             | <b>(624)</b>        | <b>(641)</b>           | <b>(17)</b>                     | <b>(2.7%)</b>                   |              |

\* Please note that underspends on the Cyclical Works Programme can be carried forward over the lifetime of the programme.

- The total overspend of (£17k) for Markets Board comprises the following variances:

#### **A. Chief Operating Officer (£166k) overspend:**

The overspend on the local risk budget was primarily attributable to the following:

- (£147k) service charge and sundry debts being written off for two tenants at New Spitalfields Market who entered liquidation during the pandemic;

- (£130k) net increase in bad debt provisions for service charge and sundry debts at all markets;
- (£119k) additional service charge voids attributable to two tenants at New Spitalfields Market who entered liquidation during 2021/22;
- £126k net income related to savings from employment costs and additional filming income net of efficiency savings.

#### **B. City Surveyor £301k underspend:**

This includes a £219k underspend due to the costs of two projects forming part of the Cyclical Works Programme (CWP) at Smithfield Market being capitalised in addition to the rephasing of other projects. The CWP does not form part of the City Surveyor's local risk budget and any variances will be carried over to 2022/23. This is a three-year rolling programme reported to the Operational Property and Projects Sub Committee (OPPSC) quarterly, where the City Surveyor will report on financial performance and phasing of the projects. Under the governance of the programme, variances on budgets are adjusted for the life of the programme to allow for the completion of works which span multiple financial years. Projects which fall under the CWP have been reviewed under the Forward Maintenance Plan between the General Manager and the City Surveyor to ensure assets are extended in service for as long as possible. The underspend was in addition to £82k savings relating to the Building, Repairs and Maintenance contract managed by the City Surveyor's Department due to lower than anticipated general breakdown repairs and contract servicing costs.

#### **C. Central Risk (£59k) overspend:**

The overspend was mainly due to (£96k) less income from public car parking at Billingsgate Market due to reduced occupancy during the pandemic and a (£49k) reduction in rent income at all markets as a result of vacant premises. This was partly offset by a £104k underspend in professional fees relating to the lease renewals at Billingsgate Market and rent reviews at New Spitalfields Market.

#### **D. Capital and Support Services overspend (£92k):**

This mainly related to (£52k) in additional central recharges covering support services departments. This was largely due to additional net recharges from the Chamberlain's Department relating to the insurance team due to lower insurance commission being achieved during the pandemic. The overspend was in addition to a (£37k) reduction in Directorate recharges to other areas of the Department of Markets and Consumer Protection based on the spend of the Markets Directorate during 2021/22.

3. Appendix A1 and A2 provide a more detailed comparison of the local and central risk outturn against the final budget.
4. Appendix A3 shows the movement from the 2021/22 original budget (as agreed by Markets Committee in January 2021) to the final budget.

#### **Local Risk Carry Forward to 2022/23**

5. The Chief Operating Officer had local risk overspends of (£166k) on the activities overseen by your Board. The Chief Operating Officer also had local risk overspending totalling (£566k) on activities overseen by other Committees. As a

result, the Chief Operating Officer will not be requesting funding to carry forward local risk budgets into 2022/23.

6. In addition, although there was an underspend on Markets Board, the City Surveyor was overspent overall on his local risk budget and the underspend on Markets Board should be seen within the context of overspends incurred on other committees.
7. Any deficit on the total of a Chief Officers local risk budget is required to be carried forward and recovered from within the department's budget allocation for the following year unless specifically waived. This year the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee has agreed that no departmental overspendings will be carried forward into 2022/23.

### Financial Performance of the Markets

8. For 2021/22, as tabulated in the below summary operating statement, there was a combined net operating income of £2.777m for the three wholesale markets. When capital charges and central support costs of (£3.411m) are added, there is a consolidated net expenditure to the City of London Corporation of (£634k).

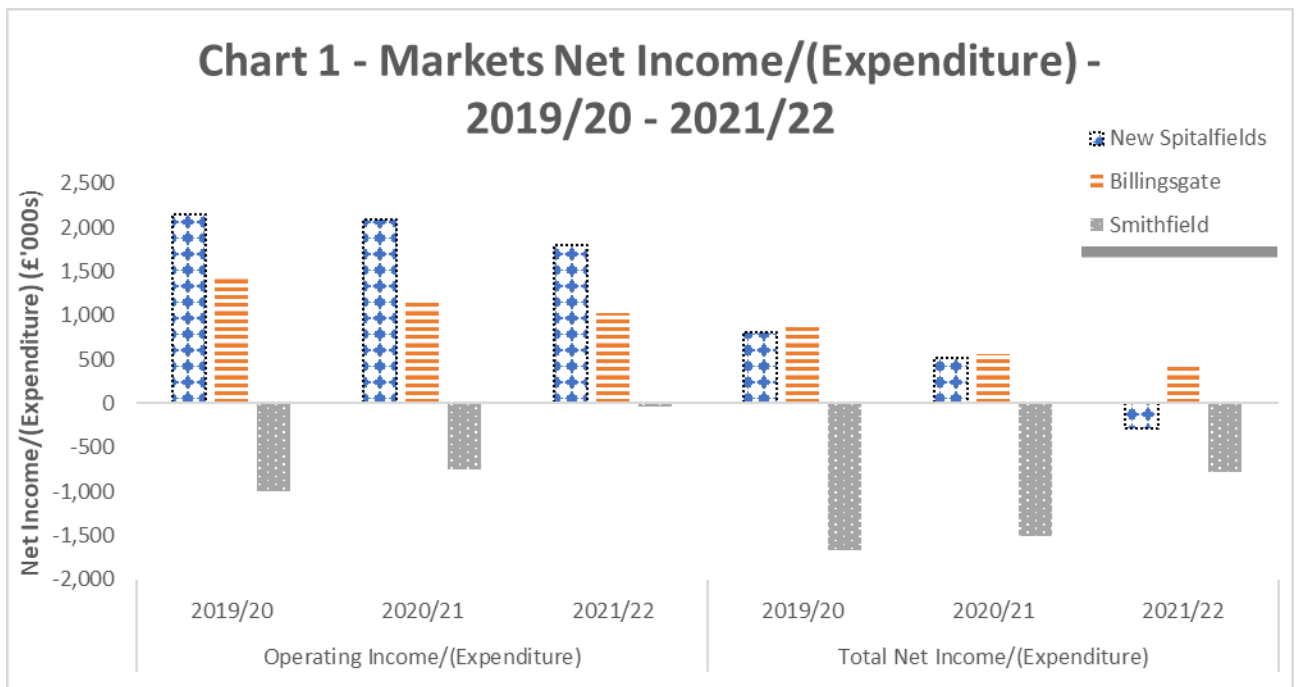
|   | <b>Original Budget</b> | <b>Final Budget</b> | <b>Revenue Outturn</b> | <b>Variance Better/ (Worse)</b> |
|---|------------------------|---------------------|------------------------|---------------------------------|
|   | <b>£'000</b>           | <b>£'000</b>        | <b>£'000</b>           | <b>£'000</b>                    |
| Total Operating Expenditure                     | (15,268)               | (15,699)            | (15,032)               | 667                             |
| Total Operating Income                          | 18,732                 | 18,326              | 17,809                 | (517)                           |
| <b>Total Net Operating (Expenditure)/Income</b> | <b>3,464</b>           | <b>2,627</b>        | <b>2,777</b>           | <b>150</b>                      |
| Total Central Costs                             | (2,345)                | (2,849)             | (3,411)                | (562)                           |
| <b>Total Markets (Expenditure)/Income</b>       | <b>1,119</b>           | <b>(222)</b>        | <b>(634)</b>           | <b>(412)</b>                    |

