



Markets Board

Date: WEDNESDAY, 9 NOVEMBER 2022
Time: 11.00 am
Venue: COMMITTEE ROOMS 3 & 4 - 2ND FLOOR, WEST WING, GUILDHALL

Members:

Deputy Henry Pollard (Chairman)	Catherine McGuinness
Deputy Philip Woodhouse (Deputy Chairman)	Alderman Sir David Wootton
Deputy Mark Bostock	Deputy Edward Lord
Alderman Alison Gowman	Oliver Sells KC
Gregory Lawrence	Henry Jones
Wendy Mead	Vacancy
Deputy Brian Mooney	Paul Martinelli
Ian Seaton	
James Tumbridge	

Enquiries: julie.mayer@cityoflondon.gov.uk

Accessing the virtual public meeting

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

<https://youtu.be/MsVzB5CgfCQ>

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one civic 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 7th September 2022.

For Decision
(Pages 5 - 10)

4. **ANNUAL REVIEW OF THE TERMS OF REFERENCE (TOR)**

Report of the Town Clerk – Members will be asked to consider the TORs/frequency of meetings and suggest any changes.

For Decision
(Pages 11 - 12)

5. **REVENUE AND CAPITAL BUDGETS 2023/24**

Report of the Chamberlain and the Markets Director.

For Decision
(Pages 13 - 38)

6. **WHOLESALE MARKET RISKS UPDATE**

Report of the Markets Director.

For Information
(Pages 39 - 58)

7. **GENERAL MANAGER UPDATES**

Briefing noted from the General Managers of Billingsgate, New Spitalfields and Smithfield Markets.

For Information
(Pages 59 - 62)

8. **CONCESSIONARY PARKING AT SMITHFIELD MARKET DURING THE CHRISTMAS PERIOD 2022**

Report of the Markets Director.

For Decision
(Pages 63 - 66)

9. **ENERGY UPDATE**

Report of the City Surveyor.

For Information
(Pages 67 - 72)

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

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

12. **EXCLUSION OF THE PUBLIC**

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

For Decision

Non-Public Items

13. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the meeting held on 7th November 2022.

For Decision
(Pages 73 - 76)

14. **BILLINGSGATE MARKET - BILLINGSGATE ACTION PLAN - ADDITIONAL FISH HANDLING UNIT - GATEWAY 4 - OPTIONS APPRAISAL**

Report of the City Surveyor.

For Decision
(Pages 77 - 100)

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

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

Confidential Items

17. **CONFIDENTIAL MINUTES**

To agree the confidential minutes of the meeting held on 7th September 2022.

For Decision

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

The City Surveyor to be heard.

For Information

MARKETS BOARD

Wednesday, 7 September 2022

Minutes of the meeting held at Guildhall at 11.00 am

Members:

Deputy Henry Pollard (Chairman)	Catherine McGuinness
Alderman & Sheriff Alison Gowman	Alderman Sir David Wootton
Gregory Lawrence	Deputy Edward Lord
Wendy Mead	Oliver Sells KC
Deputy Brian Mooney	Henry Jones
Ian Seaton	

In Attendance

Paul Walker - Chair, New Spitalfields Tenants' Association
Jeff Stedman - Billingsgate Tenants' Association (representing the Chair)

Officers:

Ben Milligan	- Markets Director, Department of the Chief Operating Officer
Donald Perry	- Department of the Chief Operating Officer (COO)
Julie Gibbs	- Department of the Chief Operating Officer
Daniel Ritchie	- Billingsgate Market General Manager – Dept of the COO
Mark Sherlock	- Smithfield Market General Manager – Dept of the COO
Emma Beard	- New Spitalfields General Manager- Dept of the COO
Clem Harcourt	- Chamberlains
John James	- Chamberlains
Peter Young	- Corporate Property Group Director, City Surveyor's Department
Paul Wright	- Remembrancers
Julie Mayer	- Town Clerks

1. APOLOGIES

Apologies were received from Mark Bostock, James Tumbridge and Philip Woodhouse. Mark Bostock joined the meeting remotely.

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

Mr Gregory Lawrence advised that he has been granted a dispensation to speak on all matters concerning the London Central Markets (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 tenants within the market. *NB. This dispensation will be in place until the next Common Council elections in March 2025.*

3. **PUBLIC MINUTES**

RESOLVED, That – the public minutes and non-public summary of the meeting held on 13th July 2022 be approved as a correct record.

Subject to the following amendments:

1. Private Members Bill re the Markets Relocation Programme remove '*take it up to the deadline*' from the end of paragraph 6 on page 10.
2. Paul Martinelli had been in attendance virtually at the last meeting by virtue of representing the Smithfield Market Tenants Association, not as member of this Committee and had therefore not submitted apologies.

Matters arising

The Chairman advised that visits to all three of the markets had taken place since the last meeting, and the Chairman and Deputy Chairman had visited the new site in Dagenham. A further Officer/Member visit was planned for the end of September, with a possibility of repeating this for any Members unable to attend.

The Markets Director advised that a specification had been written to document the history of the markets, working with tenants and stakeholders, to produce pictorial and video evidence. Initial findings suggested that the cost could be in the region of £50-100k, and it would not be possible to fund this from the Markets Local Risk Budget. Therefore, a soft market test would be undertaken to firm up the estimate, possibly adjusting the specification. The Chairman and Members stressed the importance of the Markets' heritage and legacy and asked to be kept updated on progress.

4. **GENERAL MANAGER UPDATES**

The Board received the General Managers updates, noting that New Spitalfields update would be in the non-public part of the meeting.

Smithfield

Members noted that, following the accident at Smithfield 4 July 2022, a number of improvements had either been implemented, or were due for implementation. The General Manager advised that the accident had been caused by the methodology used to move product from a broken pallet. Instead of the trader removing all the boxes by hand to a new pallet, they attempted to lift the broken pallet with a forklift truck and place a new pallet underneath. The stack began to topple over and as it did so, the injured person moved behind the fork lift to try and stabilise it. The fork lift reversed and the injury was sustained. The Police were carrying out a criminal investigation but it was not yet certain if charges would follow. Weekly meetings had been taking place in respect of a new 45 point action plan. Members noted Smithfield's excellent safety record in respect of fork-lifts and this had been the only serious incident in 40 years. The Health and Safety Executive had been engaged and the Market Constables remained vigilant. The General Manager stressed that the new

procedures would continue throughout the transition period out of the Poultry Market.

Members noted that high visibility jackets are now mandatory for all fork-lift drivers as well as all staff and buyers in the covered ways, there is a one-way system in operation, and produce must be taken directly to traders' premises. There is also a revised traffic management plan for the Poultry Market. The Chief Operating Officer advised that the law requires risks to be managed at the lowest possible level; risk assessments are updated regularly, and all mitigations carefully considered.

Billingsgate

The General Manager advised that this update had originally been included in the non-public part of the published agenda, but he was able to provide the update in the public part of the meeting. Members had seen the new CCTV system and control room on their recent visit, and it had gone live on 1st August 2022. The Market now has over 100 4k cameras across the site, which will improve safety and security, as well as ensuring better compliance with site rules. The delivery of this improved resource was a key theme of the Billingsgate Action Plan.

Members noted a further theme, identified in the Billingsgate Action Plan, was a 12 week trial of consolidated outbound deliveries, from merchants to their customers, in and around London. This free to use trial saw 40 out of 48 merchants participate. In total, 19,886 cases of product were delivered during the initial trial, resulting in an estimated 37% reduction in CO2 emissions from deliveries, and 949 fewer vehicle journeys on central London's congested roads, thereby helping to reduce air pollution. Members noted that the New Market would be busier but, if opening hours are extended, then this would also have a positive impact on congestion and emissions. The trial has subsequently been extended, and further details would be shared at the next Markets Board. The General Manager advised that the results of the pilot had been submitted to the forthcoming National Market Awards run by NABMA.

The General Manager advised that he had received a complaint in respect of cleanliness, essentially arising from staffing issues throughout the Target Operating Model's recruitment freeze, compounded by the summer holiday period. However, a new round of recruitment was about to go live, and this should see an improvement. Members noted that this had not been an issue at the other 2 markets, who were almost fully resourced. The General Managers were asked to include updates on cleanliness, health and safety and energy price rises in their future updates.

RESOLVED, that – the updates from the General Managers be noted.

5. MARKETS COMMITTEE RISK UPDATE

The Board received a report of the Markets Director, which provided assurance that risk management procedures in place within the Markets Division are satisfactory and meet the requirements of the corporate Risk Management Framework.

The Officer advised that there had been movement on one red risk in respect of transport, which is shared across all 3 markets, whilst remedial actions are underway at Smithfield. As new measures are introduced, it should be possible to lower this back to the target.

Members noted the corporate risk in respect of energy and the Board had received a report of the Energy Manager at its last meeting. The Chief Operating Officer (COO) advised that the City Surveyor was leading on detailed works in terms of energy, and there might be some positive news shortly in terms of the City Corporation's ability to manage costs over the next couple of years.

In terms of possible future XR demonstrations at Smithfield, the Markets Director advised that the Strategic Director for Threat shares intelligence and, under Gold Command, the market would be alerted within minutes.

RESOLVED, that – the report be noted.

6. MARKETS BUSINESS PLAN UPDATE PERIOD 1 2022/23 (APRIL-JULY)

The Board received a report of the Markets Director, which provided an update on progress made during Period 1 (April-July) of 2022/23 against the key performance indicators (KPIs) and key improvement objectives outlined in the Markets' Business Plan 2022/23. Members noted that the KPI's would be enhanced in future reports.

RESOLVED, that – the report be noted.

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

There were no questions.

8. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

9. 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
10-16	3

10. **NON-PUBLIC MINUTES**
The non-public minutes of the meeting held on 13th July 2022 were approved as a correct record.
11. **NON-PUBLIC GENERAL MANAGER UPDATES**
The Board received the non-public updates of the General Managers.
12. **DEBT ARREARS**
The Board received a report of the Markets Director.
13. **TENANCIES AT WILL AND ASSIGNMENTS**
The Board received a report of the Markets Director.
14. **TENANCY AT WILL PROCEDURE**
The Board considered and approved a report of the Markets Director.
15. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no questions.
16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
Three items were noted whilst the public were excluded.
17. **MARKETS CO-LOCATION PROGRAMME (MCP) UPDATE**
The Markets Director was heard.