9. A breakdown of the financial performance of individual wholesale markets (excluding the Rotunda car park and outside properties at Smithfield) is set out in the operating statement in Appendix A4 which shows the net operating income/(expenditure) for each market. For 2021/22, there was net operating income of £1.798m at New Spitalfields Market and £1.021m at Billingsgate Market, which was offset by net operating expenditure of (£43k) at Smithfield Market to produce a combined net operating income of £2.777m, an underspend of £150k compared to the final budget of £2.627m. This is explained by underspends in employment, utilities and the waste and recycling contract at New Spitalfields Market offset by increased bad debts and reduced income from car parking and tenant service charges.
10. Total net expenditure amounted to (£634k) after capital charges and other central costs are accounted for. This equates to an overspend of (£412k) compared to the final budget of (£222k) net expenditure. This was largely due to increased transfers



to tenant reserves at both New Spitalfields and Billingsgate Markets to fund future works.

11. The difference between total market net expenditure of (£634k) (shown in Appendix A4) and revenue outturn of (£641k) net expenditure (shown in Table 1) is the (£7k) net expenditure for the outside properties at Smithfield, including the Rotunda car park, which are not included in Appendix A4.
12. Chart 1 below sets out both the net operating income/(expenditure) and total net income/(expenditure) position for each market for the previous three financial years. This indicates that Billingsgate Market was the only market to generate a surplus in 2021/22. The market achieved net income of £441k which was offset by net expenditure of (£787k) at Smithfield Market and (£288k) at New Spitalfields Market.
13. The deficit at New Spitalfields Market was largely attributable to the impact of the Covid-19 pandemic with the market incurring additional service charge voids and debt write-offs because of two tenants entering liquidation. The market generated a surplus in both 2019/20 and 2020/21. Chart 1 shows that in most years both Billingsgate Market and New Spitalfields Market have generated surpluses.
14. Chart 1 also shows that Smithfield Market has incurred deficits in each of the previous three financial years. This is largely attributable to the current cap on the service charge meaning that service charge expenditure is not fully recoverable from tenants.



15. Appendix A6 provides Members with information on balances held on various repair funds for each market as at 31 March 2022.

**Appendices**

- **Appendix A1** - Comparison of 2021/22 Local Risk Outturn with Final Budget
- **Appendix A2** - Comparison of 2021/22 Central Risk Outturn with Final Budget
- **Appendix A3** - Reconciliation of Original Budget to Final Budget – 2021/22

- **Appendix A4** - Wholesale Markets Operating Statement 2021/22
- **Appendix A5** - Wholesale Markets Operating Statement Variance Notes – 2021/22
- **Appendix A6** - Wholesale Markets Reserves Balances – 31 March 2022

**Contact details:**

*Clem Harcourt*

[clem.harcourt@cityoflondon.gov.uk](mailto:clem.harcourt@cityoflondon.gov.uk)

020 7332 1363

## Appendix A1 – Comparison of 2021/22 Local Risk Outturn with Final Budget

The local risk underspend of £135k comprises the following variances:

### Chief Operating Officer (£166k) overspend:

- i. **New Spitalfields Market** – overspend of (£416k) was mainly due to:
  - (£147k) relating to the writing off of service charge and sundry debts for two catering supply tenants who entered liquidation as a result of the Covid-19 pandemic;
  - (£119k) additional service charge voids for empty premises attributable to two tenants who went into liquidation during 2021/22;
  - (£84k) service charge concession as agreed by Markets Committee as part of the City's measures to support tenants through the pandemic;
  - (£51k) increase in bad debt provisions for outstanding service charge and sundry debts.
- ii. **Billingsgate Market** – overspend of (£47k) was primarily due to:
  - (£123k) increase in bad debt provisions for outstanding service charge and sundry debts;
  - (£24k) reduction in public parking income due to reduced occupancy of the car park as a result of Covid-19 restrictions;
  - £76k net income generated from filming projects following the lifting of Covid-19 restrictions and income generated from issuing a licence to a third party at the car park net of efficiency savings;
  - £22k decrease in supplies and services expenditure primarily due to a reduction in the level of internal legal fees required.
- iii. **Smithfield Market** – underspend of £230k was largely due to:
  - £52k underspend on water expenditure as a result of reduced consumption;
  - £46k net income relating to savings achieved from employment costs as a result of staff vacancies and flexible retirement as well as additional income generated from the Rotunda car park. This was net of efficiency savings;
  - £44k decrease in bad debt provisions required for outstanding service charge and sundry debts;
  - £40k reduced fees and services expenditure largely due to savings in the contract for the management of the Rotunda car park and less internal legal fees being required;
  - £37k savings from electricity costs at the Rotunda car park due to energy efficiency measures;
  - £28k underspend on locally managed repairs and maintenance costs.
- iv. **Markets Directorate** – underspend of £67k was largely due to £74k savings in employment costs related to staff vacancies and flexible retirement.

## City Surveyor £301k underspend:

This underspend relates to:

- £219k underspend due to the costs of two projects forming part of the Cyclical Works Programme (CWP) at Smithfield Market being capitalised in addition to the rephasing of other projects which form part of the CWP. The underspend comprised £198k in projects relating to works at the Rotunda car park and the Smithfield Outside Properties and £21k in works for the main market. The CWP does not form part of the City Surveyor's local risk budget and any variances will be carried over to 2022/23. This is a three-year rolling programme reported to the Operational Property and Projects Sub Committee (OPPSC) quarterly, where the City Surveyor will report on financial performance and phasing of the projects. Under the governance of the programme, variances on budgets are adjusted for the life of the programme to allow for the completion of works which span multiple financial years. Projects which fall under the CWP have been reviewed under the Forward Maintenance Plan between the General Manager and the City Surveyor to ensure assets are extended in service for as long as possible.
- £82k underspend relating to the Building, Repairs and Maintenance contract managed by the City Surveyor's Department due to lower than anticipated general breakdown repairs and contract servicing costs. This comprised underspends of £67k at Smithfield Market and £16k at New Spitalfields Market offset by an overspend of (£1k) at Billingsgate Market.

## Appendix A2 – Comparison of 2021/22 Central Risk Outturn with Final Budget

### Central Risk (£59k) overspend:

- i. **Billingsgate Market** – overspend of (£124k) was mainly due to:
  - (£96k) less income from public car parking due to reduced occupancy of the car park during the pandemic;
  - (£40k) increased provisions for outstanding rent debts;
  - (£21k) additional service charge voids for vacant premises;
  - (£14k) reduction in rent income related to the letting out of containers at the market;
  - £58k underspend in professional fees relating to the lease renewals.
  
- ii. **Smithfield Market** – underspend of £61k was largely due to a £67k reduction in the provision for outstanding rent debts as well as an underspend of £10k in professional fees. This was partly offset by a (£19k) reduction in rent income at the Poultry Market owing to vacant premises for part of 2021/22.
  
- iii. **New Spitalfields Market** – underspend of £4k was mainly due to a £46k underspend in professional fees relating to costs associated with the rent reviews as well as an additional £7k in transfers from reserves to fund City Surveyors employee recharges. This was partly offset by (£20k) in rent debts being written off during 2021/22 as well as a (£16k) reduction in rent income and a (£12k) increase in provisions for outstanding rent debts.

| <b>Markets Board - Reconciliation of Original Budget to Final Budget - 2021/22</b>   |                |
|--|----------------|
|  | <b>£'000s</b>  |
| <b>Original 2021/22 Budget (All Risks)</b>   | <b>815</b>     |
| <b>Local Risk including City Surveyors Repairs and Maintenance</b>   |                |
| Original Budget 2021/22 - as agreed by Markets Committee on 13th January 2021  | (2,439)        |
| Budget changes relating to the re-phasing of works as part of the Cyclical Works Programme at Smithfield Market.   | (304)          |
| Centrally funded salary costs  | (95)           |
| Centrally funded apprenticeship costs  | (42)           |
| Carry forward funding to cover purchase of forklift truck at Smithfield Market   | (20)           |
| Centrally funded budget uplift for pay award for staff on grades A-C from July 2021 onwards and payments to staff for working on-site during the Covid-19 pandemic         | (10)           |
| Budget adjustments relating to the Building, Repairs and Maintenance contract managed by City Surveyors across all markets   | 10             |
| <b>Final 2021/22 Local Risk Budget including City Surveyors Repairs and Maintenance</b>  | <b>(2,900)</b> |
| <b>Central Risk</b>  |                |
| Original Budget 2021/22 - as agreed by Markets Committee on 13th January 2021  | 5,767          |
| Centrally funded pension strain costs  | (357)          |
| Professional fees costs related to rent reviews at New Spitalfields Market and lease renewals at Billingsgate Market as reported to Markets Committee on 3rd November 2021 | (175)          |
| Reductions in rent income at New Spitalfields Market as a result of two tenants entering liquidation as reported to Markets Committee on 3rd November 2021                 | (103)          |
| Increased income from service charges and transfers from reserves as a result of adjustments to recharges and costs from the Building, Repairs and Maintenance contract    | 6              |
| Supplementary Revenue Project funding for Deconstruction of Poultry Market Canopy and Gutter at Smithfield Market  | 3              |
| Adjustments to capital charges budget at Billingsgate Market   | 1              |
| <b>Final 2021/22 Central Risk Budget</b>   | <b>5,142</b>   |
| <b>Support Services and Capital Charges</b>  |                |
| Original Budget 2021/22 - as agreed by Markets Committee on 13th January 2021  | (2,513)        |
| Revisions to capital charges at New Spitalfields Market  | (334)          |
| Increase in central support and insurance recharge budgets   | (139)          |
| Centrally funded Film Liaison Staff Costs at Billingsgate Market and Smithfield Market   | (28)           |
| Adjustments to Directorate recharges raised to other areas of the Department of Markets & Consumer Protection  | 148            |
| <b>Final 2021/22 Support Services and Capital Charges</b>  | <b>(2,866)</b> |
| <b>Final 2021/22 Budget (All Risks)</b>  | <b>(624)</b>   |