The meeting ended at 12.40 pm

Chairman

Contact Officer: Julie Mayer
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Agenda Item 4

Committee(s): Markets Board	Dated: 9 th November 2022
Subject: Annual Review of Terms of Reference	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	3, 8, 10
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	
Report of: Town Clerk	For Decision

Summary

The Annual Review of the Committee's Terms of Reference enables any proposed changes to be considered in time for the annual reappointment of Committees by the Court of Common Council. The Terms of Reference for the Markets Board are attached at Appendix 1.

Recommendations:

1. The terms of reference of the Board (**set out at Appendix 1**) be approved, subject to any comments, for submission to the Court in April 2023; and,
2. Members consider whether any change is required to the frequency of the Board's meetings.

Contact: julie.mayer@cityoflondon.gov.uk

MARKETS BOARD

TERMS OF REFERENCE

1. Constitution

A Non-Ward Committee consisting of 15 Members elected by the Court of Common Council, at least one of whom shall have fewer than five years' service on the Court at the time of their appointment

Any Members who hold tenancies at any of the Markets are ineligible from serving.

2. Quorum

The quorum consists of any five Members.

3. Terms of Reference

To be responsible for:-

- (a) oversight of the management of all matters relating to Smithfield Market, Billingsgate Market and New Spitalfields Market and the letting of all premises therein;
- (b) the appointment of the Director of Markets and Consumer Protection (acting jointly with the Port Health and Environmental Services and Licensing Committees).

Agenda Item 5

Committee(s): Markets Board	Dated: 09/11/2022
Subject: Revenue and Capital Budgets 2023/24	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	n/a
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: The Chamberlain Markets Director	For Decision
Report author: Clem Harcourt, Chamberlain's Department	

Summary

This report is the annual submission of the revenue and capital budgets overseen by your Board. It is asking Members to note the latest revenue budget for 2022/23 and approve the draft revenue and capital budgets for 2023/24, for subsequent submission to Finance Committee.

The 2022/23 Latest Budget totals net expenditure of (£249k), a decrease of (£778k) compared with the 2022/23 Original Budget of net income £529k. The decrease is primarily attributable to reduced income from Directorate recharges due to organisational structure changes, re-phasing of works related to the Cyclical Works Programme (CWP) at Smithfield Market and additional depreciation at New Spitalfields Market following the revaluation of the building.

The draft budget for 2023/24 has been prepared within the provisional resource envelope for Markets Board anticipated to be allocated to the Chief Operating Officer by Resource Allocation Sub Committee. The draft budget includes £412k in unidentified savings to be achieved during 2023/24 which has largely arisen as a result of the anticipated closure of the Poultry Market from August 2023.

The draft 2023/24 Original Budget totals net expenditure of (£773k) compared to the 2022/23 Original Budget of £529k net income, a decrease of (£1.302m). The decrease is primarily explained by reduced Directorate recharges due to changes in staffing structures, re-phasing of CWP works at Smithfield Market, reduced rent and service charge income following the closure of the Poultry Market in August 2023, and additional depreciation at New Spitalfields Market following a revaluation of the building.

The draft budget for 2023/24 has also been prepared on the assumption that the Poultry Market will become vacant from August 2023. Any changes to this date will

require a subsequent adjustment to the budget following agreement from Resource Allocation Sub Committee.

This draft budget does not include estimated energy price increases for 2023/24. The Corporation is currently reviewing these additional energy costs in light of changing market prices. A final agreement on energy cost forecasts for next year will be concluded in early 2023 at which point budgets for 2023/24 will be adjusted if required.

The report also presents the staffing statement for 2023/24 as well as the operating statement for the three wholesale markets. For 2023/24, the City is estimated to incur combined net expenditure of (£121k) for operating the three markets which can be primarily attributed to the cap on the service charge at Smithfield Market. Excluding the cap, the three wholesale markets would have budgeted total net income of £1.444m.

Recommendations

Members are asked to:

- i) note the latest revenue budget for 2022/23 for Markets Board;
- ii) critically review and approve the Markets Board draft revenue budget for 2023/24 for submission to Finance Committee;
- iii) review and approve the Markets Board draft capital and supplementary revenue projects budgets for 2023/24 for submission to Finance Committee;
- iv) note that the draft budget does not include the estimated increases in energy costs which are currently being reviewed in light of changing market prices with budgets to be adjusted once a final agreement on energy forecasts are made;
- v) agree that amendments for 2022/23 and 2023/24 budgets arising from changes to recharges or for any further implications arising from Corporate Projects, energy price increases and other reviews and changes to the CWP and capital charges during budget setting be delegated to the Chamberlain in consultation with the Chief Operating Officer.

Main Report

Background

1. This report sets out the latest budget for 2022/23 and the draft revenue and capital budgets for 2023/24 for your board and under the control of the Chief Operating Officer, analysed between:
 - a. **Local Risk Budgets** – these are budgets deemed to be largely within the Chief Officer's control.
 - b. **Central Risk Budgets** – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the

eventual financial outturn can be strongly influenced by external factors outside his/her control or are budgets of a corporate nature.

- c. **Support Services and Capital Charges** – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.

2. In this and subsequent tables, figures in brackets indicate expenditure, decreases in income or increases in expenditure. Figures without brackets represent income, increases in income or decreases in expenditure.
3. The latest 2022/23 budget and draft 2023/24 budget, summarised in Table 1 below, are analysed by risk, fund and Chief Officer in Appendix 1.

Table 1 - Summary Revenue Budgets 2022/23 and 2023/24			
	Original Budget 2022/23 £'000	Latest Budget 2022/23 £'000	Original Budget 2023/24 £'000
Expenditure	(16,222)	(16,483)	(16,569)
Income	19,324	19,330	18,892
Net (Expenditure)/ Income	3,102	2,847	2,323
Support Services and Capital Charges	(2,573)	(3,096)	(3,096)
Total Net (Expenditure)/Income	529	(249)	(773)

Latest Revenue Budget for 2022/23

4. Appendix 2 provides details on budget movements between the 2022/23 Original Budget as agreed by Markets Committee in November 2021 and the 2022/23 Latest Budget as reported at the end of September 2022. Total net income has decreased by (£778k) from a net income position of £529k to a net expenditure position of (£249k). Main reasons for the decrease are:
 - (£351k) reduced income due to the costs of the Directorate no longer being recharged to the Port Health & Environmental Services and Licensing Committees following organisational structure changes after the introduction of the Target Operating Model (TOM). As a result of the TOM, the Directorate will see an overall reduction in its costs which will only be recharged to the three wholesale markets in future;
 - (£311k) additional costs relating to the re-phasing of works under the CWP at Smithfield Market; and
 - (£155k) additional depreciation charges at New Spitalfields Market following a revaluation of the building and roof with the market being depreciated based on its revised value over its remaining useful life.
5. A detailed breakdown of the budget changes by expenditure and income category can be found within the notes section of Appendix 2.

Draft Revenue Budget for 2023/24

6. Total net expenditure for 2023/24 amounts to (£773k), a decrease of (£1.302m) compared with the Original Budget for 2022/23 of £529k net income as agreed by Markets Committee in November 2021.

7. In light of recommendations from Resource Allocation Sub Committee, the 2023/24 budget includes a 4% uplift for inflation offset by 2% efficiency savings (i.e. a 2% net increase on local risk budgets) and the full year impact of pay increases to staff arising from the pay deal effective from July 2022. The budget has been prepared within the draft resource envelope anticipated to be allocated to Markets Board by Resource Allocation Sub Committee with the following exceptions and assumptions:
 - The draft budget includes £412k in unidentified savings which have arisen primarily as a result of the anticipated closure of the Poultry Market in August 2023 which will require savings to be achieved during 2023/24. This will be reviewed by the Markets Director in due course and primarily relates to staffing and other costs which will need to be reduced as a result of the decreased level of activity following the closure of the Poultry Market.
 - The draft budget has been prepared on the assumption that the Poultry Market becomes surplus in August 2023 as agreed by Markets Board in July 2022 with the relevant local risk resource bases adjusted accordingly. Further adjustments to the Chief Operating Officer's local risk resource base for Markets Board may be required following agreement by Resource Allocation Sub Committee should this date slip.
 - Members should note this report does not include the estimated energy price increases for the 2023/24 financial year. At the time of compiling this report, these costs are estimated at £1.769m, though roughly 89% (£1.568m) should be recoverable from tenants. At present the Corporation is reviewing these additional energy costs in light of changing market prices. A final agreement on energy cost forecasts for next year will be concluded in early 2023 at which point estimates for 2023/24 will be adjusted if required.
 - Members should note that the CWP figures included in this report relate only to elements of previously agreed programmes, which will be completed in 2022/23 and 2023/24. The separate bid for CWP works programme for 2023/24 has not been included in this report. The report will be submitted to the Operational Property & Projects Sub Committee in November 2022 and will then require approval from Resource Allocation Sub Committee to agree the funding. Once both Sub-Committees have agreed the 2023/24 programme Members will be advised of the outcome

and Members are asked to authorise the Chamberlain to revise the budgets to allow for these approvals.

- It should also be noted that the Building Repairs and Maintenance & Facilities Management contract is currently being re-tendered and the new contract will commence on 1st April 2023. The original estimates for 2023/24 are based on the latest available asset price from the current contractors (SKANSKA, Amalgamated, ISS and Beaver). Any changes to these budgets arising from the new contract will be reported to Markets Board and Members are asked to authorise the Chamberlain to revise these budgets to allow for any further financial implications arising from the Building Repairs and Maintenance & Facilities Management contract tendering.
- Support services and capital charges budgets reflect the attribution and cost of central departments. However, the full budgets for these departments have not yet been finalised, so further changes to these budgets may be required. Members are asked to agree that the decision as to the changes required to these budgets are delegated to the Chamberlain in consultation with the Chief Operating Officer.

8. Main reasons for the (£1.302m) decrease in net income compared with the 2022/23 Original Budget agreed by Markets Committee in November 2021 are:

- (£512k) reduced income from rent and service charges at the Poultry Market due to the market's anticipated closure in August 2023;
- (£351k) reduced income due to the costs of the Directorate no longer being recharged to the Port Health & Environmental Services and Licensing Committees following organisational structure changes with the costs of the Directorate only being re-charged to the three wholesale markets in future;
- (£311k) increase in costs of the CWP at Smithfield Market as a result of re-phasing of works;
- (£155k) additional depreciation charges at New Spitalfields Market following a revaluation of the building and roof with the market being depreciated based on its revised value over its remaining useful life;
- (£150k) reduction in rent income at Smithfield Market due to interim rent no longer being charged after March 2023 in accordance with market leases;
- (£100k) decreased public car parking income at Billingsgate Market as a result of reduced levels of parking in Canary Wharf;
- (£100k) loss of rent income from the Oriole Bar at Smithfield as a result of the property becoming vacant; and
- £323k increase in unidentified savings being required at Smithfield Market during 2023/24 following the Poultry Market becoming vacant in August 2023.