## Wholesale Markets Operating Statement 2021/22

Appendix A4

|  | New Spitalfields Market |                  |                  |                  |       | Billingsgate Market |                  |                  |                  |       | Smithfield Market  |                  |                  |                  |       | Total Markets      |                  |                  |                  |  |
|--|-------------------------|------------------|------------------|------------------|-------|---------------------|------------------|------------------|------------------|-------|--------------------|------------------|------------------|------------------|-------|--------------------|------------------|------------------|------------------|--|
|  | Original Budget OR      | Final Budget FB  | Actual           | Variance         | Notes | Original Budget OR  | Final Budget FB  | Actual           | Variance         | Notes | Original Budget OR | Final Budget FB  | Actual           | Variance         | Notes | Original Budget OR | Final Budget FB  | Actual           | Variance         |  |
|  | 2021/22<br>£'000        | 2021/22<br>£'000 | 2021/22<br>£'000 | 2021/22<br>£'000 |       | 2021/22<br>£'000    | 2021/22<br>£'000 | 2021/22<br>£'000 | 2021/22<br>£'000 |       | 2021/22<br>£'000   | 2021/22<br>£'000 | 2021/22<br>£'000 | 2021/22<br>£'000 |       | 2021/22<br>£'000   | 2021/22<br>£'000 | 2021/22<br>£'000 | 2021/22<br>£'000 |  |
| <b>Operating Expenditure:</b>  |                         |                  |                  |                  |       |                     |                  |                  |                  |       |                    |                  |                  |                  |       |                    |                  |                  |                  |  |
| <b>Employment Costs</b> (basic pay, national insurance, pension, overtime, training, recruitment advertising)  | (1,744)                 | (1,819)          | (1,710)          | 109              | 1     | (1,993)             | (2,071)          | (1,959)          | 112              | 7     | (2,131)            | (2,097)          | (1,963)          | 134              | 12    | (5,868)            | (5,987)          | (5,632)          | 355              |  |
| <b>Premises</b> (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials, tenant contribution to repair funds)   | (1,595)                 | (1,514)          | (1,641)          | (127)            | 2     | (1,219)             | (1,236)          | (1,149)          | 87               | 8     | (2,883)            | (3,095)          | (2,780)          | 315              | 13    | (5,697)            | (5,845)          | (5,570)          | 275              |  |
| <b>Transport</b> (Vehicle purchases and running costs, congestion charge, travel costs)  | (1)                     | (1)              | (0)              | 1                |       | (31)                | (49)             | (23)             | 26               |       | (3)                | (23)             | (27)             | (4)              |       | (35)               | (73)             | (50)             | 23               |  |
| <b>Supplies and Services</b> (Refuse collection, equipment hire/maintenance and purchase, uniforms and clothing, communication and office expenses, provisions for bad debts)  | (250)                   | (335)            | (594)            | (259)            | 3     | (161)               | (278)            | (375)            | (97)             | 9     | (407)              | (401)            | (309)            | 92               | 14    | (818)              | (1,014)          | (1,277)          | (263)            |  |
| <b>Waste and Recycling Contract</b>  | (2,850)                 | (2,780)          | (2,502)          | 278              | 4     | 0                   | 0                | 0                | 0                |       | 0                  | 0                | 0                | 0                |       | (2,850)            | (2,780)          | (2,502)          | 278              |  |
| <b>Total Operating Expenditure</b>   | <b>(6,440)</b>          | <b>(6,449)</b>   | <b>(6,448)</b>   | <b>1</b>         |       | <b>(3,404)</b>      | <b>(3,634)</b>   | <b>(3,506)</b>   | <b>128</b>       |       | <b>(5,424)</b>     | <b>(5,616)</b>   | <b>(5,078)</b>   | <b>538</b>       |       | <b>(15,268)</b>    | <b>(15,699)</b>  | <b>(15,032)</b>  | <b>667</b>       |  |
| <b>Operating Income:</b>   |                         |                  |                  |                  |       |                     |                  |                  |                  |       |                    |                  |                  |                  |       |                    |                  |                  |                  |  |
| <b>Rent</b>  | 2,102                   | 1,999            | 1,983            | (16)             |       | 990                 | 990              | 976              | (14)             |       | 1,604              | 1,604            | 1,585            | (19)             |       | 4,696              | 4,593            | 4,545            | (48)             |  |
| <b>Charges for Services</b> (Service charge income, filming, car parking, insurance, advertising hoarding, wayleaves and tolls, reimbursement of directly recovered costs and interest income, contributions to repair fund) | 6,620                   | 6,398            | 6,263            | (135)            | 5     | 3,709               | 3,681            | 3,550            | (131)            | 10    | 3,707              | 3,654            | 3,450            | (204)            | 15    | 14,036             | 13,733           | 13,264           | (469)            |  |
| <b>Total Operating Income</b>  | <b>8,722</b>            | <b>8,397</b>     | <b>8,247</b>     | <b>(150)</b>     |       | <b>4,699</b>        | <b>4,671</b>     | <b>4,527</b>     | <b>(144)</b>     |       | <b>5,311</b>       | <b>5,258</b>     | <b>5,035</b>     | <b>(223)</b>     |       | <b>18,732</b>      | <b>18,326</b>    | <b>17,809</b>    | <b>(517)</b>     |  |
| <b>Net Operating (Expenditure)/Income</b>  | <b>2,282</b>            | <b>1,948</b>     | <b>1,798</b>     | <b>(150)</b>     |       | <b>1,295</b>        | <b>1,037</b>     | <b>1,021</b>     | <b>(16)</b>      |       | <b>(113)</b>       | <b>(358)</b>     | <b>(43)</b>      | <b>315</b>       |       | <b>3,464</b>       | <b>2,627</b>     | <b>2,777</b>     | <b>150</b>       |  |
| <b>Central Costs:</b>  |                         |                  |                  |                  |       |                     |                  |                  |                  |       |                    |                  |                  |                  |       |                    |                  |                  |                  |  |
| <b>Capital Depreciation Charges</b>  | (1,057)                 | (1,391)          | (1,390)          | 1                |       | (98)                | (97)             | (97)             | (0)              |       | (111)              | (111)            | (111)            | (0)              |       | (1,266)            | (1,599)          | (1,599)          | 0                |  |
| <b>Other Central Costs</b> (Transfer to and from reserves to fund repairs and works, support costs and Directorate apportionment)  | (391)                   | (439)            | (696)            | (257)            | 6     | (259)               | (316)            | (483)            | (167)            | 11    | (429)              | (495)            | (633)            | (138)            | 16    | (1,079)            | (1,250)          | (1,812)          | (562)            |  |
| <b>Total Central Costs</b>   | <b>(1,448)</b>          | <b>(1,830)</b>   | <b>(2,087)</b>   | <b>(257)</b>     |       | <b>(357)</b>        | <b>(413)</b>     | <b>(580)</b>     | <b>(167)</b>     |       | <b>(540)</b>       | <b>(606)</b>     | <b>(744)</b>     | <b>(138)</b>     |       | <b>(2,345)</b>     | <b>(2,849)</b>   | <b>(3,411)</b>   | <b>(562)</b>     |  |
| <b>Total Market (Expenditure)/Income</b>   | <b>834</b>              | <b>118</b>       | <b>(288)</b>     | <b>(406)</b>     |       | <b>938</b>          | <b>624</b>       | <b>441</b>       | <b>(183)</b>     |       | <b>(653)</b>       | <b>(964)</b>     | <b>(787)</b>     | <b>177</b>       |       | <b>1,119</b>       | <b>(222)</b>     | <b>(634)</b>     | <b>(412)</b>     |  |

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

This page is intentionally left blank.



**Wholesale Markets Operating Statement Variance Notes – 2021/22**

The tables below analyse the variances for the wholesale markets as reported on the operating statement which is attached at Appendix A4. The statement compares the 2021/22 final budget to the actual outturn for 2021/22.

Brackets signify an expenditure item and/or a worse than budget position and non-brackets signify an income item and/or a better than budget position. All variances of £50k or more have been detailed below.

| <b>New Spitalfields Market</b> |                       |  |
|--------------------------------|-----------------------|--|
| <b>Notes</b>                   | <b>Description</b>    | <b>2021/22 Final Budget to Actual Outturn</b>  |
| <b>Operating Expenditure</b>   |                       |  |
| 1                              | Employment Costs      | £109k staff cost underspend due to vacant positions in maintenance and security roles as well as savings following employees taking up the option of flexible retirement.  |
| 2                              | Premises              | (£127k) overspend due to (£217k) additional tenant contribution to the Repainting and Repair (R&R) reserve. This was offset by £74k lower energy and water costs due to reduced usage and energy efficiency measures and £16k net underspend in other premises related costs such as repairs and maintenance.  |
| 3                              | Supplies and Services | (£259k) overspend due to: <ul style="list-style-type: none"> <li>• (£168k) relating to writing off of debts for two tenants who entered liquidation during 2021/22;</li> <li>• (£85k) for a six months' service charge concession for a tenant as agreed by Members as part of support measures to assist tenants during the Covid-19 pandemic;</li> <li>• (£63k) increase in provisions for bad debts relating to high-risk debtors affected by the pandemic;</li> <li>• £57k net underspend on other costs primarily relating to professional fees costs related to rent reviews.</li> </ul> |

|                         |                              |   |
|-------------------------|------------------------------|---|
| 4                       | Waste and Recycling Contract | £278k underspend consisting of £197k contract savings on the fixed element of the contract as well as £89k reduced costs for the variable element of the contract as a result of lower levels of waste. This was partly offset by an (£8k) overspend in rebates from the contract repaid to tenants.  |
| <b>Operating Income</b> |                              |   |
| 5                       | Charges for Services         | (£135k) less income than budgeted due to (£187k) less service charge income as a result of reduced service charge expenditure and (£167k) decreased income from the entry barrier due to less trade at the market during the pandemic. This was offset by £217k additional tenant contributions to the R&R reserve to fund future works and £2k net increase in other forms of sundry income. |
| <b>Central Costs</b>    |                              |   |
| 6                       | Other Central Costs          | (£257k) overspend primarily due to net increase of (£247k) in transfers to the R&R reserve in order to fund future works at the market. This was in addition to extra recharges of (£10k) primarily relating to central support services.   |