9. A detailed breakdown of the budget changes by expenditure and income category can be found within the notes section of Appendix 3.

Operating Statement

10. The operating statement which shows the financial position of the individual Wholesale Markets (i.e. excluding the Rotunda Car Park and outside properties at Smithfield Market and the Markets Directorate) is shown in Appendix 4, with Appendix 5 detailing the reasons for all variances over £50k.
11. There is an overall net expenditure to the City for operating the Markets of (£121k) in 2023/24. The net expenditure can be primarily explained by the current cap on the service charge at Smithfield Market which is estimated to cost the City (£1.565m) in 2023/24. Excluding the cap, the three markets would have budgeted total net income of £1.444m.
12. The net expenditure shown on the Operating Statement is lower than the overall Markets Board total of (£773k) as the Operating Statement excludes a net cost of (£366k) for the operation of the Rotunda Car Park and outside properties at Smithfield Market as well as net expenditure of (£286k) for the Markets Directorate. The overall Markets net expenditure for 2023/24 includes costs for capital depreciation charges of (£1.6m).

Staffing Statement

13. The below table analyses the movement in manpower and related staff costs. This shows an increase in full-time equivalent posts from 118.4 to 119.3 and an increase in total employment costs of (£244k) from (£6.027m) to (£6.271m).

Table 2 - Staffing Statement OR 2022/23- OR 2023/24				
	Original Budget 2022/23		Original Budget 2023/24	
	Manpower Full-time Equivalent	Estimated Cost £'000	Manpower Full-time Equivalent	Estimated Cost £'000
Directorate	4.4	(369)	4.0	(358)
New Spitalfields Market	31.0	(1,627)	30.3	(1,641)
Smithfield Market	44.0	(2,070)	44.3	(2,155)
Billingsgate Market	39.0	(1,961)	40.7	(2,117)
Total Markets	118.4	(6,027)	119.3	(6,271)

Draft Capital Project Budgets for 2023/24

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

Service	Project	Exp. Pre 01/04/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Later Years £'000	Total £'000
CITY FUND							
Spitalfields	Entry Barrier	245	-	-	-	-	245
CITY'S CASH							
Billingsgate Market	Additional Fish Handling	17	173	1,450	-	-	1,640
Billingsgate Market	Billingsgate Action Plan CCTV	-	163	-	-	-	163
Smithfield Market	Smithfield M-Rplce Glazing	151	135	-	-	-	286
TOTAL Markets		413	471	1,450	-	-	2,334

15. It should be noted that the table above excludes the costs of the Markets Consolidation Programme.

16. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2023.

Conclusion

17. This report presents the draft 2023/24 budgets for Markets Board for Members to consider and approve.

Appendices

- Appendix 1 – Board Summary Budget by Risk, Fund and Chief Officer
- Appendix 2 – Original Budget 2022/23 to Latest Budget 2022/23
- Appendix 3 – Original Budget 2022/23 to Original Budget 2023/24
- Appendix 4 – Wholesale Markets Operating Statement 2022/23 Latest Budget and 2023/24 Original Budget
- Appendix 5 – Wholesale Markets Operating Statement Movement Notes

Clem Harcourt

Chamberlain's Department

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Board Summary Budget by Risk, Fund and Chief Officer

	Original Budget 2022/23 £'000	Latest Budget 2022/23 £'000	Original Budget 2023/24 £'000
LOCAL RISK			
Chief Operating Officer			
City Fund			
New Spitalfields Market Service Charge	(17)	(17)	(18)
New Spitalfields Market Corporate Account	(48)	(48)	(49)
New Spitalfields Market Repainting and Repairs	0	0	0
Total City Fund	(65)	(65)	(67)
City's Cash			
Smithfield Market Service Charge	(781)	(772)	(770)
Smithfield Market Corporate Account	(76)	(76)	(51)
Smithfield Other Services	150	150	190
Billingsgate Market Service Charge	0	0	0
Billingsgate Market Corporate Account	(93)	(93)	(105)
Billingsgate Market Repainting and Special Works	0	0	0
Markets Directorate	(457)	(392)	(411)
Total City's Cash	(1,257)	(1,183)	(1,147)
Total Chief Operating Officer	(1,322)	(1,248)	(1,214)
City Surveyor*			
New Spitalfields Market Service Charge	(95)	(95)	(95)
New Spitalfields Market Corporate Account	(18)	(7)	(7)
Smithfield Market Service Charge	(369)	(394)	(394)
Smithfield Market Corporate Account	(154)	(465)	(465)
Smithfield Other Services	(446)	(448)	(448)
Billingsgate Market Service Charge	(161)	(150)	(150)
Total City Surveyor	(1,243)	(1,559)	(1,559)
TOTAL NET LOCAL RISK	(2,565)	(2,807)	(2,773)
CENTRAL RISK			
Chief Operating Officer			
City Fund			
New Spitalfields Market Service Charge	461	459	459
New Spitalfields Market Corporate Account	1,956	1,956	2,045
New Spitalfields Market Repainting and Repairs	4	3	3
City Fund Total	2,421	2,418	2,507
City's Cash			
Smithfield Market Service Charge	(4)	(4)	(4)
Smithfield Market Corporate Account	1,488	1,488	1,129
Smithfield Other Services	104	104	4
Billingsgate Market Service Charge	345	334	334
Billingsgate Market Corporate Account	1,307	1,308	1,120
Billingsgate Market Repainting and Special Works	6	6	6
City's Cash Total	3,246	3,236	2,589
TOTAL NET CENTRAL RISK	5,667	5,654	5,096
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,573)	(3,096)	(3,096)
TOTAL NET (EXPENDITURE)/INCOME	529	(249)	(773)

* Please note that local risk budgets falling under the responsibility of the City Surveyor relate to both the Cyclical Works Programme (CWP) and the Buildings, Repairs and Maintenance contract managed by the City Surveyor.

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ORIGINAL BUDGET 2022/23 TO LATEST BUDGET 2022/23				
Analysis of Service Expenditure	Original Budget 2022/23 £'000	Latest Budget 2022/23 £'000	Movement Better/(Worse) £'000	Para Ref
EXPENDITURE - LOCAL RISK				
Employment Costs	(6,027)	(6,021)	6	1
Premises Related Expenses	(4,507)	(4,521)	(14)	2
City Surveyor – Repairs & Maintenance	(1,243)	(1,559)	(316)	3
Transport Related Expenses	(34)	(34)	0	
Supplies & Services	(1,173)	(1,195)	(22)	4
Waste & Cleaning Contract at New Spitalfields Mkt	(2,567)	(2,567)	0	
Transfer to Reserves	(156)	(156)	0	
Unidentified Efficiency Savings	39	123	84	5
Total Expenditure	(15,668)	(15,930)	(262)	
INCOME - LOCAL RISK				
Other Grants, Reimbursements & Contributions	503	503	0	
Customer, Client Receipts	12,523	12,543	20	6
Investment Income	2	2	0	
Transfer from Reserves	75	75	0	
Total Income	13,103	13,123	20	
TOTAL NET LOCAL RISK (EXP)/ INC	(2,565)	(2,807)	(242)	
EXPENDITURE - CENTRAL RISK				
Premises Related Expenses	(191)	(191)	0	
Supplies & Services	(154)	(154)	0	
Capital Charges/Depreciation	(209)	(208)	1	7
Total Expenditure	(554)	(553)	1	
INCOME - CENTRAL RISK				
Customer, Client Receipts	1,426	1,413	(13)	8
Customer, Client Receipts (Rent)	4,785	4,785	0	
Transfer from Reserves	10	9	(1)	9
Total Income	6,221	6,207	(14)	
TOTAL NET CENTRAL RISK (EXP)/ INC	5,667	5,654	(13)	
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services	(1,764)	(1,781)	(17)	10
Capital Charges/Depreciation	(1,237)	(1,392)	(155)	11
Recharges within Committee	0	0	0	
Recharges within Fund	77	77	0	
Recharges across Fund	351	0	(351)	12
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,573)	(3,096)	(523)	
TOTAL NET (EXPENDITURE)/INCOME	529	(249)	(778)	

Original Budget 2022/23 to Latest Budget 2022/23 – Movement Notes

Local Risk

1. **Employment Costs** – net decrease of £6k is attributable to staffing changes following the introduction of the Markets Target Operating Model (TOM). This comprises reductions of £108k at New Spitalfields Market and £19k for the Markets Directorate partly offset by increases of (£75k) at Billingsgate Market and (£46k) at Smithfield Market.
2. **Premises Related Expenses** – increase of (£14k) is due to increases at Billingsgate Market of (£21k) relating to additional repairs and maintenance costs to fund additional works and (£2k) in increased cleaning materials costs. This is partly offset by a £9k reduction in electricity costs at Smithfield Market transferred to fund increasing costs of the corporate contract for pest control managed by City Surveyor's.
3. **City Surveyor – Repairs & Maintenance** – the (£316k) increase is attributable to increases of (£311k) related to the Cyclical Works Programme (CWP) at Smithfield Market because of re-phasing of works under the CWP. This is in addition to a (£5k) net increase in the cost of Building, Repairs and Maintenance contract including an increase of (£27k) at Smithfield Market due to additional works being required. This is offset by reductions of £11k at Billingsgate Market and £11k at New Spitalfields Market.
4. **Supplies & Services** – the (£22k) increase is attributable to additional costs on the Markets Directorate primarily related to professional fees for a study into the development of retail markets as well as costs associated with the Markets float for the Lord Mayors Show.
5. **Unidentified Efficiency Savings** – the increase of £84k is due to the re-allocation of the £68k contingency budget on the Markets Directorate to other expenditure categories to cover additional employment and supplies and services costs. This is in addition to a £46k increase in required efficiency savings at Smithfield Market as a result of staffing changes arising from the TOM. The increase is partly offset by a (£30k) reduction at Billingsgate Market related to efficiency savings which have been achieved through additional licence income.
6. **Customer, Client Receipts** – the £20k increase is due to a £98k increase in service charge income at Billingsgate Market as a result of increased staff costs recharged to tenants as well as £30k in additional licence income at Billingsgate Market. This is partly offset by a (£108k) reduction in service charge income at New Spitalfields Market as a result of reduced staff costs recharged via tenant service charges following the introduction of the TOM.