| <b>Billingsgate Market</b>   |                       |   |
|------------------------------|-----------------------|---|
| <b>Notes</b>                 | <b>Description</b>    | <b>2021/22 Final Budget to Actual Outturn</b>   |
| <b>Operating Expenditure</b> |                       |   |
| 7                            | Employment Costs      | £112k staff cost underspend due to vacant positions in maintenance, security and cleaning roles in addition to savings from staff taking up the option of flexible retirement.  |
| 8                            | Premises              | £87k underspend comprising £83k on repairs and maintenance costs primarily due to less works being funded by the Repainting and Special Works account than anticipated. This was in addition to a £4k net underspend on other expenditure largely due to lower utility costs caused by reduced energy usage and energy efficiency measures.   |
| 9                            | Supplies and Services | (£97k) overspend due to (£163k) increase in bad debt provisions. This was partly offset by £58k reduced costs of professional fees relating to lease renewals with the costs in 2021/22 being lower than anticipated as well as a net underspend of £8k largely caused by lower internal legal fees being incurred.   |
| <b>Operating Income</b>      |                       |   |
| 10                           | Charges for Services  | <p>(£131k) less income than budgeted due to:</p> <ul style="list-style-type: none"> <li>• (£251k) reduced service charge income as a result of lower levels of service charge expenditure;</li> <li>• (£120k) decreased income from public car parking as a result of reduced occupancy of the car park during the pandemic;</li> <li>• £144k additional income from filming as a result of an increase in the number of filming projects at the market following the lifting of Covid-19 restrictions;</li> <li>• £53k extra income from trade parking as a result of an increase in trade at the market following the pandemic;</li> <li>• £43k net increase in other forms of income largely relating to refuse collection recharges and income generated from licenses from letting out space at the car park.</li> </ul> |

| Central Costs |                     |  |
|---------------|---------------------|--|
| 11            | Other Central Costs | <p>(£167k) overspend due to:</p> <ul style="list-style-type: none"> <li>• (£84k) relating to efficiency savings budgets which was achieved through generating additional income from filming and licenses;</li> <li>• (£74k) net increase in transfers to reserves due to the level of works met by the Repainting and Special Works Fund being less than expected;</li> <li>• (£9k) net overspend on recharges primarily relating to additional central support costs.</li> </ul> |

| <b>Smithfield Market</b>     |                       |  |
|------------------------------|-----------------------|--|
| <b>Notes</b>                 | <b>Description</b>    | <b>2021/22 Final Budget to Actual Outturn</b>  |
| <b>Operating Expenditure</b> |                       |  |
| 12                           | Employment Costs      | £134k underspend due to vacant security, cleaning and maintenance roles in addition to employees taking up the option of flexible retirement.  |
| 13                           | Premises              | £315k underspend due to £181k underspend in energy costs primarily attributable to reduced electricity usage and energy efficiency measures. This was in addition to £78k lower than anticipated repairs and maintenance costs and £52k lower water expenditure as a result of reduced consumption. The underspend also comprised a £4k net saving on other premises related costs such as cleaning and domestic supplies. |
| 14                           | Supplies and Services | £92k underspend due to £77k reduction in provisions for bad debts no longer being required. This was in addition to a net underspend of £15k largely due to internal legal fees being lower than anticipated.  |
| <b>Operating Income</b>      |                       |  |
| 15                           | Charges for Services  | (£204k) less income due to (£199k) reduced income from utility recharges to tenants as a result of underspends in energy costs. This was in addition to a (£5k) net reduction in income largely relating to lower tenant recharges for reimbursable works and use of the Animal By-Product (ABP) facility.   |
| <b>Central Costs</b>         |                       |  |
| 16                           | Other Central Costs   | (£138k) overspend due to (£126k) efficiency savings budgets which was met through underspends in employment costs as well as income generated from filming. This was in addition to (£12k) net increase in recharges mainly related to extra central support services costs.   |

This page is intentionally left blank

## **Markets Board – Wholesale Markets Reserves Balances – 31 March 2022**

The information below summarises details of current balances held for each reserve account at the City's wholesale markets as at 31 March 2022.

### **New Spitalfields Market**

- Tenants Repair Fund - £548,217
- Market Slab Repairs Fund - £0
- Old Market Maintenance Fund - £120,340

Please note that the Market Slab Repairs Fund has been fully utilised, and the reserve currently has a zero balance. This reserve is due to be formally closed with any future slab works at the market expected to be funded by the Tenants Repair Fund.

### **Billingsgate Market**

- Repainting and Special Works Fund - £180,979
- Accumulator Tower Fund - £108,141
- Sinking Fund - £1,738,691

### **Smithfield Market**

- Repainting Reserve - £310,017

This page is intentionally left blank



# Agenda Item 8

|   |                            |
|---|----------------------------|
| <b>Board(s)</b>   | <b>Dated:</b>              |
| Markets Board   | 13 <sup>th</sup> July 2022 |
| <b>Subject: Energy Update</b>   | <b>Public</b>              |
| <b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b> | <b>5,11 &amp; 12</b>       |
| <b>Does this proposal require extra revenue and/or capital spending?</b>                                  | <b>No</b>                  |
| <b>If so, how much?</b>   | <b>£ n/a</b>               |
| <b>What is the source of Funding?</b>   | <b>n/a</b>                 |
| <b>Has this Funding Source been agreed with the Chamberlain's Department?</b>                             | <b>n/a</b>                 |
| <b>Report of: The City Surveyor</b>   | <b>For Information</b>     |
| <b>Report author: Graeme Low</b>  |                            |

## Summary

This report presents an update to the Markets Board on Energy and Carbon related issues.

We have seen a sustained reduction in energy and carbon emissions since 2018/19 across all sites. The rate of this reduction has slowed as Markets recover from the pandemic. Carbon dioxide reductions from operational activity have also reduced significantly since 2018/19 due to demand reduction and the effects of grid decarbonisation.

The impacts of the conflict in Ukraine and an increase in demand has seen energy prices increase significantly by between 60% and 135% for electricity and gas, respectively. Our procurement strategy has been designed to provide a market reflective price and overseen by our energy brokers, LASER.

The Power Purchase Agreement (PPA) has been delayed due to dependent works on the local grid infrastructure. It is expected to be providing generation from mid-October 2022, with an estimated 12.6% cost benefit in 2022/23 compared to grid supplied costs.