Central Risk

7. **Capital Charges/Depreciation** – the £1k reduction is attributable to reduced depreciation at Billingsgate Market.
8. **Customer, Client Receipts** – the (£13k) reduction relates to decreases in service charge income of (£11k) at Billingsgate Market and (£2k) at New Spitalfields Market as a result of reduced central recharges and costs from the Building, Repairs and Maintenance contract needing to be recharged to tenants.

9. Transfer from Reserves – the (£1k) reduction relates to lower transfers from tenant reserves at New Spitalfields Market as a result of reduced City Surveyor employee recharges charged to the tenant repair fund.

Support Services and Capital Charges

10. Central Support Services – the (£17k) net increase can be attributed to a (£84k) increase in central support services covering the cost of central departments such as Chamberlains, Town Clerks and Comptrollers and City Solicitors. This is offset by total decreases of £67k in recharges from other corporate departments primarily related to IT and City Procurement as a result of savings achieved from these corporate departments.

11. Capital Charges/Depreciation – the (£155k) increase relates to additional buildings depreciation charges being incurred at New Spitalfields Market following an increase in the valuation of the building and roof at the market with the market being depreciated on the revised value of the building over its remaining useful life.

12. Recharges Across Funds – the decrease of (£351k) relates to the costs of the Directorate no longer being recharged to the Port Health & Environmental Services and Licensing Committees following the Department for Markets and Consumer Protection ceasing to exist after the introduction of the TOM. Following the changes arising from the TOM, the Directorate will see an overall reduction in its costs and the costs of the Directorate will only be recharged to the three wholesale markets in future.

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ORIGINAL BUDGET 2022/23 TO ORIGINAL BUDGET 2023/24				
Analysis of Service Expenditure	Original Budget 2022/23 £'000	Original Budget 2023/24 £'000	Movement Better/(Worse) £'000	Para Ref
EXPENDITURE - LOCAL RISK				
Employment Costs	(6,027)	(6,271)	(244)	1
Premises Related Expenses	(4,507)	(4,214)	293	2
City Surveyor – Repairs & Maintenance	(1,243)	(1,559)	(316)	3
Transport Related Expenses	(34)	(37)	(3)	4
Supplies & Services	(1,173)	(1,187)	(14)	5
Waste & Cleaning Contract at New Spitalfields Mkt	(2,567)	(3,064)	(497)	6
Transfer to Reserves	(156)	(66)	90	7
Unidentified Efficiency Savings	39	412	373	8
Total Expenditure	(15,668)	(15,986)	(318)	
INCOME - LOCAL RISK				
Other Grants, Reimbursements & Contributions	503	405	(98)	9
Customer, Client Receipts	12,523	12,781	258	10
Investment Income	2	2	0	
Transfer from Reserves	75	25	(50)	11
Total Income	13,103	13,213	110	
TOTAL NET LOCAL RISK (EXP)/ INC	(2,565)	(2,773)	(208)	
EXPENDITURE - CENTRAL RISK				
Premises Related Expenses	(191)	(221)	(30)	12
Supplies & Services	(154)	(154)	0	
Capital Charges/Depreciation	(209)	(208)	1	13
Total Expenditure	(554)	(583)	(29)	
INCOME - CENTRAL RISK				
Customer, Client Receipts	1,426	1,333	(93)	14
Customer, Client Receipts (Rent)	4,785	4,337	(448)	15
Transfer from Reserves	10	9	(1)	16
Total Income	6,221	5,679	(542)	
TOTAL NET CENTRAL RISK (EXP)/ INC	5,667	5,096	(571)	
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services	(1,764)	(1,781)	(17)	17
Capital Charges/Depreciation	(1,237)	(1,392)	(155)	18
Recharges within Committee	0	0	0	
Recharges within Fund	77	77	0	
Recharges across Fund	351	0	(351)	19
TOTAL SUPPORT SERVICES AND CAPITAL CHARGES	(2,573)	(3,096)	(523)	
TOTAL NET (EXPENDITURE)/INCOME	529	(773)	(1,302)	

Original Budget 2022/23 to Original Budget 2023/24 – Movement Notes

Local Risk

1. **Employment Costs** – the increase of (£244k) is mainly attributable to the full year impact of the cost of living pay increases provided to staff effective from July 2022.
2. **Premises Related Expenses** – the decrease of £293k is mainly due to:
 - £159k decreased energy costs at Smithfield Market as a result of the Poultry Market becoming vacant in August 2023;
 - £59k reduction in required tenant contributions to repair funds at New Spitalfields and Billingsgate Markets;
 - £56k decreased business rates costs largely due to reduced costs at the Poultry Market once the premises is declared vacant in August 2023;
 - £51k lower locally managed repairs and maintenance costs across all markets as a result of a reduction in planned works;
 - £17k net reduction in other premises related costs across all markets; and
 - (£49k) increased cleaning and domestic supplies costs at New Spitalfields Market largely relating to the market now utilising the corporate contract for pest control.
3. **City Surveyor – Repairs & Maintenance** – the (£316k) increase is attributable to increases of (£311k) related to the Cyclical Works Programme (CWP) at Smithfield Market because of re-phasing of works under the CWP. This is in addition to a (£5k) net increase in the cost of Building, Repairs and Maintenance contract including an increase of (£27k) at Smithfield Market due to additional works being required. This is offset by reductions of £11k at Billingsgate Market and £11k at New Spitalfields Market.
4. **Transport Related Expenses** – the increase of (£3k) is primarily attributable to increased vehicle maintenance costs being required at Billingsgate Market during 2023/24.
5. **Supplies & Services** – the increase of (£14k) is attributable to a (£16k) increase in waste collection costs at Smithfield Market as a result of additional daily waste collections being required following the closure of the Poultry Market. This is partly offset by a £2k net reduction in other costs primarily explained by a reduction in contract fees for the management of the Rotunda Car Park at Smithfield following the implementation of the new contract.
6. **Waste & Cleaning Contract at New Spitalfields Market** – the (£497k) increase comprises (£554k) in the fixed element of the contract as a result of inflation related price rises as well as (£10k) additional rebate costs repaid to tenants. This is offset by a £67k reduction in the variable element of the contract attributable to reduced waste levels.
7. **Transfer to Reserves** – the £90k reduction relates to reduced transfers to the Repainting and Repair (R&R) reserve at New Spitalfields Market as a result of reduced tenant contributions to the reserves being budgeted during 2023/24.
8. **Unidentified Efficiency Savings** – the £373k increase is attributable to an additional £323k in unidentified savings being required at Smithfield Market during 2023/24 in order to remain within its local risk resource base. This has primarily arisen as a result of savings needing to be made following the planned closure of the Poultry Market in August 2023. This is in addition to a £68k contingency budget for the Markets Directorate no longer being

held which has since been re-allocated to other expenditure headings. The net increase is partly offset by reductions of (£14k) at New Spitalfields Market and (£4k) at Billingsgate Market largely due to savings being achieved from reductions in internal legal fees.

9. Other Grants, Reimbursements and Contributions – the (£98k) decrease is primarily attributable to a reduction in tenant contributions to repair funds of (£50k) at New Spitalfields Market and (£9k) at Billingsgate Market. This is in addition to a (£39k) reduction in business rates being recharged to tenants as a result of rates costs no longer being incurred once the Poultry Market becomes surplus in August 2023.

10. Customer, Client Receipts – the increase of £258k is attributable to:

- £581k in additional service charges recovered from tenants amounting to £467k at New Spitalfields Market and £114k at Billingsgate Market as a result of increasing costs for waste and staffing;
- £40k increased income from trade and retail parking at Billingsgate Market following an increase in the price charged to customers as well as additional enforcement at the market;
- £19k additional income from the Rotunda Car Park at Smithfield as a result of increased usage of the car park following the end of the pandemic;
- £19k extra waste recharges at Billingsgate Market as a result of an increase in waste at the market;
- £16k net increase in other forms of sundry income across all markets;
- (£303k) reduction in service charge income from the Poultry Market with the market due to become surplus in August 2023; and
- (£114k) reduced utilities recharges to tenants at Smithfield Market as a result of reduced energy costs being incurred following the closure of the Poultry Market.

11. Transfer from Reserves – the reduction of (£50k) is explained by works on the New Spitalfields Market R&R account being funded primarily from tenant contributions rather than transfers from the R&R reserve during 2023/24.

Central Risk

12. Premises Related Expenses – the increase of (£30k) is explained by service charge voids due to an increase in vacant office premises at Billingsgate Market.

13. Capital Charges/Depreciation – the reduction of £1k can be explained by reduced depreciation charges at Billingsgate Market.

14. Customer, Client Receipts – the decrease of (£93k) is largely attributable to an (£80k) reduction in income from public parking at Billingsgate Market because of reduced demand for parking in Canary Wharf. This is in addition to reductions of (£11k) in service charge income at Billingsgate Market and (£2k) at New Spitalfields Market attributable to the reduced costs of central recharges and City Surveyor's repairs and maintenance costs being recharged to tenants.

15. Customer, Client Receipts (Rent) – the decrease of (£448k) can be explained by the following:

- (£209k) decrease relating to the Poultry Market as a result of the market being vacant from August 2023;
- (£150k) reduction due to interim rent no longer being charged to Smithfield Market tenants after March 2023 in accordance with the terms of tenant leases;
- (£100k) loss of rent income from the Oriole Bar at Smithfield as a result of the property becoming vacant in connection with the Museum of London relocation project;
- (£78k) less income at Billingsgate Market due to an increase in vacant office premises; and
- £89k increase in rent income at New Spitalfields Market attributable to vacant catering units being occupied following the end of the pandemic.

16. Transfer from Reserves – the (£1k) decrease is due to reduced transfers from the R&R reserve at New Spitalfields Market being required as a result of reduced City Surveyor's employee recharges.

Support Services and Capital Charges

17. Central Support Services – the (£17k) net increase can be attributed to a (£84k) increase in central support services covering the cost of central departments such as Chamberlains, Town Clerks and Comptrollers and City Solicitors. This is offset by total decreases of £67k in recharges from other corporate departments primarily related to IT and City Procurement as a result of savings achieved from these corporate departments.

18. Capital Charges/Depreciation – the (£155k) increase relates to additional buildings depreciation charges being incurred at New Spitalfields Market following an increase in the valuation of the building and roof at the market with the market being depreciated on the revised value of the building over its remaining useful life.

19. Recharges Across Fund – the decrease of (£351k) relates to the costs of the Directorate no longer being recharged to the Port Health & Environmental Services and Licensing Committees following the Department for Markets and Consumer Protection ceasing to exist after the introduction of the Target Operating Model (TOM). Following the changes arising from the TOM, the Directorate will see an overall reduction in its costs and the costs of the Directorate will only be recharged to the three wholesale markets in future.

**Wholesale Markets Operating Statement
2022/23 Latest Budget and 2023/24 Original Budget**

	New Spitalfields Market						Billingsgate Market						Smithfield Market						Total					
	Original Budget	Latest Budget	Movement	Original Budget	Movement	Notes	Original Budget	Latest Budget	Movement	Original Budget	Movement	Notes	Original Budget	Latest Budget	Movement	Original Budget	Movement	Notes	Original Budget	Latest Budget	Movement	Original Budget	Movement	
	2022/23 £'000	2022/23 £'000	£'000	2023/24 £'000	£'000		2022/23 £'000	2022/23 £'000	£'000	2023/24 £'000	£'000		2022/23 £'000	2022/23 £'000	£'000	2023/24 £'000	£'000		2022/23 £'000	2022/23 £'000	£'000	2023/24 £'000	£'000	
Operating Expenditure:																								
Employment Costs (basic pay, NI, pension, overtime, training and recruitment advertising)	(1,627)	(1,519)	108	(1,641)	(14)	1	(1,961)	(2,036)	(75)	(2,117)	(156)	6	(2,070)	(2,116)	(46)	(2,155)	(85)	10	(5,658)	(5,671)	(13)	(5,913)	(255)	
Premises (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials)	(1,538)	(1,527)	11	(1,516)	22		(1,239)	(1,241)	(2)	(1,229)	10		(2,910)	(3,237)	(327)	(2,998)	(88)	11	(5,687)	(6,005)	(318)	(5,743)	(56)	
Transport (Vehicle running costs, congestion charge and travel costs)	(1)	(1)	0	(2)	(1)		(31)	(31)	0	(34)	(3)		0	0	0	0	0		(32)	(32)	0	(36)	(4)	
Supplies and Services (Refuse collection, equipment hire/maintenance and purchase, uniforms and clothing, communication and office expenses)	(324)	(324)	0	(307)	17		(206)	(206)	0	(208)	(2)		(393)	(393)	0	(415)	(22)		(923)	(923)	0	(930)	(7)	
Waste and Recycling Contract	(2,567)	(2,567)	0	(3,064)	(497)	2	0	0	0	0	0		0	0	0	0	0		(2,567)	(2,567)	0	(3,064)	(497)	
Total Operating Expenditure	(6,057)	(5,938)	119	(6,530)	(473)		(3,437)	(3,514)	(77)	(3,588)	(151)		(5,373)	(5,746)	(373)	(5,568)	(195)		(14,867)	(15,198)	(331)	(15,686)	(819)	
Operating Income:																								
Revenues	2,051	2,051	0	2,140	89	3	1,021	1,021	0	943	(78)	7	1,604	1,604	0	1,245	(359)	12	4,676	4,676	0	4,328	(348)	
Charges for Services (Service charge income, filming, car parking, insurance, advertising hoarding, wayleaves and tolls, reimbursement of directly recovered costs and interest income, contributions to repair fund)	6,218	6,108	(110)	6,672	454	4	3,745	3,862	117	3,788	43	8	3,689	3,689	0	3,240	(449)	13	13,652	13,659	7	13,700	48	
Total Operating Income	8,269	8,159	(110)	8,812	543		4,766	4,883	117	4,731	(35)		5,293	5,293	0	4,485	(808)		18,328	18,335	7	18,028	(300)	
Net Operating (Expenditure)/Income	2,212	2,221	9	2,282	70		1,329	1,369	40	1,143	(186)		(80)	(453)	(373)	(1,083)	(1,003)		3,461	3,137	(324)	2,342	(1,119)	
Central Costs:																								
Capital Depreciation Charges	(1,237)	(1,392)	(155)	(1,392)	(155)	5	(98)	(97)	1	(97)	1		(111)	(111)	0	(111)	0		(1,446)	(1,600)	(154)	(1,600)	(154)	
Other Central Costs (Transfer to and from reserves to fund repairs and works, support costs and Directorate apportionment)	(401)	(403)	(2)	(377)	24		(295)	(353)	(58)	(327)	(32)	9	(486)	(457)	29	(159)	327	14	(1,182)	(1,213)	(31)	(863)	319	
Total Central Costs	(1,638)	(1,795)	(157)	(1,769)	(131)		(393)	(450)	(57)	(424)	(31)		(597)	(568)	29	(270)	327		(2,628)	(2,813)	(185)	(2,463)	165	
Total Market (Expenditure)/Income	574	426	(148)	513	(61)		936	919	(17)	719	(217)		(677)	(1,021)	(344)	(1,353)	(676)		833	324	(509)	(121)	(954)	

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

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Operating Statement Movement Notes

The tables below analyse the aggregate movements over £50k for the Wholesale Markets as reported on the Operating Statement which is attached at Appendix 4. The summary compares the budget movements between the 2022/23 Original Budget (OR) to the 2022/23 Latest Budget (LB) and budget movements between the 2022/23 OR and the 2023/24 OR. Brackets in the summary signify an expenditure item or an adverse movement. Figures without brackets indicate an income item or a favourable movement.

New Spitalfields Market	Description	2022/23 OR to 2022/23 LB Movement Notes	2022/23 OR to 2023/24 OR Movement Notes
Note No.	Operating Expenditure		
1	Employment Costs	Reduction of £108k as a result of savings achieved following the introduction of the new Target Operating Model (TOM) and a reduction in the number of Full Time Equivalent (FTE) posts at the market.	
2	Waste and Recycling Contract		(£497k) increase in the cost of the contract attributable to an increase of (£554k) in the fixed element of the contract as a result of inflation related price rises as well as (£10k) additional rebate costs repaid to tenants. This is offset by a £67k reduction in the variable element of the contract attributable to reduced waste levels.
	Operating Income		
3	Rent		£89k additional rent income attributable to vacant premises being occupied at the market following the pandemic.
4	Charges for Services	Decrease of (£110k) is predominantly attributable to reduced service charge income	Increase of £454k is primarily attributable to £465k extra service charge income recharged to

		recharged to tenants largely due to savings following the introduction of the new TOM staffing structure.	tenants attributable to increasing waste contract costs. This is offset by (£11k) net reduction in income from other sources largely attributable to reduced tenant contributions to the R&R reserve.
Central Costs			
5	Capital Depreciation Charges	Increase of (£155k) following a revaluation of the building and roof with the market being depreciated based on the revised value of the building over its remaining useful life.	Increase of (£155k) following a revaluation of the building and roof with the market being depreciated based on the revised value of the building over its remaining useful life.

Billingsgate Market	Description	2022/23 OR to 2022/23 LB Movement Notes	2022/23 OR to 2023/24 OR Movement Notes
Note No.	Operating Expenditure		
6	Employment Costs	Increase of (£75k) following staffing changes related to the introduction of the new TOM staffing structure.	(£156k) additional staffing costs largely because of the full year impact of the pay award effective from July 2022.
Operating Income			
7	Rent		(£78k) reduction in projected rent income primarily attributable to an increase in vacant office space at the market.
8	Charges for Services	£117k increase relates to £87k additional service charge income recharged to tenants largely due to additional staffing costs as well as £30k licence income for use of car parking space at the market.	
Central Costs			
9	Other Central Costs	(£58k) increase due to (£30k) reduction in the unidentified savings budget which was achieved through additional licence income. This was in addition to an (£18k) increase in Directorate recharges and a (£10k) net increase in central recharges.	

Smithfield Market	Description	2022/23 OR to 2022/23 LB Movement Notes	2022/23 OR to 2023/24 OR Movement Notes
Note No.	Operating Expenditure		
10	Employment Costs		The (£85k) increase is attributable to additional employment costs following the introduction of the pay award effective from July 2022.
11	Premises	The increase in costs of (£327k) comprises (£311k) relating to the re-phasing of works under the Cyclical Works Programme (CWP) as well as an additional (£25k) for the Building, Repairs and Maintenance contract managed by City Surveyors. This is partly offset by a £9k reduction in electricity costs which was transferred to cover increasing costs from the corporate pest control contract managed by City Surveyors.	The increase of (£88k) is attributable to the following: <ul style="list-style-type: none"> • (£311k) relating to the re-phasing of works under the CWP; • (£25k) additional costs for the Building, Repairs and Maintenance contract managed by City Surveyors; • £159k decreased energy costs largely as a result of the Poultry Market due to become vacant in August 2023; • £50k reduction in business rates attributable to the Poultry Market becoming vacant after August 2023; and • £39k net decrease in other premises related costs largely relating to locally managed repairs and maintenance works.
Operating Income			
12	Rent		(£359k) reduction in rent income with (£209k) decrease relating to lower rent income from the Poultry Market as a result of the market becoming vacant after August 2023. This is in addition to a (£150k) reduction due to interim rent no longer being charged after March 2023 in accordance with tenant leases.

13	Charges for Services		<p>(£449k) reduction attributable to the following:</p> <ul style="list-style-type: none"> • (£303k) decreased service charge income from the Poultry Market with the market due to become vacant in August 2023; • (£114k) reduced utilities recharges to tenants as a result of lower energy costs following the closure of the Poultry Market; • (£39k) reduced business rates recharges to tenants as a result of the Poultry Market being declared surplus from August 2023; and • £7k net increase in other sources of sundry income.
Central Costs			
14	Other Central Costs		<p>£327k reduction is largely attributable to a £323k increase in efficiency savings yet to be identified which has arisen with the Poultry Market due to become vacant in August 2023. This is in addition to a £4k net reduction in central support recharges.</p>

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Committee(s)	Dated:
Markets Board	09.11.22
Subject: Wholesale Market Risks Update Report	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	4, 7
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Ben Milligan, Director of Markets	For Information
Report author: 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. It was agreed that twice a year the Board will get a report that includes all the Markets Departmental Risks. These are included in Appendix C to this report.

The Wholesale Markets Traffic Management risk has been maintained at Red following a serious forklift truck accident at Smithfield Market on 4 July until the action plan to improve control measures in the area is complete.

There is also a financial element to this risk associated with the works required in order to improve the control measures. This cost will be met from local risk budgets. Traffic management risk assessments and control measures are being reviewed across all three market as part of this work.

- COO-MKT WM 004: Wholesale Markets – Traffic Management. (RED,16)
- COO-MKT SM 012: Building Maintenance Management, Smithfield. (AMBER,8)
- COO-MKT WM 001: Wholesale Markets - Consolidation Project. (AMBER, 8)
- COO-MKT-BG 002: Building Maintenance Management, Billingsgate. (GREEN 4)
- COO-MKT-SM 013: EPA Canopy Failure. (GREEN 4)
- COO-MKT-WM-005: Brexit Impact. (GREEN 4)
- COO-MKT-NS-007: Air Quality Market Pavilion, Spitalfields. (GREEN 4)
- COO-MKT-WM-003: Wholesale Markets Food Hygiene. (GREEN 2)
- COO-MKT-SM-014: Glass Canopy Failure. (GREEN 2)

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 risks 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 nine departmental level risks with a current rating of 2 or above.
9. Summary Risk Register (Appendix B). Detailed Risk Register (Appendix C). Our approach to all these risks is to reduce their rating.

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

10. 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

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Billingsgate Market:
General Manager – Daniel Ritchie
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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)

(B) Impact criteria

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

(C) Risk scoring grid

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

(D) Risk score definitions

RED	Urgent action required to reduce rating
AMBER	Action required to maintain or reduce rating
GREEN	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

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COO MKT Markets Committee Risk Summary Report

Report Type: Risks Report

Generated on: 17 October 2022



Rows are sorted by Risk Score

Traffic Light: Red 1 Amber 2 Green 11

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
COO-MKT-WM 004	Wholesale Markets - Traffic Management	16			
COO-MKT-SM 012	Building maintenance management	8			
COO-MKT-WM 001	Wholesale Markets Consolidation Project	8			
COO-MKT-BG 002	Building maintenance-management	4			
COO-MKT-NS 007	Air Quality - Market Pavilion	4			
COO-MKT-SM 013	EPA Canopy Failure	4			
COO-MKT-WM-005	Brexit - Impact	4			
COO-MKT-SM 014	Glass Canopy Failure	2			
COO-MKT-WM 003	Wholesale Markets Food Hygiene	2			

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COO MKT Detailed Risk Register

Report Author: Jane Poulton

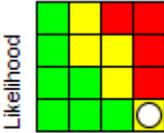
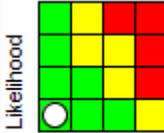


Rows are sorted by Risk Score

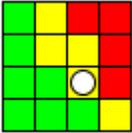
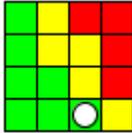
Code & Title: COO MKT NS New Spitalfields Market 3 COO MKT Markets 4 COO MKT SM Smithfield Market 6 COO MKT WM All Wholesale Markets 3 COO MKT WM Wholesale Markets 2

Risk no, Title, Location 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-WM 004 Wholesale Markets - Traffic Management 30-Dec-2021 Ben Milligan	<p>Cause: A lack of suitable and sufficient training and adequate management controls in relation to vehicle movements at each of the Markets.</p> <p>Event: There is a serious risk of life changing injury to a pedestrian if vehicle movements are not appropriately managed and controlled.</p> <p>Effect: An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.</p>	 Likelihood Impact	<p>16</p> <p>There was a serious fork lift truck accident between 2 employees of the same company on the 4th July at Smithfield Market. The first two phases of a comprehensive action plan have now been completed with one still to be delivered. The increased risk rating has been retained until all of the improvement measures that have been identified as being necessary to control the risk have been completed. Once these are in place the risk will be re-assessed.</p> <p>25 October 2022</p>	 Likelihood Impact	<p>8</p> <p>30-Nov-2022</p> <p>Reduce</p>	<p>↑</p> <p>Increasing</p>

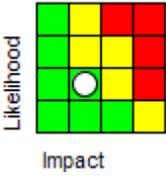
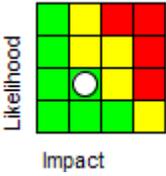
Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO-MKT-WM 004a Billingsgate Market	Re-engage consultant to provide assurance that essential recommendations have been actioned and that the risk has reduced.	Met with Q shop tenants and LFMA , along with Constabulary management, to propose measures to be taken. Feedback from tenants to return by 21 October with final meeting and date of enforcement to be confirmed in November 2022. Other recommendations being worked through in order of priority.	Daniel Ritchie	17-Oct-2022	30-Nov-2022
COO-MKT-WM 004b New Spitalfields Market	Keep the risk under review.	All previously identified actions have been completed. A forklift vehicle struck a pedestrian on 18th October 2022, injuries sustained were minor (bruising) and the incident was caused in part by the pedestrian stepping backwards into the vehicle however, we are taking the opportunity to review the site for any further signs or road markings that may help to prevent any further incidents. Any improvements to be implemented by 30th November.	Emma Beard; Debbie Howard	24-Oct-2022	30-Nov-2022
COO-MKT-WM 004c Smithfield Market	Keep the risk under review and undertake regular audits of HGV movements.	Good progress has been made with delivering on the action plan and completing out necessary works. Pedestrian segregation barriers have been installed in the Poultry Market and a refresh of all line marking and pavement hazard warning indicators completed. Signage throughout the covered ways has been updated and improved. The final traffic management design layout plan is now being costed for implementation by the 15th November.	Shelley Ross-Harding; Mark Sherlock	18-Oct-2022	30-Nov-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 Building maintenance management 29-Sep-2020 Mark Sherlock	Cause: The deterioration of physical assets due to the lack of adequate maintenance. Event: Partial collapse or failure of structure. Effect: Serious harm to building occupiers and members of the public by exposure to various physical hazards. Loss of use of physical assets through accident investigations and enforcement authority prohibitions, etc. Financial losses through potential Health and Safety Executive (HSE) fees for intervention, prosecution, civil claims and reputational damage to the City.	 Likelihood 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 October with relevant PID's being raised for funding. 17 Oct 2022	 Likelihood Impact	1	31-Mar-2023	 Constant
							Reduce	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO-MKT-SM 012e Agree scope of works and phasing with CSD	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.	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.	Mark Sherlock	23-Aug-2022	30-Nov-2022

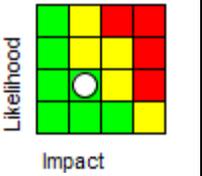
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
COO-MKT-WM 001 Wholesale Markets Consolidation Project 17-Mar-2020 Ben Milligan Page 50	<p>Cause: The Markets Co-location Project (MCP) team are leading a project to move the City’s Wholesale Markets to a single site in Barking & Dagenham. This proposed move may influence decisions on maintenance at the existing markets to ensure resources are not invested in works whose life will exceed the anticipated occupation of the respective market site.</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>Event: The City’s three wholesale food markets, New Spitalfields, Smithfield and Billingsgate are unable relocate to the Barking site and find themselves with seriously dilapidated infrastructure due to the investment decisions taken in anticipation of the proposed move to the Barking site.</p> <p>Effect: This could result in a major programme of works at the existing markets sites to catch up with the deferred maintenance in order to ensure the markets are fit for purpose. This could require significant additional capital investment. Relationships with tenants may be adversely affected due to the impact on normal operation of the refurbishment works, which could result in adverse publicity, possibly leading to reputational damage to the City and tenant claims against City of London Corporation for loss of earnings and other incurred costs Should the capital investment required be cost prohibitive, or the impact of the refurbishment cause severe disruption to tenants’ businesses, this could trigger a decline in the markets, possibly to the point where they are irrecoverable.</p>	 Likelihood Impact	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. 25 October 2022	 Likelihood Impact	4	31-Dec-2026	
		Reduce	Constant					

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO-MKT-WM 001a Review risk	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	25 October 2022	31-Dec-2026
COO-MKT-WM 001b Maintain infrastructure	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	25 October - 2022	31-Dec-2026

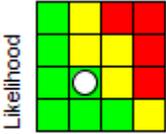
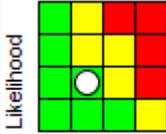
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
COO-MKT-NS 007 Air Quality - Market Pavilion 16-Feb-2022 Emma Beard Page 53	CAUSE: 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.		4	Awaiting on air quality results to measure the impact of forklift trucks operating on biofuel only in the market hall. The outcome of those results will depend on whether other measures will be needed to reduce the risk further. 19 Oct 2022		4	31-Dec-2022	 Decreasing
	EVENT: 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. EFFECT: 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. Potential financial and reputational damage to the Market and CoL as a result of legal action and/or negative publicity.							

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO-MKT-NS 007a Mandatory Use of Biofuel	From 1st April 2022 government legislation changes will prevent the use of rebated fuels (red diesel) at New Spitalfields Market. Currently, our tenants run their forklift trucks on this type of fuel, most of which is purchased from the onsite fuel supplier. The fuel supplier will begin selling HVO Biofuel from March 2022 and from 1st April 2022 tenants have been informed that they can use Biofuel only - this will initially need to be cut with white diesel while stocks are acquired.	It is understood that tenants are complying with the mandatory use of biofuel and our next quarters air quality monitoring results should support this. We are also considering further types of air testing and planning high level cleaning to remove dust and emissions matter.	Emma Beard	24 October 2022	01-Jun-2022

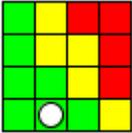
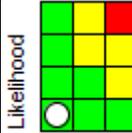
	<p>This will be a transitional period with the use of biofuel ONLY becoming mandatory from 1st June 2022. We shall continue to review the air quality monitoring results to record the expected improvement this change will allow for.</p>				
COO-MKT-NS 007c Effects of Bio-fuel on Air Quality	<p>Review the air quality monitoring results each month to assess the impact that bio-fuel is having on the air quality within the Market Pavilion.</p>	<p>The results will be reviewed in December when the data becomes available.</p>	<p>Emma Beard</p>	<p>17-Oct-2022</p>	<p>31-Dec-2022</p>

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 013 EPA Canopy Failure 17-Aug-2020 Mark Sherlock	Cause: Lack of condition survey and maintenance. Event: Sections of concrete canopy fail and collapse following extreme weather. Effect: Serious harm to building occupiers and members of the public by exposure to various physical hazards. Loss of use of physical assets through accident investigations and enforcement authority prohibitions, etc. Financial losses through potential Health and Safety Executive (HSE) fees for intervention, prosecution, civil claims and reputational damage to the City.		4	Update from CSD 4th October : Undertake feasibility surveys. The first being an Architectural feasibility survey, with options and costs. The second being a structural survey with quantity, outline scope and budget for the concrete repairs to the concrete purlins over East Poultry Ave. Both of these surveys are critical to providing a holistic brief and budget for the larger capital project. The cost variables are quite extensive between the most basic canopy option and more extensive, hence the proposal for this piece of work in advance. Following confirmation from the food standards agency, this work now needs to progress as quickly as possible to minimise operational impact on the market. 17 Oct 2022		2	31-Mar-2022	
							Reduce	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO-MKT-SM 013a EPA Canopy Review	Survey and review all existing canopies in East Poultry and West Poultry Avenue. Erect crash mats and support props to secure remaining structure.	Further mitigation works have been completed. A tap test of the facade was carried out on the 9th June and the area in question netted on the 17th June. Regular monthly inspections of the facade will take place or after heavy rain to ascertain continuing condition. A scope of works for the re-instatement of the canopy is now under way and a gateway process instigated by CSD. Works need to be fully completed by the end of financial year in March 2023.	Mark Sherlock	23-Jun-2022	31-Mar-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
COO-MKT-WM-005 Brexit - Impact 04-May-2021 Ben Milligan	Cause: The outcome of Brexit negotiations between UK Government and EU fails to secure continuity of contracts and/or security of supply chains. Event: Market tenants fail to prepare appropriately. Impact: Delays and disruption in the food supply chain create shortages of product over a sustained period placing businesses under threat of viability, with small risk of failure and vacant market premises.	 Likelihood Impact	4	Following the delay of the introduction to further controls on EU goods which was due to be phased in from July, but now not likely to happen until the end of 2023 the Market Brexit Risk has been amalgamated into one risk and will be reviewed regularly. 21 Oct 2022	 Likelihood Impact	4	30-Nov-2022	↓
							Reduce	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO-MKT-WM-005a Keep Risk Under Review	Keep the risk under review.	Implementation of documentation checks have been delayed and are not anticipated to be implemented until late 2023. Risk currently at target level and government guidance will continue to be monitored.		21-Oct-2022	01-Feb-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
COO-MKT-SM 014 Glass Canopy Failure 07-Oct-2020 Mark Sherlock	Cause: Spontaneous failure of overhead glazing panel. Event: Failure of the toughened glass overhead canopy panel(s). Effect: Lacerations, fractures and/or impact injuries to pedestrians who may be showered with glass fragments.	Likelihood  Impact	2	The risk has been assessed and the rating remains. If works to the north elevation are agreed to conclusion the risk will be downgraded to the lowest score. 18 Oct 2022	Likelihood  Impact	1	30-Sep-2022	Constant
							Reduce	

Action no, Title	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO-MKT-SM 014a Conduct Investigation & Plan Mitigation Works	Condition survey to be carried out and mitigation plans agreed for safe return of glass canopy to operational use.	Update from CSD: • Glazed canopy cleaning and remedials and glazing replacement – This was delivered across the Long Lane and Lindsey Street elevations (A PID was submitted for the remaining areas, this was approved and a GATEWAY submission is to be made through the Spring and Summer). Autumn Gateway approvals to be chased by CSD.	Mark Sherlock	17-Oct-2022	31-Oct-2022

Committee(s):		Date(s):
Markets Board	For information	9 November 2022
Subject:		Public
General Manager (GM) Updates		

Briefing Note

Smithfield Market

1. Following the fork lift truck accident in early July, a series of phased improvement measures have been implemented in the Poultry Market covered and service ways by way of a Poultry Market Traffic Management Plan (TMP) which has been developed in detailed consultation with the Corporate Health & Safety team. The TMP details the traffic management arrangements in place to meet this duty and ensure that the Market is safe for people in the Market and the vehicles using it, the traffic routes are suitable for the people and vehicles using it and where vehicles and pedestrians share a traffic route, there is adequate separation. Focus areas have been safe site design within the constraints of the existing building structure, pedestrian segregation, vehicle segregation and traffic routes, pedestrian and vehicle driver line of sight visibility, speed limits and lighting. Safe site activity covers reversing and the use of banksmen, designated parking spaces and loading bay operation linked to loading and unloading activity.

Improvements implemented so far have been phased into three sets of activity, to deliver improvements as quickly as possible within the timeframe set by the HSE. Phase 1 was the creation of a designated pedestrian footpath separating pedestrians as much as possible from vehicle activity at the entrances to the covered ways, additional and improved signage both inside and outside the covered ways, the creation of a one-way system in the south covered way and the mandatory wearing of PPE when operating a fork lift truck or whilst working within the confines of the covered ways. Traders must also remove all product immediately upon receipt to within their premises. The Market Constabulary team are now mandated to enforce these controls without exception. Phase 2 works were completed on the 9th October and relate to the upgrade and refresh of all pavement and highway hazard markings around the entire Market. Phase 3 and the final activity set of the action plan encompasses a raft of highway and operational zone demarcation safety controls and road/pavement markings, setting specific areas for vehicles, fork lift trucks and pedestrian and product movements. The Corporation highway contractor (Conways) is tasked with delivering

these final works by the 30th October in advance of officers making their formal response of actions to the HSE.

A working group with representatives from all three Markets, the Director, Corporate H&S team and the tenants' association continues to meet every two weeks to oversee the action plan, and officers meet weekly to review all action tasks and progress against that plan. The TMP will then become an improved integral part of the Market's site rules.

2. TOM recruitment is almost concluded at Smithfield with the recent appointment of a new Security Manager, an administration team leader and an administration assistant. One vacancy for a constabulary officer remains before the Market is up to full staff compliment.
3. Energy – electricity prices will increase by approximately 48% for the period October to May 2023. Beyond that, price increases are not currently forecast due to the continuing volatility in the energy markets. The power purchase agreement has helped alleviate some of market forces cost increases (approximately a 112% increase without PPA) but the 48% increase is dependent upon the solar farm connection to the grid later this year.
4. Cleaning – no items of note.

Smithfield Market:

General Manager – Mark Sherlock

T: 020 7332 3747

E: mark.sherlock@cityoflondon.gov.uk

Billingsgate Market

1. Cleaning

Members will recall that at your last Board meeting I advised that I had received a written complaint lamenting the cleanliness of the market. I advised that the issues had been exacerbated by the summer recess and staff vacancies being covered by agency staff. I have completed a round of recruitment and offered four posts to cover the five positions advertised. Regrettably one turned down the offer. I have also received a further resignation and will look to recruit to these roles in the very near term.

Whilst I have received no further written complaints, I accept that cleaning standards are a priority for our tenants and all stakeholders at the market.

2. Staffing

Further to the above, there are also vacancies in our constabulary which we are in the process of recruiting to. Billingsgate has an establishment of 36 so recruitment to positions is a constant process. We have been unable to recruit to the Electrician post within the maintenance team recently but plan to go out to advert again shortly.

3. Energy

The impact of dramatically increasing prices is beginning to be felt by some tenants. The data we collect locally indicates that the trend line for energy use on the service charge continues to fall, though for individual tenants it continues to rise slightly. The energy team have visited site in October to investigate further efficiencies that could be made. They have offered to deliver a workshop/seminar for tenants on practical tips they can use to minimise energy use and I have spoken with the LFMA Chairman about arranging a date for this.

4. Health & Safety

All accidents continue to be recorded and investigated promptly in line with City of London Corporation standards. Our local H&S team continue to meet quarterly with the support of tenants, Trade Unions and other stakeholders.

Billingsgate Market:

General Manager – Daniel Ritchie

T: 020 7332 3067

E: daniel.ritchie@cityoflondon.gov.uk

New Spitalfields Market

1. General Updates

On Friday 9th September we hosted a delegation from Uganda that were in London for a UK-Uganda investment conference. Many of the group were involved in the export of flowers, fruit & veg and wanted to discuss the Ugandan produce sold at the market as well as the benefits and challenges that come with importing from there. The traders were very forthcoming with information and the group found the visit very productive.

Michael Janis, General Manager of San Francisco Wholesale Market came for a site tour on Thursday 6th October. They are currently redeveloping their site and considering a co-location with the San Francisco's Floral Market, and was very interested to hear about our operations, particularly waste management which differs greatly from the United States, as well as design ideas being considered for the City of London's co-location programme.

2. Staffing

We have recruited for two vacant General Maintenance Operatives who are expected to join the team on 1st December. This will relieve the pressure on the existing staff and enable us to take on additional chargeable tenant works. The Electrician post remains vacant. We are also still recruiting for 4x Market Constables, but the team are managing to deliver service standards with the use of agency staff and overtime.

3. Health and Safety

We introduced a new onsite forklift training provider to our tenants on 1st October. Our previous partner had been delivering novice and refresher courses to our tenants since 2016 so it was a welcome opportunity to review other options and to improve the offering. The new provider are a large company covering much of London and the Home Counties. They have offered competitive pricing and have opted to make improvements to the existing training area and deliver evening courses to enable workers to train before starting a long night shift (something that tenants agreed would better the quality of participation). We are hoping to be able to offer this service to the other markets' tenants once they have settled in, this will help with parity across the sites as well as providing a cost effecting service.

New Spitalfields Market:

General Manager – Emma Beard

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Agenda Item 8

Committee(s)	Dated:
Markets Board	9.11.2022
Subject: Concessionary Parking at Smithfield Market during the Christmas Period 2022	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Support a thriving economy. Shape outstanding environments.
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Ben Milligan, Markets Director	For Decision
Report author: Mark Sherlock, Markets Department	

Summary

The Smithfield Market Tenants' Association (SMTA) has submitted a request to the General Manager Smithfield Market, similar to that of 2021, for a temporary reduction in the car park tariffs from 9pm Thursday 1st December 2022 until 10am Saturday 31st December 2022 (30 days) to encourage the use of the car park to alleviate parking pressures around the Market during the busiest period of the year and to assist Market trade.

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

In considering this request, officers have compiled three options for Members consideration, taking into account the importance of increased traffic management measures over the Christmas period:

- Agree the SMTA request in total (maximum 30 days).
- Reduce the concessionary period to 13 days from Sunday 11th December to Saturday 24th December (this is comparable to the 13 days granted by Committee in 2021).
- Not give any concession

Recommendation(s)

In order to boost trade to the Market in difficult times and reduce as much as possible the impact local project works are having on the Market, the recommendation is to grant a concessionary period of 13 days, compared to 13 days granted in 2021.

It is recommended that the current tariff be reduced to free for all visitors to the Rotunda car park from 9.00pm on Sunday the 11th December until 10am on Saturday 24th December 2022 (13 days) at an estimated cost of £7,800 in lost income.

This option would still enable the car park operator to leave the barriers raised during the period of the proposed Traffic Management Plan, which significantly aided the flow of vehicles in and out of the Rotunda car park in 2021, thereby helping to ease the flow of traffic around the Market and surrounding road network.

Main Report

Background

1. In previous years, similar car parking concessions for the month of December have been made to help alleviate traffic congestion around the Market buildings and to encourage customers to shop at the Market. In addition, this year there is additional pressure upon the Market operation due to the suspension of a number of loading bays for major projects work.
2. It is estimated that the SMTA proposed concession under option a) could reduce revenue for the car park by up to £18,000 based upon previous Christmas usage of the Rotunda Car Park during a similar period.
3. Should Members wish to approve a similar concession to Christmas 2022 and grant 13 days, it is estimated that such a concession for December 2022 (option b) could reduce revenue for the car park over the 13 night/day period by some £7,800.

Current Position

4. On the 4th October 2022, the Smithfield Market Tenants' Association (SMTA) submitted a request that free parking in the Rotunda car park should be approved for December 2022 from 9pm on Thursday 1st December to 10am on Saturday 31st December for all workers and customers arriving after 9pm and leaving before 10am the following day.
5. The concession, therefore, would be offered to vehicles between the hours of 9pm and 10am, vehicles parking outside of these hours will be deemed to be unrelated to Market operations and so will be charged the normal hourly rate of £4.20 per hour or part thereof for the full duration of their stay.

6. The SMTA request includes every day so that any Saturday/Sunday that the Market is open will be covered. The maximum impact of this request would be over a period of 30 nights, but this would be reduced to 23 trading nights as the Market will not be open on the weekend of 3rd December, Saturday 24th, Sunday 25th, Monday 26th, Tuesday 27th December and Saturday 31st respectively. The Market will be open on Wednesday 28th December until Friday 30th December, to reopen as normal on Tuesday 3rd January 2023.

Options

7. Officers have identified three options for Members consideration:
 - a) Agree the SMTA proposal requested on the 4th October 2022, that the current tariff, be reduced to free for all visitors to the Rotunda car park from 9pm on Thursday 1st December to 10am on Saturday 31st December (30 days), for all workers and customers arriving after 9pm and leaving before 10am the following day.
 - b) Reduce the concessionary period requested by the SMTA to 9.00pm on Sunday 11th December until 10am on Saturday 24th December 2022, 13 days/nights comparable to the 13 days approved in 2021.

This option would still enable the car park operator to leave the barriers raised during the period of the proposed Traffic Management Plan which was seen last year as significantly aiding the flow of vehicles in and out of the Rotunda car park.
 - c) Not give any concession.

Financial Implications

8. It is estimated that the SMTA proposed concession under option a) could reduce revenue for the car park by up to £18,000.
9. Should Members wish to approve a similar concession to Christmas 2021 and grant 13 days, it is estimated that such a concession for December 2022 (option b) could reduce revenue for the car park over the night/day period by some £7,800 which is the same as the 13 day period granted in 2021.
10. Should option a) or b) the additional cost would fall on the Director of Markets local risk budget. He is already forecasting an overspending in 2022/23 on this budget so granting either of these concessions will worsen the overspending.
11. Alternatively, Members may wish to consider not approving any concessionary period for Christmas 2022 in order to maximise income streams for the car park and to recover the cost of the additional traffic management plan measures (£16k) proposed from other sources.

Conclusion

12. Officers have identified three options for Members' consideration in response to the SMTA's request for temporary concessionary car parking rates over the 2022 Christmas period. The recommended option b) would provide for concessionary rates during the Market's busiest period of trading activity over Christmas, assist in the implementation of the Traffic Management Plan designed to reduce traffic gridlock around the Market and associated arterial roads and reduce the impact of major adjacent project works and loss of Market designated loading bays.

Report author

Mark Sherlock, General Manager, Smithfield Market

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Agenda Item 9

Board(s)	Dated:
Markets Board	9 th November 2022
Subject: Energy Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	5,11 & 12
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£ n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: The City Surveyor	For Information
Report author: Graeme Low	

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 equivalent (CO₂e) 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 delivered energy prices increase significantly by between 120% and 200% 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-December 2022, with an estimated 15% 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 CO₂e 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.

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 Energies (TE, formerly Total Gas and Power) to be retained using this OJEU compliant framework. This enabled TE to act as a Sleeving supplier, 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 60% 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 12th December 2022. All corporate properties, including Smithfield, Billingsgate and New Spitalfields Markets will receive a percentage 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 Corporations 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 in 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. Energy performance

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.

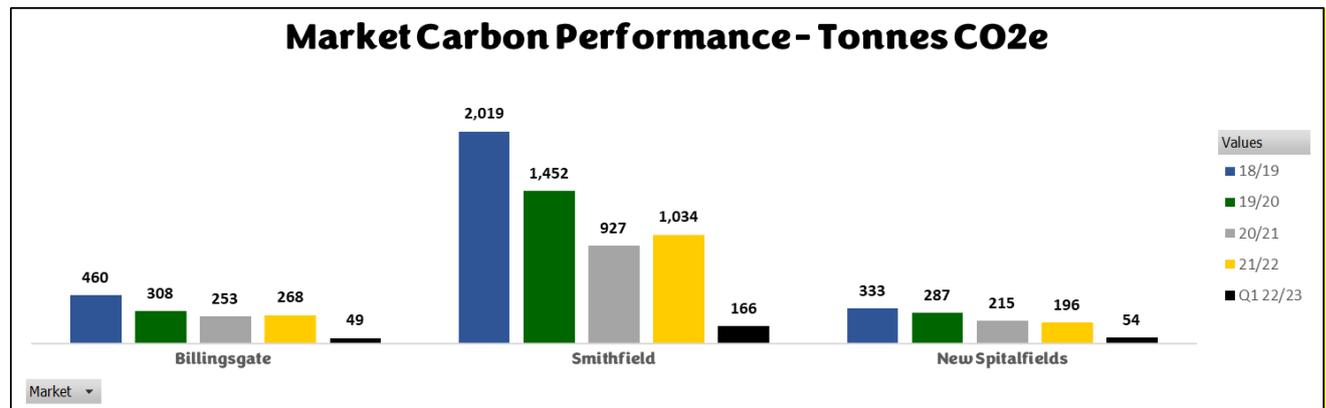
Table 1: Rolling year, Weather corrected Data

Market	Jun-19	Jun-21	Jun-22	% Change 22 vs 19	
London Central Market (Smithfield)	16,091,832	9,819,425	10,850,112	-33%	▲
New Spitalfields Market (Landlords)	6,795,740	5,753,961	5,899,856	-13%	▲
Billingsgate Market	3,612,570	3,362,090	3,427,365	-5%	▲

8. Figure 1 provides an update on the CO_{2e} performance of the markets. Billingsgate has seen a reduction in operational CO_{2e} emissions by 42%, New Spitalfields by 41% and Smithfield by 49%. These savings have been realised through onsite optimisation, occupancy levels,

capital investment in measures such as LED lighting and the impact of grid decarbonisation.

Figure 1: Carbon Performance by Market



Energy Team Activity

- 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.
- The Climate Action Strategy actions include site level energy surveys and the procurement of consultancy resource to manage and deliver the programme. Mitie have submitted draft reports for Billingsgate and New Spitalfields, which are currently being reviewed.
- 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, only measures with a shorter payback have been assessed due to uncertainty over the future of each site. At this time, only measures at Smithfield Market are currently being considered due to the longer payback for the other markets. **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 currently in development. Vital Energi are expected to return to site 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 and incorporated within the delivery plan.

Table 2: Identified Measures

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

- 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. Workshops with tenants are planned in the coming month to provide support on rising energy cost and advise on practical measures that can be taken to reduce energy consumption at low or no cost.

13. In September we held the latest of a series of energy briefings with invitations extended to Superintendents and senior officers. Covering the current market position and progress with the PPA.

Energy Procurement

14. 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 continued conflict in Ukraine. This has had an unavoidable impact on our wholesale energy costs. Since 2020/21 we have seen a 120% increase in the delivered unit rates of our electricity, a trend that will continue in 2022/23. Our grid electricity is currently 73% 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.
15. Due to the later than expected commercial operations date for the PPA, Total have procured 100% of the volume for October to December, As such unit prices for these months will differ to future months following the introduction of the PPA. Unit rates are expected to be confirmed towards the end of October, due to the inclusion of the government energy price support.
16. Gas prices have also risen significantly since 2021/22 and will continue to do so in 2022/23 we have 100% of our gas volume hedged for the year ahead from October 2022. The unit rate increase from 2021/22 to 22/23 is approximately 200% and this is expected to drop slightly from October 2023 onwards. We currently have a 68% hedged position for our gas volume for October 23 to September 24. Final delivered unit rates for gas is expected in late October, again due to the inclusion of government energy price support.
17. **PPA:** The PPA contract has now been agreed with Voltalia 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-December. Once operational the PPA will provide over 60% of our electricity at £43 MWh in 22/23 and 23/24 compared to the current market rates for electricity of £636 MWh (LASER market prices for January 2023). This is expected to provide a 15% overall benefit to electricity costs in 2022/23. In 23/24 we forecast the PPA will provide a 33% 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 December 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_{2e} 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. Recent significant increases in the unit cost of electricity and gas has meant that whilst consumption has decreased the overall energy cost for most services has risen. Energy costs are projected to substantially increase further over the next year due to external factors, although the PPA agreement is expected to provide some measure of relief. 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 Markets 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 continue to plan with the Markets Team to advise tenants of this impact.

Report author:

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City Surveyor's Department

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