## Recommendation(s)

- Note the reduction in energy consumption across all three markets
- Note the reduction in operational CO<sub>2</sub> emissions from Markets
- Note the survey work and energy conservation measure carried out by the Energy Team.
- Note the expected increases in energy costs due to the surge in demand, post pandemic and the conflict in Ukraine.
- Note the benefit to Smithfield Market from the Climate Change Agreement.

## Main Report

### Background

1. The City of London Corporation entered into a new four-year electricity and gas contracts via LASER Energy Procurement Frameworks in October 2021. It was agreed at Project Sub Committee and Finance Committee in October 2020 to adopt a Purchase in Advance (PIA) procurement strategy,

allowing for flexible trading of the required energy volume in the months ahead of the contract start date and subsequent contract anniversaries. This approach was similar to the preceding contract with Mitie Energy.

2. The use of the LASER framework enabled our existing energy supplier, Total Gas and Power (TGP) to be retained using this OJEU compliant framework. This enabled TGP to act as a Sleeving supplier, who manage the shaping, balancing and transfer of the power through the grid, as necessary to support the introduction of a Power Purchase Agreement (PPA). The Corporation subsequently agreed terms on a 49.9 MW Solar farm (PPA) in January 2021. Our PPA will provide over 50% over the electricity needs of the Corporation from a Solar Farm near Blandford Forum in Dorset.
3. The Solar Farm is currently in construction and has a connection date of 14<sup>th</sup> October 2022. All corporate properties, including Smithfield, Billingsgate and New Spitalfields Markets will receive electricity from this Solar Farm in the coming months. The City of London have contracted with Voltalia UK Ltd. to provide the PPA service for a 15-year term.
4. The City of London Corporation implemented the Climate Action Strategy in April 2021. It aims to reach Net Zero Carbon (NZC) for the Corporation's scope one and scope two carbon emissions by 2027. This included non-tenanted energy consumption from the Markets. Tenants' emissions are included as part of our Scope 3 value chain which aims to reach NZC by 2040.
5. The Climate Action Strategy is currently in Year 2 of the programme, with several actions such as Energy Audits having been completed to identify interventions that will help to reduce energy and carbon emissions. Capital funding has been provisionally earmarked to support these capital interventions and this funding could be applicable to the Markets.

### Markets Energy Performance

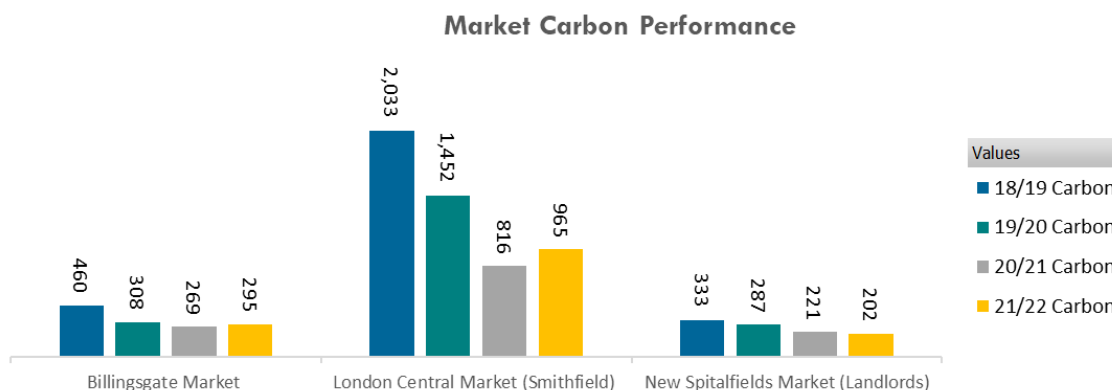
6. Over the past year, the energy and carbon performance of the markets has been influenced heavily by the emergence from the pandemic. Since 2021 we have seen an overall increase in the energy used across all markets, which is consistent with the trends across the wider portfolio. However, this still reflects positively against pre-pandemic levels and reflects a lot of the effort that has gone into site level control changes and interventions.
7. Whilst the performance from all markets shows a positive improvement, as shown in Table 1, there is a significant difference between London Central Market and the Billingsgate and New Spitalfields Markets. This reflects the size of the Market energy usage, opportunity identification and interventions that have been undertaken to date. More opportunities are currently being assessed for all markets to continue to reduce the energy usage on site.

**Table 1:** Rolling year, Weather corrected Data

| Market                              | Mar-19     | Mar-20     | Mar-21    | Mar-22     | % Reduction<br>19 to 22 |
|-------------------------------------|------------|------------|-----------|------------|-------------------------|
| Billingsgate Market                 | 3,579,617  | 3,800,079  | 3,324,503 | 3,461,594  | - 3                     |
| London Central Market (Smithfield)  | 17,049,847 | 14,332,450 | 9,837,849 | 10,491,520 | - 38                    |
| New Spitalfields Market (Landlords) | 6,800,091  | 6,612,893  | 5,822,563 | 5,826,230  | - 14                    |

8. Figure 1 provides an update on the CO<sub>2</sub> performance of the markets. Billingsgate has seen a reduction in operational CO<sub>2</sub> emissions by 35%, New Spitalfields by 39% and Smithfield by 52%. These savings have been realised through onsite optimisation, capital investment in measures such as LED lighting and the impact of grid decarbonisation.

**Figure 1: Carbon Performance by Market**



### Energy Team Activity

9. The Energy team have continued to support the administration and reporting of the Climate Change Agreement (CCA) at London Central Markets. This voluntary scheme allows tenants and the corporation to benefit from a reduction in Climate Change Levy (CCL) charges in return for commitments to reduce energy and carbon emissions. The CCA has saved London Central Markets and tenants over £70,000 per annum since 2013/14. Billingsgate and New Spitalfields Markets are ineligible due to the scope of the scheme.
10. Mitie have been commissioned to produce Net Zero Carbon reports for each of the Markets. We have received the final report for Smithfield which will be reviewed as part of our CAS programme. Mitie are reviewing the energy data for Billingsgate and New Spitalfields Markets, and we anticipate the on-site surveys will begin in the coming weeks.
11. The Climate Action Strategy actions include site level energy surveys and the procurement of consultancy resource to manage and deliver the programme. The surveys are now nearing completion for the largest fifteen operational sites, including Markets. A capital project delivery plan is currently in development.
12. As part of this task all three markets have received initial surveys by Vital Energi to develop high level assessments. Due to the uncertainty around the future of the market locations, interventions will be prioritised that have a payback of less than 5 years. **Table 2** below indicates the measures that have been identified at each of the markets. These measures will be assessed for inclusion within the Corporate Property and Housing Landlord Project Plan (NZ1) delivery plan. Vital Energi are expected to return soon to collate further details needed to progress these options to an Investment Grade Proposal stage. Following this and an assessment of the expected payback, these measures will be considered for implementation in the coming months.

**Table 2: Identified Measures**

| Market                  | Measures   |
|-------------------------|--|
| London Central Market   | LED lighting: Mezzanine and Basement Carpark.<br>Ventilation: CO2 demand control<br>HVAC: programmable TRV's & two port valves<br>Pipework insulation<br>New Hot Water System Heater |
| New Spitalfields Market | LED lighting   |
| Billingsgate Market     | LED lighting   |

13. The Energy Team have continued to engage with each market and have visited the markets on various occasions to meet with tenants, particularly regarding New Spitalfields Market, discussing issues relating to energy costs and consumption.
14. Over the last year we have offered tenant workshops to support tenants with understanding their energy costs and opportunities to reduce these, we will continue to engage in dialogue with tenants on this, as the impact of rising energy costs begins to be felt. We have also held energy risk workshops with Superintendents and senior officers.

### Energy Procurement

15. Energy prices in the UK have been rising over recent months with the initial impact of the surge in demand following the Pandemic and more recently from March onwards as a result of the conflict in Ukraine. This has had an unavoidable impact on our wholesale energy costs. Since 2020/21 we have seen a 60% increase in the unit rates of our electricity. A trend that will continue in 2022/23. Our grid electricity is currently 52% hedged for October 2022 to September 2023 against our expected volume. The introduction of the PPA will significantly help to mitigate the increase in cost.
16. Gas prices have also risen significantly since 2021/22 and will continue to do so in 2022/23 we have 87% of our gas volume hedged for the year ahead from October 2022. The unit rate increase from 2021/22 to 22/23 is approximately 135% and this is expected to drop slightly from October 2023 onwards. We currently have a 43% hedged position for our gas volume for October 23 to September 24.
17. **PPA:** The PPA contract has now been agreed with Volitalia UK Ltd., Work on site at the South Farm Solar site near Blandford Forum is now well advanced with foundations, structures and modules being installed and access roads all established. Recently work has progressed with the electricity sub-station, and we expect the solar farm to be operational by mid-October. Once operational the PPA will provide over 50% of our electricity at ~ £37 MWh in 22/23 and 23/24 compared to the current market rates for electricity of £217 MWh (LASER market prices for August 2022). This is expected to provide a 12.6% overall benefit to electricity costs in 2022/23. In 23/24 we forecast the PPA will provide a 30% reduction in the cost of electricity across the Markets based against grid electricity cost.

## Corporate Risk

18. Energy price risk for Corporation is currently managed within the City Surveyor's Senior Management Team. The SURV SMT 007 risk is regularly monitored and updated accordingly. The prolonged period of energy price inflation, coupled with a delay to the construction on the PPA solar farm, now due for connection in October 2022 has seen the likelihood of an impact increase. This has moved the risk from amber to red for the first time. Mitigating measures in place include:
- Regular meetings with LASER on purchasing strategy and risk minimisation.
  - Regular progress meetings with Voltalia on the construction progress of PPA solar farm.
  - Communications with Scottish and Southern Electricity Networks to escalate concerns around PPA grid connection.

## Corporate & Strategic Implications

19. **Strategic implications:** Energy performance is linked to resilience and helps ensure business continuity through reduced pressure on the energy infrastructure within the square mile. We support a thriving economy through ensuring environmental responsibility in this way. Our energy performance helps to shape outstanding environments through the reduction of CO<sub>2</sub> emissions and our commitment to procuring clean renewable energy. In this way our energy performance helps shape outcomes 5, 11 and 12 of the Corporate Plan.

20. **Financial implications:** The information in this report detail reductions in energy consumption and not against agreed budgets as we see large increases in the unit cost of electricity and gas. Savings were largely due to reduced energy usage due to the pandemic and such savings are reducing as staff return to work. Energy costs are projected to substantially increase over the next year due to external factors, although the PPA agreement is expected to provide some measure of relief commencing in October 2022. Members should note for longer sustainable gains the focus will need to be on improving efficient use of energy, through targeted investment in energy saving measures.

## Conclusion

21. The Energy Team continue to support the market with identifying opportunities for capital investment in energy saving measures and through efficiency improvements that can be made at low or no cost. The Markets continue to be supported on issues related to Energy and Carbon and we are in the process of completing energy surveys in the delivery of this. Energy costs are expected to rise significantly in the coming year despite the impact of the PPA, and on-site demand reduction. We plan to work with the Markets Team to advise tenants of this impact.

## Report author:

### Graeme Low

Energy & Carbon Manager

City Surveyor's Department

E: [graeme.low@cityoflondon.gov.uk](mailto:graeme.low@cityoflondon.gov.uk)

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank