



Markets Board

Date: WEDNESDAY, 20 SEPTEMBER 2023

Time: *** PLEASE NOTE THE START TIME *** 9.30 am ***

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

Members:	Deputy Henry Pollard (Chairman)	Alderman Sir David Wootton
	Deputy Philip Woodhouse (Deputy Chairman)	Deputy Charles Edward Lord
	Alderman Alison Gowman	Oliver Sells KC
	Gregory Lawrence	Henry Jones
	Wendy Mead	Hugh Selka
	Deputy Brian Mooney	Walker, Chair of New Spitalfields Market
	Ian Seaton	Lyons, Chair of Billingsgate Market Tenants Association
	James Tumbridge	Vacancy
	Catherine McGuinness	

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Ian Thomas CBE
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 approve the public minutes of the meeting held on 10th May 2023.

For Decision
(Pages 5 - 10)

4. **GENERAL MANAGER UPDATES**

To receive updates from the General Managers of Billingsgate, New Spitalfields and Smithfield Markets.

For Information
(Pages 11 - 14)

5. **MARKETS REVENUE OUTTURN 2022/23**

Report of the Chamberlain and the Chief Operating Officer.

For Information
(Pages 15 - 32)

6. **MARKETS BUSINESS PLAN UPDATE PERIOD 1 - 2023/24 (APRIL-JULY)**

Report of the Markets Director.

For Information
(Pages 33 - 50)

7. **MARKETS RISK UPDATE**

Report of the Markets Director.

For Information
(Pages 51 - 66)

8. **ENERGY UPDATE**

Report of the City Surveyor.

For Information
(Pages 67 - 74)

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

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

11. **EXCLUSION OF THE PUBLIC**

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

For Decision

Non-Public Items

12. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the meeting held on 10th May 2023.

For Decision
(Pages 75 - 76)

13. **GENERAL MANAGER UPDATES**

Non-public updates from the General Managers of Billingsgate, New Spitalfields and Smithfield Markets.

For Information
(Pages 77 - 78)

14. **MARKETS DEBT ARREARS**

Report of the Chamberlain.

For Information
(Pages 79 - 92)

15. **MARKETS DEBT WRITE OFF**

Report of the Chief Operating Officer.

For Information
(Pages 93 - 96)

16. **BILLINGSGATE CONSOLIDATED VAN DELIVERY CHANGES**

Report of the Chief Operating Officer.

For Information
(Pages 97 - 100)

17. **TENANCIES AT WILL AND ASSIGNMENTS**

Report of the Markets Director.

For Information
(Pages 101 - 104)

18. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
19. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

Confidential Items

20. **CONFIDENTIAL MINUTES**

To agree the confidential minutes of the meeting held on 10th May 2023.

For Decision

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

The Chief Operating Officer to be heard.

For Information

MARKETS BOARD

Wednesday, 10 May 2023

Minutes of the meeting at Guildhall at 11.00 am

Present

Members:

Deputy Henry Pollard (Chairman)	Wendy Mead
Deputy Philip Woodhouse (Deputy Chairman)	Catherine McGuinness
Deputy Mark Bostock	Oliver Sells KC
Alderman Alison Gowman	Henry Jones
Gregory Lawrence	Hugh Selka

In Attendance

Paul Martinelli – Smithfield Market Tenants Association

Officers:

Ben Milligan	- Markets Director
Emma Moore	- Chief Operating Officer
Steven Chandler	- City Surveyors
John James	- Chamberlains
Andrew Fothergill	- Comptroller & City Solicitors
Paul Wright	- Deputy Remembrancer
Julie Mayer	- Town Clerks

It was moved by Gregory Lawrence, seconded by Catherine McGuinness and agreed that Alderman Alison Gowman took the Chair until agenda item 4.

1. APOLOGIES

Apologies were received from James Tumbridge, Alderman Sir David Wootton, Deputy Edward Lord and Deputy Brian Mooney.

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. ORDER OF THE COURT OF COMMON COUNCIL

Members noted that, further to the discussion at the last meeting, the Markets Board's Terms of Reference had not been amended following the meeting of the Court on 27th April 2023.

Members noted that the Chairman had written to all Members of the Board in respect of the Resolution to the Policy and Resources Committee and the proposed Resolution to the Court, asking that these be held in abeyance, pending the outcome of the Corporate Projects Review.

The Town Clerk advised that the arrangements in respect of the Market Tenants Association representatives would stand, with no deputies permitted at this time. Greg Lawrence stressed that he serves on the Markets Board as an elected Member of the Court of Common Council and not as the Chair of the SMTA.

Ahead of the election of the Chairman and Deputy Chairman, the Town Clerk reminded Members of recently approved Standing Orders 29.4 and 30.5, whereby any Member interested in standing for the positions of Chairman or Deputy Chairman is asked to inform the Town Clerk, by no later than one full working day ahead of the meeting. The Town Clerk confirmed that the positions of Chairman and Deputy Chairman of the Markets Board were uncontested.

4. **ELECTION OF CHAIRMAN**

RESOLVED, that – being the only Member expressing a willingness to serve, Deputy Henry Pollard be elected as Chairman of the Markets Board for 2023/24.

On taking the Chair, Deputy Pollard advised that he intends to continue chairing the Board on a strategic basis, and asked Members to be mindful of matters which need to be dealt with in non-public, as determined by the Local Government Act.

5. **ELECTION OF DEPUTY CHAIRMAN**

RESOLVED, that – being the only Member expressing a willingness to serve, Deputy Philip Woodhouse be elected as Deputy Chairman of the Markets Board for 2023/24.

6. **PUBLIC MINUTES**

RESOLVED, that – the public minutes and non-public summary of the meeting held on 8 March 2023 be approved.

In respect of the Terms of Reference and the proposed Motion to the Court, the Chair referred to the recent informal meeting of the Markets Board, and his statement at the Court of Common Council, when he welcomed Paul Martin's Review into the City Corporation's Corporate Projects and would await the outcome before commenting further.

A Member had spoken to the Chair of Policy and Resources in respect of the Christmas Auction, who agreed that this should be taken forward as part of Destination City.

In respect of the Refrigeration failure, the Chief Operating Officer (COO) explained that, whilst the insurance process would determine liability, the City of London Corporation would like to apologise to the tenants, from a customer service perception, noting that this is not the standard we expect for our tenants. The Chief Operating Officer (COO) advised that the General Manager of Smithfield had sent a written apology to all tenants.

7. MARKETS BOARD APPROVALS

The Board considered a report of the Markets Director which provided Members with an overview of reports that would be presented to the Board over the course of the next twelve months, and reviewed the level of business that the Board has considered since it was established in April 2022.

The report also proposed a change to one element of reporting, in order to maintain a consistent approach to decision making across all three of the City's markets. A Member challenged the accuracy of the report in that the former Markets Committee used to take decisions on concessions and suggested that the alternative proposal in the report be adopted; i.e. – that, all “concessions” to tenants/tenant associations should fall under the remit of the Markets Board's decision-making power.

Following a debate in respect of maintaining a consistent approach and having put the recommendation to a vote, it was RESOLVED, that - the arrangements for granting concessions for any activity should be consistent across all three markets and that this would see the requests for parking concessions at Smithfield Market determined as a business-as-usual matter by the General Manager and Markets Director. *NB. Concessions granted under this system would be reported retrospectively to the Board, as is the case currently with Tenancies at Will, for example.*

8. REPORTS FROM THE GENERAL MANAGERS

The Board received updates from the General Managers of Billingsgate, New Spitalfields and Smithfield Markets. Members noted recruitment challenges in terms of the City Corporation's comparatively low pay offer, particularly for shift working. The Markets Director advised that a recent change in approach had resulted in some improvement and the City Corporation are considering the introduction of Market Forces Supplements (MFS) for specialist trades. The Chief Operating Officer reminded Members of the implementation of the Target Operating Model and its objectives in terms of driving performance and culture change. Members noted that staff turnover at the City Corporation currently stands at 18%, compared to 14% across other local authorities. The Chief Operating Officer advised that the position had been scrutinised by a number of Service Committees and would form part of the ongoing Pay and performance Review.

The Markets Director advised that work to the cold store roof at Billingsgate would commence in June, with the racking completed at the same time. Members noted that the racking is likely to take 3 weeks and the roof 3 months.

The Chair asked for the Board's concerns about energy prices to be minuted and Members asked for further information at the next Committee, under 'matters arising', in terms of how the City Corporation might benefit from the Solar Farm in Dorset and any scope for fixing prices.

RESOLVED, that – the report be noted.

9. **SMITHFIELD MARKET - CAR PARK UTILISATION: APRIL 2022 - MARCH 2023**

The Board received a report of the Markets Director in respect of the utilisation of Smithfield Market Car Park for the 12-month period; April 2022 to March 2023. In response to a question about the 80% utilisation rate over the Christmas period, and of plans for the unused 20%, the City Surveyor's representative advised that, whilst there had been no active marketing, some of the space is being used during the vacation of the Poultry Market. Following the vacation in August 2023, there would be a better understanding of under-use and the City Surveyor agreed to take this up with the General Manager. Members noted that the market had lost some 45% of its loading bays over the past 10 years and welcomed this further consideration. Members also noted that Jones Lang La Salle are negotiating compensation from Crossrail, with the outcome expected this year.

RESOLVED, that – the report be noted.

10. **MARKETS BUSINESS PLAN UPDATE PERIOD 3 2022/23 (DECEMBER-MARCH)**

The Board received a report of the Markets Director which provided a final update on progress made during Period 3 (December-March) of 2022/23 against the key performance indicators (KPIs) and key improvement objectives outlined in the Markets' Business Plan 2022/23.

Members noted that, following the move to bio fuels for fork lifts, the improvement to air quality had not been as expected but the Markets Director advised that they are within safe legal limits. The Director further explained that emissions from ripening fruit and vegetables at New Spitalfields were being investigated.

RESOLVED, that – the report be noted.

11. **WHOLESALE MARKET RISK UPDATE REPORT**

The Board received a report of the Markets Director which provided the 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.

RESOLVED, that – the report be noted.

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

The Chamberlain advised that off street parking income at Smithfield Market in ringfenced for the cyclical works fund, as part of the City's Estate.

13. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

14. EXCLUSION OF THE PUBLIC

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

Item	Paragraph
15-21	3

15. NON-PUBLIC MINUTES

The non-public minutes of the meeting held on 8th March were approved.

16. NON-PUBLIC REPORTS FROM THE GENERAL'S MANAGER

The Board received non-public updates from the General Managers.

17. MARKETS DEBT ARREARS TO PERIOD ENDING 31ST MARCH 2023

The Board received a report of the Chamberlain.

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

There were no questions.

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

One item was discussed whilst the public were excluded.

20. CONFIDENTIAL MINUTES

RESOLVED, that – the confidential minutes of the meeting held on 8th March 2023 be approved.

21. MARKETS CO-LOCATION PROGRAMME UPDATE

The Board received a confidential verbal update.

The meeting ended at 12.50 pm

Chairman

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Committee(s):	Date(s):
Markets Board	20/09/23
Subject: General Manager (GM) Updates	Public For Information
GENERAL MANAGER UPDATES	
<p>Smithfield</p> <ol style="list-style-type: none"> 1. Staffing – all local roles are currently filled albeit with some agency staff in the maintenance and cleaning functions. There are two maintenance vacancies at Billingsgate and one at New Spitalfields which are currently being recruited to. In the interim where demand requires, some of this work is outsourced to agency coverage. The Markets have struggled to recruit local maintenance managers as the current grading salaries do not match those on offer in the open market for Facilities Management professionals. The role job description and personal specification have been revised by the GM lead and are currently subject to a business case to proceed for a role re-evaluation. 2. Cleaning – no items of note. 3. Energy – the Market is working hard to address some Building Management System issues after a recent upgrade to the West Market and some faults that have developed on the East Market system. This is being done in collaboration with the central energy team to ensure we have equipment running at optimum efficiency. There have also been faults to some pumps and associated controls equipment which are being addressed in consultation with CBRE. 4. Health & Safety - The Market has recently passed its biennial food business operator audit by the FSA with an audit outcome of Good which is the highest outcome achievable. I'd like to record my thanks to the Market maintenance and cleaning team for their efforts in attaining and keeping the Market to the required standards. 	

5. Tenant Association (TA) priorities

- Poultry Market vacation and operational transition. Weekly transition meeting are held with the TA and officers from the Markets, Projects and Highways departments.
- SMTA office relocation – largely complete, with minor snagging works required.
- Confirmation of when works to the purlins and replacement canopy in East Poultry Avenue will start. Structure currently subject to an additional survey and scope of works through CSD, dates to be advised. GM in regular contact with CSD for updates.

Smithfield Market:

General Manager – Mark Sherlock

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Billingsgate Market

1. Staffing – We have recruited to the two vacant market constable positions and the successful candidates are completing their onboarding prior to beginning in role. There has been a recent resignation and so it is likely this position will be advertised in the near term. There are two cleaner/driver roles that are currently vacant which are being covered by agency staff. These roles will be advertised in the near term. Our vacant maintenance operative roles are being advertised currently. We are also currently recruiting for a business administration apprentice.
2. Cleaning – Cleaning remains a very high priority amongst our tenants and visitors. Though there have been no items of significance, this is probably due to the cleaning provision now better matching the service need following a change to staff hours. Specialist high level cleaning of the framework above the tenants stands in the market hall scheduled to begin 4th September 2023.
3. Energy – Across the entirety of the market facility, the rebate from the Power Purchase Agreement was well into six figures for Q1. This was reflected in an average drop from 42p to 17p per kilowatt hour.

4. Health & Safety – Following the withdrawal of the Fisheries Inspector at Billingsgate, the City's environmental health team that work with us under the revised TOM structure have introduced a new auditing system to provide assurance to both the local management team and tenants. The audit examines tenant's premises and considers the condition of the stall, the condition of the fish, signage for fish on display and details of the trader. The report signifies green as an acceptable condition and red where something is lacking, giving tenants a clear steer on any matters they need to address and appropriate commentary. The audit is based on legislation and on the market code of practice.
5. Tenant Association priorities
 - Cold Store Racking – Completion certificate received on 4 August 2023. All monies paid to and received by the LFMA.
 - Cold Store Roof – Contractors have been on site throughout the summer conducting remedial work to the Cold Store roof. Work due to be completed end of September.
 - Consolidated Outbound Logistics – covered elsewhere, but following conclusion of arrangement with initial logistics provider, we are now providing our own in-house service. The service has continued to operate every day meaning the impact on tenants has been negligible.

Billingsgate Market:

General Manager – Daniel Ritchie

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New Spitalfields

1. Staffing - There are 3 vacancies in the Security team with interviews being held on 31 August. Other vacant roles are being met by agency staff. There are no vacancies within the Administration teams at the Markets, but we are in the process of recruiting Level 3 Business Administration apprentices for both Billingsgate and New Spitalfields.
2. Cleaning – After a review of the public facilities around the Market, it was noted that improvement was required to the cleaning standards of all bathrooms. Periodic jet washing and chemical descaling has been introduced as a monthly planned preventative maintenance task that is being carried out by the Maintenance team. This is coupled with a change to a number of products being used by the cleaning contractor, as well as daily monitoring of standards and performance. A vast improvement has already been noted. Our waste and site cleansing contract continues to run to a high standard.

3. Energy – The Power Purchase Agreement benefits are now being realised across the Markets. Collectively, we have received almost £1,000,000 in rebates for the Q1 period. This has resulted in the rate per kwh decrease by circa. 50% from Q4 of last year.
4. Health & Safety – The annual repainting of road markings is underway, as well as changes to the existing Forklift crossing points that are inside the market hall. These changes should improve people's awareness while moving around the site. A review of all existing health and safety signage is also underway with a view to refresh or replace, as necessary.
5. Tenant Association priorities - New Spitalfields inclusion in the Market colocation project is a large consideration. There is a keen interest in moving but whilst co-location is not yet guaranteed making the existing site more efficient - with projects such as Electric Vehicle charging, solar energy and water harvesting – is a subject requiring careful consideration. Progression of these programmes on the current site is clearly interdependent on a co-location agreement as return on investment cannot be guaranteed within very short timescales at the current site.

New Spitalfields Market:

General Manager – Emma Beard

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Committee: Markets Board	Dated: September 20 2023
Subject: Markets Revenue Outturn 2022/23	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 Chief Operating Officer	For Information
Report author: Andrew Little, Chamberlain's Department	

Summary

This report compares the 2022/23 revenue outturn for the services overseen by your Board with the final budget for the year. The outturn for the year shows net income of £991,000, compared to the final net expenditure budget of £750,000, representing a net underspend of £1,741m.

The underspend of £2.052m for the Chief Operating Officer is explained in detail in Appendices A1 and A2 for each Market and whilst this was offset by an overspending of £713,000 on Capital and Support Services, the City Surveyor has an underspending of £402,000, primarily on the Cyclical Works Programme (which will be carried forward to 2023/24).

In respect of your Board, the Chief Operating Officer has requested a carry forward to 2023/24 of £15,000 to fund a stock of critical spares for the Smithfield Market rail system to allow prompt repair should it breakdown.

The report also presents the Wholesale Markets Operating Statement for 2022/23 (as per table 2) which shows combined net operating income of £4.811m for the three wholesale markets, an underspending of £2.130m compared with the final net income budget of £2,681,000. Once capital charges and other central costs are accounted for, total net income amounted to £795,000 an underspend of £1,225,000 compared with the final net expenditure budget of £430,000. Full details are provided at Appendix 4

Recommendation

Members are asked to note the outturn for 2022/23 as set out in this report.

Main Report

Revenue Outturn for 2022/23

1. This report compares the 2022/23 revenue outturn for services overseen by your Board with the final budget for the year. Appendix A3 details the budget movements between the original budget agreed by Markets Committee on November 3rd 2021 and the year-end final budget. The outturn position for your Board's services during 2022/23 totalled net expenditure of £991,000, an underspending of £1.741m compared to the final budget of £740,000 net income. A summary comparison with the final budget for the year is tabulated

below. In this and subsequent tables, figures in brackets indicate expenditure, decreases in income, or increases in expenditure. Figures without brackets represent income, increases in income, or decreases in expenditure.

Table 1 - Comparison of 2022/23 Revenue Outturn with Final Budget					
	Original Budget	Final Budget	Revenue Outturn	Variance	Variance
	£ 000's	£ 000's	£ 000's	£ 000's	%
Chief Operating Officer					
Local Risk	(1,313)	(1,710)	(1,145)	565	-49.3%
Central Risk	5,654	5,654	7,141	1,487	20.8%
Total Chief Operating Officer	4,341	3,944	5,996	2,052	34.2%
City Surveyor					
Repairs and Maintenance	(794)	(815)	(779)	36	-4.6%
Cyclical Works Programme *	(662)	(765)	(399)	366	-91.7%
City Surveyor Total	(1,456)	(1,580)	(1,178)	402	-34.1%
Capital and Support Services	(2,764)	(3,114)	(3,827)	(713)	18.6%
Combined Total	121	(750)	991	1,741	175.7%

* Please note that underspends on the Cyclical Works Programme can be carried forward over the lifetime of the programme as agreed in the Governance of the Cyclical Works Programme.

2. The Chief Operating Officer total underspend of £1.74m for Markets Board comprises the following variances:
 - The Chief Operating Officer Local Risk underspending of £565,000 is set out in Appendix A1
 - The Chief Operating Officer Central Risk underspending of £1.487m is set out in Appendix 2
 - The Capital and Support Services overspending of £713,000 was primarily due to a £381,000 increase in costs in relation to Capital Charges at Spitalfields Market and £295,000 overspend on Support Services across the Markets from other departments.
 - The City Surveyor £402,000 underspending was due to the re-phasing of the Cyclical Works Programme over the remaining years for delivery.
3. Appendix A3 shows the movement from the 2022/23 original budget (as agreed by Markets Committee in November 2021) to the final budget.

Local Risk Carry Forward to 2023/24

4. The Chief Operating Officer had local risk underspending of £565,000 on the activities overseen by your Board, which reduced to an underspending of £334,000 across all her services, she requested a carry forward £15,000 for critical spares in relation to the Smithfield Market rail system, to allow for a swift repair should the system fail, however this was not approved.

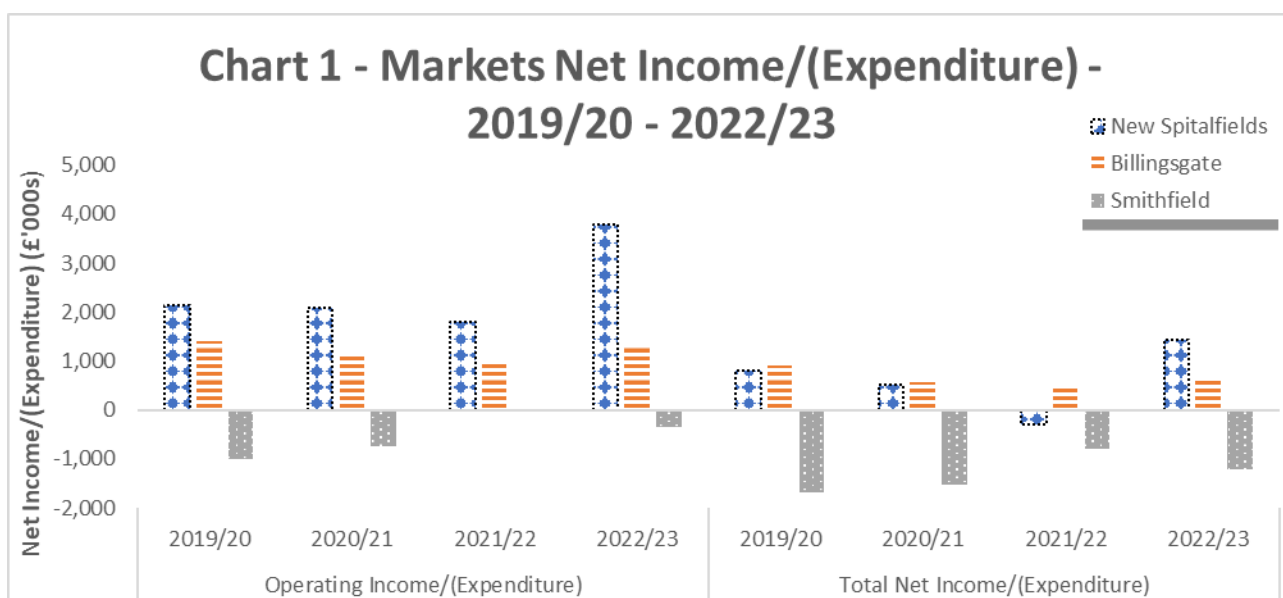
5. In addition, although there was an underspend on Markets Board, the City Surveyor was overspent overall on his City Fund/City's Cash local risk budget and the underspending on Markets Board should be seen within the context of overspendings incurred on other committees.

Financial Performance of the Markets

6. As previously requested by the board, tabulated in the below summary operating statement for 2022/23, there was a combined net operating income of £4.811m for the three wholesale markets. When capital charges and central support costs of (£4.016m) are added, there is a consolidated net Income to the City of London Corporation of £795,000. The table excludes the Smithfield Car Park and Outside Properties expenditure and Income.

Table 2 - Summary Operating Statement 2022/23				
	Original Budget	Final Budget	Revenue Outturn	Variance Better / (Worse)
	£000's	£000's	£000's	£000's
Total Operating Expenditure	(15,068)	(15,653)	(17,039)	(1,386)
Total Operating Income	18,328	18,334	21,850	3,516
Total Net Operating (Expenditure) / Income	3,260	2,681	4,811	2,130
Total Central Costs	(2,842)	(3,111)	(4,016)	(905)
Total Markets (Expenditure) / Income	418	(430)	795	1,225

7. A breakdown of the financial performance of individual wholesale markets (excluding the Rotunda car park and outside properties at Smithfield) is set out in the operating statement in Appendix A4 which shows the net operating income/(expenditure) for each market.
8. Total net expenditure amounted to £795,000 after capital charges and other central costs are accounted for. This equates to an underspend of £1.225m compared to the final budget of £430,000 net expenditure.
9. The difference between total market net income of £795,000 (shown in Appendix A4) and revenue outturn of £991,000 net income (shown in Table 1) is the £196,000 net income for the outside properties at Smithfield, including the Rotunda car park, which are not included in Appendix A4.
10. Chart 1 below sets out both the net operating income/(expenditure) and total net income/(expenditure) position for each market for the previous three financial years. This indicates that Billingsgate and Spitalfields Markets generated a surplus in 2022/23. Billingsgate achieved net income of £690,000, Spitalfields achieved net income of £1.430m which was offset by net expenditure of £1.22m at Smithfield Market
11. Chart 1 also shows that Smithfield Market has incurred deficits in 2022/23 as well as each of the previous three financial years. This is largely attributable to the current cap on the service charge meaning that service charge expenditure is not fully recoverable from tenants. The deficit that was incurred at Spitalfields in 2021/22 has not repeated in 2022/23 and the market moved back to a surplus. Billingsgate has maintained the surplus that it has experienced over the previous financial years.



12. Appendix A6 provides Members with information on balances held on various repair funds for each market as of 31 March 2023.

Appendices

- **Appendix A1** - Comparison of 2022/23 Local Risk Outturn with Final Budget
- **Appendix A2** - Comparison of 2022/23 Central Risk Outturn with Final Budget
- **Appendix A3** - Reconciliation of Original Budget to Final Budget – 2022/23
- **Appendix A4** - Wholesale Markets Operating Statement 2022/23
- **Appendix A5** - Wholesale Markets Operating Statement Variance Notes – 2022/23
- **Appendix A6** - Wholesale Markets Reserves Balances – 31 March 2023

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Ben Milligan
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Comparison of 2022/23 Outturn and Final Budget

The table below shows the principal variances of £565,000 underspend for the Chief Operating Officer Local Risk are set out below per market. There are other expenditure variances of £584,000 across the three markets that individually are less than £50,000.

New Spitalfields Market		
Notes	Description	2022/23 Final Budget to Actual Outturn
Operating Expenditure		
1	Premises	<ul style="list-style-type: none"> (£575k) Energy - overspend due to increased energy prices which is offset by increased energy recharges to tenants.
2	Supplies and Services	<ul style="list-style-type: none"> (£147k) Contributions to Provisions – overspend due to additional bad debt provisions required for service charge and sundry debts for tenants at high risk of financial failure following pandemic.
3	Waste and Recycling Contract	<ul style="list-style-type: none"> (£267k) Private Contractors - overspend due to inflationary contract price rises arising from refuse and recycling contract. Offset by increased service charges to tenants.
Operating Income		
4	Charges for Services	<ul style="list-style-type: none"> £67k Income from Fees and Charges - Additional rebate income from refuse and recycling income as well as additional income from pallets and fixed penalty notices.
5	Central Services	<ul style="list-style-type: none"> £771k Rents - Additional income from service charges due to overspend on refuse contract as well as utilities recharges to tenants due to increased energy prices.
6	Other	<ul style="list-style-type: none"> (£17k) Miscellaneous premises costs £48k Miscellaneous Income

Billingsgate Market		
Notes	Description	2022/23 Final Budget to Actual Outturn
Operating Expenditure		
7	Employment Costs	<ul style="list-style-type: none"> £272k Direct Employees - Underspend due to savings on staff salaries because of staff vacancies.
8	Premises	<ul style="list-style-type: none"> (£133k) Energy - Overspend due to increased energy prices which is offset by increased energy recharges to tenants. (117k) Transfer to Reserves
Operating Income		
9	Charges for Services	<ul style="list-style-type: none"> £267k Fees and Charges - Additional income from filming and an income for a licence from UK Power Networks as well as increase in trade car parking income which offsets service charges due from tenants. (£120k) Rents - Reduced service charges recharged to tenants due to underspends in staffing costs and increased income from trade parking. Variance partly offset by increased utility recharges to tenants due to increased energy prices.
10		<ul style="list-style-type: none"> (£44k) Miscellaneous Premises Costs (£15k) Miscellaneous Transport Costs (£53k) Miscellaneous Supplies and Services

Smithfield Market		
Notes	Description	2022/23 Final Budget to Actual Outturn
Operating Expenditure		
11	Employment Costs	<ul style="list-style-type: none"> £201k Direct Employees - Underspend due to savings on staff vacancies.
12	Premises	<ul style="list-style-type: none"> (£441k) Overspend due to increased energy prices.
13	Supplies and Services	<ul style="list-style-type: none"> (£80k) - Unidentified savings, whilst target was not achieved, savings made in Employment costs negated this. (£64k) Equipment - Additional expenditure required on health and safety equipment following incident at the Poultry Market.
Operating Income		
14	Charges for Services	<ul style="list-style-type: none"> £749k Rents - Additional income from recharges to tenants following increased utility prices. £73k Fees and Services - Underspend due to re-tendering of contract for off-street parking management

		<ul style="list-style-type: none"> £126k Fees and Charges - Additional income generated from Smithfield Car Park following increased usage of the car park.
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City Surveyor	
Description	2022/23 Final Budget to Actual Outturn
Operating Expenditure	<ul style="list-style-type: none"> £387k underspend due to the costs of four projects forming part of the Cyclical Works Programme (CWP) at Smithfield Market being capitalised in addition to the rephasing of other projects which form part of the CWP. The CWP does not form part of the City Surveyor's local risk budget and any variances will be carried over to 2023/24. This is a three-year rolling programme reported to the Operational Property and Projects Sub Committee (OPPSC) half yearly, where the City Surveyor will report on financial performance and phasing of the projects. £36k underspend relating to the Building, Repairs and Maintenance contract managed by the City Surveyor's Department due to lower than anticipated general breakdown repairs and contract servicing costs.

Appendix A2

Central Risk	
Description	2022/23 Final Budget to Actual Outturn
Spitalfields Market	<p>Underspend of £1.73m primarily due to:</p> <ul style="list-style-type: none"> £1.77m additional rent income due to accrual for backdated rent income from rent review from May 2020 to March 2023 due to be invoiced in 23/24. (£45,000) for additional bad debt provision in fees and services
Billingsgate Market	<p>Overspend of (£211,000) primarily due to:</p> <ul style="list-style-type: none"> Overspend due to extra service charge voids with additional vacant office premises. Overspend due to additional professional fees required for lease renewals. Increased provisions for bad debts for rent debts for Oceanfleet Seafood Ltd who are in administration and are likely to have all debts written off.
Smithfield Market	<ul style="list-style-type: none"> Net overspend of (£29,000)

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<u>Markets Board - Reconciliation of Original Budget to Final Budget - 2022/23</u>	
	£'000s
Original 2022/23 Budget (All Risks)	121
Local Risk	
Original Budget 2022/23 - as agreed by Markets Committee on 3 November 2021	(1,313)
Centrally funded salary costs for Env department (from the TOM)	65
Centrally funded salary costs for EHO post	(29)
Centrally funded apprenticeship costs	(25)
Pest control virement to City Surveyors	8
Centrally funded budget uplift for pay award, energy costs and other inflation such as Waste and Cleaning Material (£106, £291, £17 & £2)	(416)
Final 2022/23 Local Risk Budget including City Surveyors Repairs and Maintenance	(1,710)
Central Risk	
Original Budget 2022/23 - as agreed by Markets Committee on 3 November 2021	5,654
No changes	0
Final 2022/23 Central Risk Budget	5,654
Support Services and Capital Charges	
Original Budget 2022/23 - as agreed by Markets Committee on 3 November 2021	(2,764)
Centrally funded Film Liaison Staff Costs at Billingsgate Market and Smithfield Market	(18)
Adjustments to Directorate recharges raised to other areas of the Department of Markets & Consumer Protection	(332)
Final 2022/23 Support Services and Capital Charges Budget	(3,114)
City Surveyors Repairs and Maintenance	
Original Budget 2022/23 - as agreed by Markets Committee on 3 November 2021	(1,456)
Budget changes relating to the re-phasing of works as part of the Cyclical Works Programme	(103)
Pest control virement from local risks	(8)
Contract Inflation (SKANSKA)	(13)
Final 2022/23 City Surveyors Repairs and Maintenance	(1,580)
Final 2022/23 Budget (All Risks)	(750)

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	New Spitalfields Market				Billingsgate Market				Smithfield Market				Total Markets			
	Original Budget OR	Final Budget FB	Actual	Variance	Original Budget OR	Final Budget FB	Actual	Variance	Original Budget OR	Final Budget FB	Actual	Variance	Original Budget OR	Final Budget FB	Actual	Variance
	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000
Operating Expenditure:																
Employment Costs (basic pay, national insurance, pension, overtime, training, recruitment advertising)	(1,627)	(1,542)	(1,540)	2	(1,961)	(2,050)	(1,778)	272	(2,070)	(2,196)	(1,995)	201	(5,658)	(5,788)	(5,313)	475
Premises (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials, tenant contribution to repair funds)	(1,527)	(1,527)	(2,132)	(605)	(1,218)	(1,247)	(1,489)	(242)	(3,140)	(3,549)	(3,895)	(346)	(5,885)	(6,323)	(7,516)	(1,193)
Transport (Vehicle purchases and running costs, congestion charge, travel costs)	(1)	(1)	(1)	0	(31)	(31)	(46)	(15)	(3)	(3)	(8)	(5)	(35)	(35)	(55)	(20)
Supplies and Services (Refuse collection, equipment hire/maintenance and purchase, uniforms and clothing, communication and office expenses, provisions for bad debts)	(324)	(324)	(498)	(174)	(206)	(206)	(322)	(116)	(393)	(410)	(501)	(91)	(923)	(940)	(1,321)	(381)
Waste and Recycling Contract	(2,567)	(2,567)	(2,834)	(267)			0		0	0	0	0	(2,567)	(2,567)	(2,834)	(267)
Total Operating Expenditure	(6,046)	(5,961)	(7,005)	(1,044)	(3,416)	(3,534)	(3,635)	(101)	(5,606)	(6,158)	(6,399)	(241)	(15,068)	(15,653)	(17,039)	(1,386)
Operating Income:																
Rent	2,051	2,051	3,809	1,758	1,026	1,026	972	(54)	1,604	1,604	1,579	(25)	4,681	4,681	6,360	1,679
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)	6,216	6,108	6,984	876	3,742	3,858	4,024	166	3,689	3,687	4,482	795	13,647	13,653	15,490	1,837
Total Operating Income	8,267	8,159	10,793	2,634	4,768	4,884	4,996	112	5,293	5,291	6,061	770	18,328	18,334	21,850	3,516
Net Operating (Expenditure)/Income	2,221	2,198	3,788	1,590	1,352	1,350	1,361	11	(313)	(867)	(338)	529	3,260	2,681	4,811	2,130
Central Costs:																
Capital Depreciation Charges	(1,392)	(1,392)	(1,773)	(381)	(97)	(97)	(97)	0	(111)	(111)	(111)	0	(1,600)	(1,600)	(1,981)	(381)
Other Central Costs (Transfer to and from reserves to fund repairs and works, support costs and Directorate apportionment)	(403)	(466)	(588)	(122)	(336)	(463)	(674)	(211)	(503)	(582)	(773)	(191)	(1,242)	(1,511)	(2,035)	(524)
Total Central Costs	(1,795)	(1,858)	(2,361)	(503)	(433)	(560)	(771)	(211)	(614)	(693)	(884)	(191)	(2,842)	(3,111)	(4,016)	(905)
Total Market (Expenditure)/Income	426	340	1,427	1,087	919	790	590	(200)	(927)	(1,560)	(1,222)	338	418	(430)	795	1,225

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

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Wholesale Markets Operating Statement Variance Notes – 2022/23 – Variances over £50,000

The tables below analyse the variances for the wholesale markets as reported on the operating statement which is attached at Appendix A4. The statement compares the 2022/23 final budget to the actual outturn for 2022/23.

Brackets signify an expenditure item and/or a worse than budget position and non-brackets signify an income item and/or a better than budget position.

New Spitalfields Market	
Description	2022/23 Final Budget to Actual Outturn
Premises	(£605k) overspend primarily due to: <ul style="list-style-type: none"> • (£575k) increased energy prices which is offset by increased energy recharges to tenants.
Supplies and Services	(£174k) overspend primarily due to: <ul style="list-style-type: none"> • (£147k) Additional bad debt provisions required for service charge and sundry debts for tenants at high risk of financial failure following pandemic.
Waste and Recycling Contract	(£267k) overspend due to: <ul style="list-style-type: none"> • inflationary contract price rises arising from refuse and recycling contract. Offset by increased service charges to tenants.
Charges for Services	£876k more income than budgeted primarily due to: <ul style="list-style-type: none"> • £67k additional rebate income from refuse and recycling income as well as additional income from pallets and fixed penalty notices. • £771k additional income from service charges due to overspend on refuse contract as well as utilities recharges to tenants due to increased energy prices. • (£50k) transfer from a budgeted tenant reserve to fund repair works not required in 22/23 due to works being funded by tenant service charge contribution.
Rents	£1.758m more income than budgeted principally due to: <ul style="list-style-type: none"> • £1.77m additional rent income due to accrual for backdated rent income from rent review from May 2020 to March 2023 due to be invoiced in 23/24 • (£82k) additional bad debt provisions required for rent debts for tenants at high risk of financial failure following pandemic.
Central Costs	
Other Central Costs	(£503k) overspend primarily due to: <ul style="list-style-type: none"> • (£381k) capital depreciation charges • (£122k) Additional Central support costs from other departments based on the latest cost / time allocations

Billingsgate Market	
Description	2022/23 Final Budget to Actual Outturn
Operating Expenditure	
Employment Costs	£272k staff cost underspend due to vacant positions in maintenance, security, and cleaning roles in addition to savings from staff taking up the option of flexible retirement.
Premises	(£242k) primarily due to: <ul style="list-style-type: none"> • (£133k) energy prices which is offset by increased energy recharges to tenants. • (£64k) additional tenant contribution to tenant repair fund as result of over-recovery on service charge.
Supplies and Services	(£116k) primarily due to: <ul style="list-style-type: none"> • (£38k) Increased provisions for bad debts for service charge and sundry debts for Oceanfleet Seafood Ltd who are in administration and are likely to have all debts written off. • (£68k) Overspend due to additional fees required for lease renewals and other professional advice.
Operating Income	
Charges for Services	£112k more income than budgeted primarily due to: <ul style="list-style-type: none"> • £64k Additional tenant contribution to tenant repair fund as result of over-recovery on service charge. • £266k Additional income from filming and licence income from UK Power Networks as well as increase in trade car parking income which offsets service charges due from tenants • (£120k) reduced recovery of service charge income due to underspends in staffing costs and increased income from trade parking, was partly offset by increased utility recharges to tenants due to increased energy prices.
Central Costs	
Other Central Costs	(£211k) less income than budgeted for due to: <ul style="list-style-type: none"> • (£38k) Overspend due to extra service charge voids with additional vacant office premises. • (£35k) Increased provisions for bad debts for rent debts for Oceanfleet Seafood Ltd who are in administration and are likely to have all debts written off. • (£89k) net overspend on recovery of income for Service Charge, rents and miscellaneous income.

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Smithfield Market	
Description	2022/23 Final Budget to Actual Outturn
Operating Expenditure	
Employment Costs	£201k underspend due to vacant security, cleaning, and maintenance roles
Premises	(£346k) overspend underspend due to: <ul style="list-style-type: none"> increased energy prices. Offset by increased utility recharges to tenants.
Supplies and Services	£91k underspend due to: <ul style="list-style-type: none"> Additional expenditure required on health and safety equipment following incident at the Poultry Market.
Operating Income	
Charges for Services	£795k additional income due to: <ul style="list-style-type: none"> £45k additional income from recharges for CHP heating and colling costs following increased utility prices. £749k additional income from recharges to tenants following increased utility prices.
Central Costs	
Other Central Costs	(£191k) overspend due to additional Central support costs from other departments based on the latest cost / time allocations

Markets Board – Wholesale Markets Reserves Balances – 31 March 2023

The information below summarises details of current balances held for each reserve account at the City's wholesale markets as at 31 March 2023.

New Spitalfields Market

- Tenants Repair Fund - £673,092
- Old Market Maintenance Fund - £120,340
- Market Slab Repairs Fund has been fully utilised, and the reserve currently has a zero balance. This reserve is due to be formally closed with any future slab works at the market expected to be funded by the Tenants Repair Fund.

Billingsgate Market

- Repainting and Special Works Fund - £296,647
- Accumulator Tower Fund - £110,112
- Sinking Fund - £1,518,739

Smithfield Market

- Repainting Reserve - £315,690

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Committee(s)	Dated:
Markets Board	20.09.23
Subject: Markets Business Plan Update Period 1 2023/24 (April-July)	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: Damian Coffey, Markets Department	

Summary

This report provides an update on progress made during Period 1 (April-July) of 2023/24 and key improvement objectives outlined in the Markets' Business Plan 2023/24.

Recommendation(s)

Members are asked to:

- Note the content of this report and its appendices.

Main Report

Background

1. The 2023/24 Markets Business Plan had thirteen Key Improvement Objectives.
2. Updates on progress made against the KPIs and improvement objectives are provided in Appendix A.
3. Matters of general interest, including a list of visitors to the Markets are provided in Appendix B.
4. Financial information for the Markets Division reporting to the Markets Board is provided in Appendix C.

Current Position

5. To ensure your Board is kept informed of progress against the current business plan, progress made against key improvement objectives (Appendix A), matters of general interest (Appendix B), and financial information (Appendix C) is reported on a periodic (four-monthly) basis.
6. This approach allows Members to ask questions and have a timely input on areas of importance to them. Members are also encouraged to ask the Director for information throughout the year.
7. Progress against the departmental and local business plans is regularly discussed by Senior Management Groups to ensure any issues are resolved at an early stage.
8. Points covered include:
 - Poultry Market vacation.
 - Billingsgate Action Plan.
 - Smithfield HGV Policy.
 - Work with tenants on the new Market design brief.
 - Spitalfields roof survey complete.

Financial Information

9. At the end of Quarter 1 (June 2023), the Chief Operating Officer was showing an overspend of (£663k) against the local profiled net income budget of £484k for services reporting to the Markets Board. This was principally due to increased energy costs of £350k and additional rates costs of £105k. Table A sets out the detailed position for the individual services covered by the Chief Operating Officer.
10. Overall, the Chief Operating Officer is currently forecasting a year end overspend position of (£192k) for her City Fund and City's Cash services, the services reporting to this Board are currently showing an overspend of (£799k). This assumes an overspend on energy of £519k and rates of £103k compared to the quarter 1 variances.
11. Following the completion of this report at the end of Quarter 1, an update has been provided to Superintendents in relation to the Power Purchase Agreement, which has reduced the expected year end outturn overspend to circa £150k. This change will be reflected in the Quarter 2 report.

Corporate & Strategic Implications

Strategic implications – The monitoring of key improvement objectives and performance measures links to the achievement of the aims and outcomes set out in the Corporate Plan 2018-23.

Financial implications - The position of each Markets debt is reported to Markets Board in KPI 1.

Resource implications - None

Legal implications - None

Risk implications – The Markets Risk Register includes any risks which are linked to the delivery of its Business Plan. A separate report on risk has been submitted to this Committee.

Equalities implications – None

Climate implications - None

Security implications - None

Appendices

- Appendix A – Progress against key performance indicators (KPIs) and key improvement objectives
- Appendix B - Matters of general interest.
- Appendix C – Financial information

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Progress against Key Performance Indicators 2023-24
Period One: April – 31st July 2023

MKP 1	Target 2023/24	Period 1		Period 2	Period 3
Target	Each Market's outstanding debt as a percentage of their total invoiced income. Maximum 1.5%* KPI target.	Including Covid Debt	Excluding Covid Debt		
Billingsgate		16.58%	12.79%		
Smithfield		16.13%	3.72%		
Spitalfields		9.44%	8.35%		
Comments: All: *To be consistent with the investment property KPI we have changed to 1.5% KPI from 2%. Smithfield Market: The debt management plan with the Smithfield traders is on target and debt will continue to fall in line with that, expecting full recovery to be achieved by the end of March 2024. New Spitalfields Market: Most of the debt relates to two tenants, one of which is on a payment plan until October 2025 and is on target to pay, the other had their lease forfeited after going into administration, their outstanding balance is in the process of being written off. All current debt is chased regularly using the escalation channels available to the local team. Billingsgate: Most of this debt relates to two tenants, one of which, after the lease renewals are finalised, will be paid. In regard to the other major debtor, they have had their lease forfeited after going into administration, their outstanding balance is in the process of being written off. All current debt is chased regularly using the escalation channels available to the local team.					

MKP 2	Target 2023/24			Period 1			Period 2	Period 3
	Divert 100% waste from landfill, increase recycling and reduce recoverable at the Markets.			Landfill	Recoverable	Recyclable		
Target	0% Landfill	< Recoverable Waste	>Recyclable Waste					
Billingsgate	0%	<85%	>15%	0%	81%	19%		
Smithfield	0%	<94%	>6%	0%	91%	9%		
Spitalfields	0%	<70%	>30%	0%	70%	30%		
Comments: Recoverable – waste that is repurposed for another use e.g. energy. Recyclable – waste that can be re-used to create a similar material e.g. paper or plastic.								

	Target 2023/24		Period 1	Period 2	Period 3
MKP 3	Maintain a minimum 95% occupancy with the expectation to achieve 100%.	Billingsgate	99.6%		
		Smithfield	100%		
		Spitalfields	99%		

Progress against key improvement objectives 2023-2024
Period one: 1st April – 31st July 2023

Ref:	Objective	Progress to date
MKT01	Review the implementation of the interim maintenance strategy to ensure the existing markets remain safe and fit for purpose as we transition to a new site.	Period 1: April – July 2023 <ul style="list-style-type: none"> Monthly client FM meetings running which cover reactive works, hard services provision, compliance PPM, project work and shared risk registers.
MKT02	Introduce a comprehensive set of robust key performance indicators as part of the Markets performance pack.	Period 1: April – July 2023 <ul style="list-style-type: none"> Markets KPI initial focus will be on waste and debt data and agreeing the best format for display on the dashboard.
MKT03	Continue to focus on harmonising health and safety systems across the three market sites.	Period 1: April – July 2023 <ul style="list-style-type: none"> New Health&Safety Policy is now in final draft and will be aligned with the Corporate Health&Safety Policy.
MKT04	Work with our tenants to contribute to the detailed design brief for the new Wholesale Market.	Period 1: April – July 2023 <ul style="list-style-type: none"> A new Market Design Workshop happened 17.04.23. MCP away day was held 18.05.23. Minimum requirement agreed with tenants through the Agreement for Lease (AFL) process.
MKT05	Implement Martyn's Law (Protect Duty) that is pending.	Period 1: April – July 2023 All Markets are developing a counter-terrorism action plan.
MKT06	Contribute to the most appropriate 5 CoL Equality Objectives.	Period 1: April – July 2023 <ul style="list-style-type: none"> The Department now has a team of Wellbeing Ambassadors and a Wellbeing Group that will encourage and promote wellbeing. Safeguarding Representative leads within the Security team.

Ref:	Objective	Progress to date
MKT07	Analyse responses from tenants' satisfaction survey and produce actions. Carry out follow-up tenants survey In January 2024 and compare against baseline results of 2023.	Period 1: April – July 2023 <ul style="list-style-type: none"> • A tenants survey went out in January 2023, and this gives us the ability to define a baseline upon which we can centre our services against. • The question that scored the most 'disagrees' was Col provide value for money in the delivery of its services. • Tenants have benefitted from the power purchase agreement relating to the City of London Solar Farm.
MKTSM08	Produce an HGV and banksman policy to ensure that the current Health&Safety compliance and tenant lease obligations are met and upheld.	Period 1: April – July 2023 <ul style="list-style-type: none"> • HGV policy in final draft with Operations team before onward consultation with tenant association.
MKTSM09	Poultry Market to be vacated.	Period 1: April – July 2023 <ul style="list-style-type: none"> • Transition meetings held every 2 weeks with tenants' association and relevant officers. Action plan developed and being managed through to completion. • Animal by-product facility works progressing, current facility will be maintained in poultry market after vacant possession until the new facility is ready, currently estimated as being mid-October. • Pending relocation of CoL welfare facilities to Charterhouse Street and stores and workshops to car park, subject to building control conditions.
MKTSM10	Completion of approved Capital Works Projects (CWP)	Period 1: April – July 2023 Completed project works: - <ul style="list-style-type: none"> • Shutter refurbishments across the Market (£19k). • East Market smoke curtain replacement (£24k). • Air Handling Unit replacements (£50k). • East Market chilled water pipework replacement (£50k). • Condenser water pumps replacement (£34k). • West Market BMS upgrades (£60k). • Glass canopy funding of £174k approved and final works to North elevation planned for January to March 2024.
MKTSp11	Carry out intrusive survey of roof at New Spitalfields Market to establish extent of, and action, works required.	Period 1: April – July 2023 <ul style="list-style-type: none"> • Roof Survey report complete, awaiting remedial works quote.

Ref:	Objective	Progress to date
MKTSp12	Cleaning project for high level structural steelwork to Market Pavilion at New Spitalfields Market.	<p>Period 1: April – July 2023</p> <ul style="list-style-type: none"> • Agency staff being used as resource not available within current team. • High-level cleaning will begin mid-September with an estimated timescale of 12 weeks.
MKTBG13	Deliver Billingsgate Action Plan	<p>Period 1: April – July 2023</p> <ul style="list-style-type: none"> • Billingsgate Action Plan. <ul style="list-style-type: none"> ➤ Cold Store Roof Project – started 19th June, works progressing well, completion expected 19th September. ➤ Racking – Completion certificate received 4th August.

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Matters of General Interest to the Committee**Billingsgate Market**

	Visitors/Filming/photography	Fee Received
April	N/A	
May	24-26 th – SDTA Productions – Unit Base Parking	£9880+VAT
June	7-9 th – Carnival Productions – Unit Base Parking 24-26 th – E&E Industries – Unit Base Parking	£10,600+VAT £14,680+VAT
July	N/A	

Smithfield Market

	Visitors/Filming/photography	Fee Received
April	N/A	
May	N/A	
June	N/A	
July	N/A	

New Spitalfields Market

	Visitors/Filming/photography	Fee Received
April	N/A	
May	N/A	
June	20 th - Visit to New Spitalfields by Uptown Jeddah Company – headed by Ben Milligan (Director of Markets) – Tour of market hall and site areas.	
July	18 th - Lord Mayor's annual visit. General Manager's Office and SpMTA held annual tour visit of New Spitalfields Market for dignitaries and invited guests from the Lord Mayor's office.	

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Summary

At the end of Quarter 1 (June 2023), the Chief Operating Officer was showing an overspend of (£663k) against the local profiled net income budget of £484k for services reporting to the Markets Board. This was principally due to increased energy costs of £350k and additional rates costs of £105k. Table A sets out the detailed position for the individual services covered by the Chief Operating Officer.

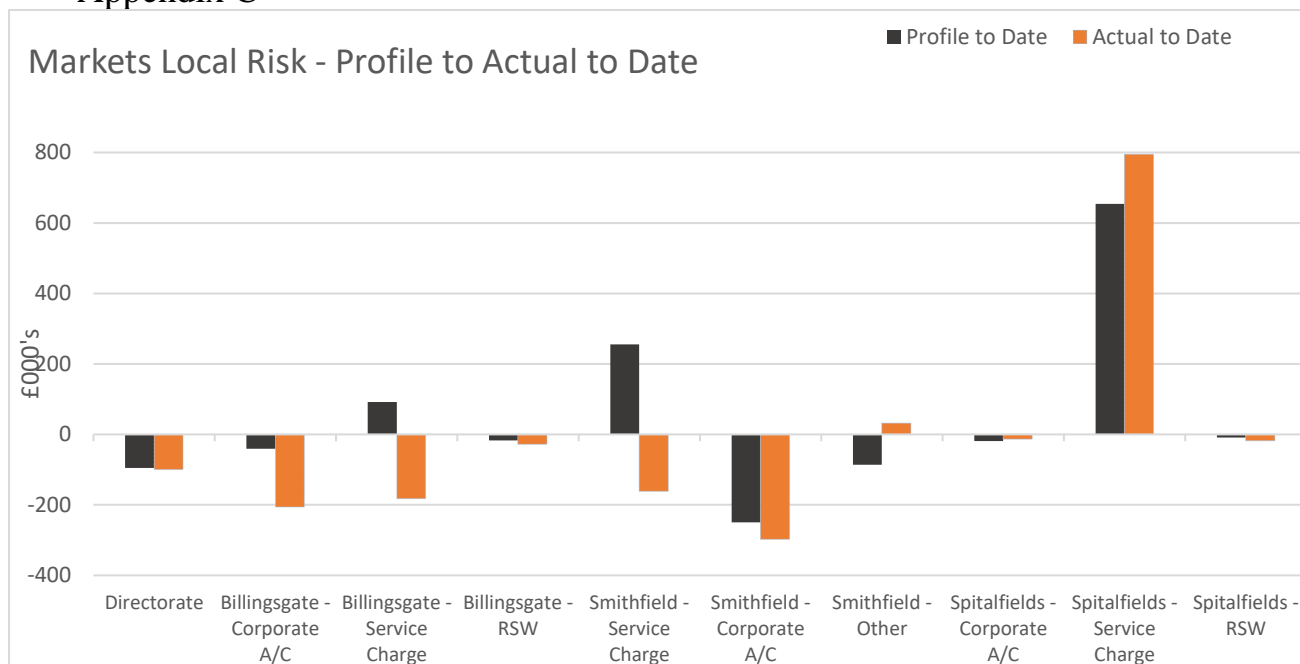
Overall, the Chief Operating Officer is currently forecasting a year end overspend position of (£192k) for her City Fund and City's Cash services, the services reporting to this Board are currently showing an overspend of (£799k). This assumes an overspend on energy of £519k and rates of £103k compared to the quarter 1 variances.

Officers are investigating the extent to which these additional costs can be recovered from tenants or covered by savings via the power purchase agreement that relates to the City of London Solar Farm. No additional recovery or saving is assumed at present. It is anticipated that any net additional cost for energy and for the 2023/24 pay award will be funded by additional central budget allocations but this will only be provided later in the year when the precise sums required are clearer, so at present these are being shown as variances with an appropriate explanation.

Following the completion of this report at the end of Quarter 1, an update has been provided to Superintendents in relation to the Power Purchase Agreement, which has reduced the expected year end outturn overspend to circa £150k. This change will be reflected in the Quarter 2 report

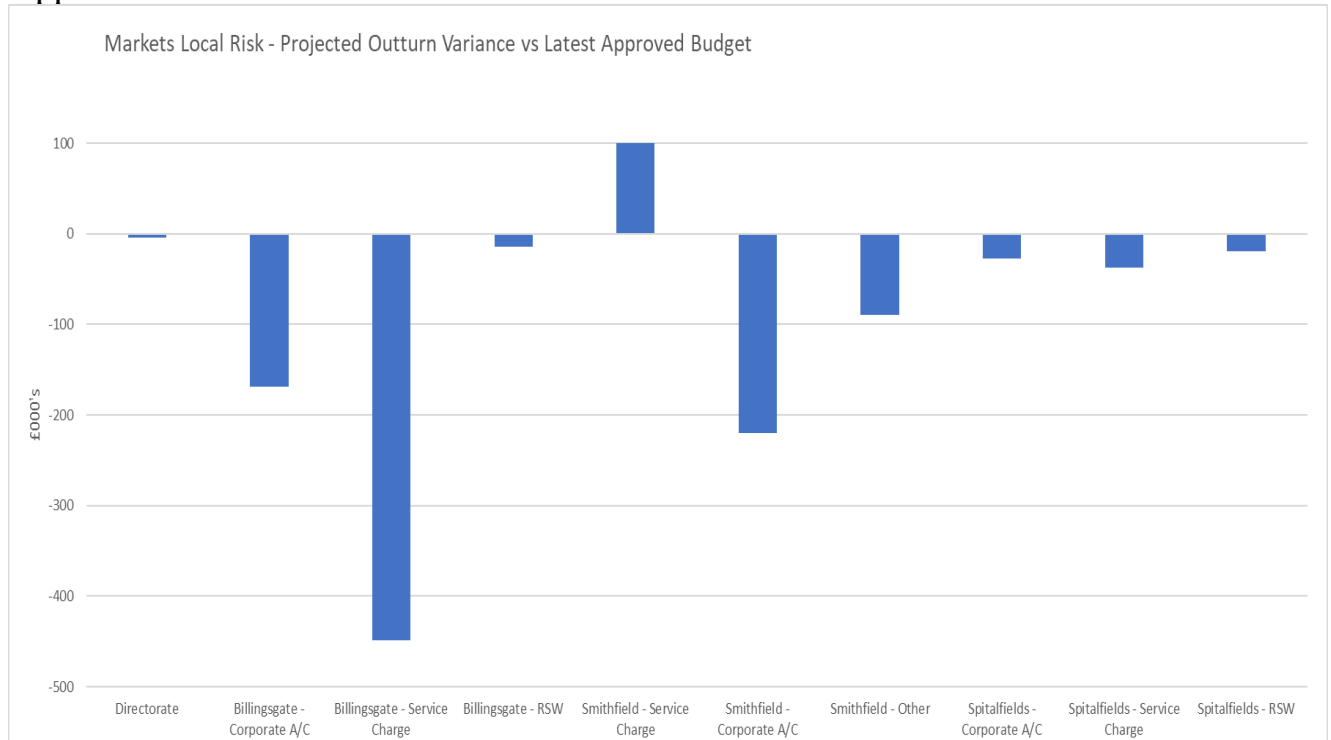
1. The end of June 2023 monitoring position for the Chief Operating Officer's services reporting to Markets Board is provided at Table A. This shows a net overspend to date of £663k against the overall local risk net income budget to date of (£484k) for 2023/24. The graph below shows the profiled budget against the net expenditure at the end of Quarter 1.

Appendix C



- Overall, the Chief Operating Officer is currently forecasting a year end overspend position of (£192k) for her City Fund and City's Cash services, with the services reporting for this Board showing an overspend of (£663k). Members should note that the forecasted overspend position includes the costs of increasing energy prices of £516k, the impact of the pay award to staff from July 2023 of £120k and includes an assumption of no additional recovery from tenants which is still being investigated. Budgetary support is expected be provided from centrally held contingencies in 2023/24 to cover costs that cannot be recovered. The graph shows projected outturn position variance against budget, above the line is a favourable variance (underspend) and below the line is unfavourable variance (overspend)

Appendix C



3. The reasons for the significant budget variations are detailed in Table A, which sets out a detailed financial analysis of each individual division of service relating to this Board, for the services the Chief Operating Officer manages.

Appendix C

Table A - Markets - Local Risk Revenue Budget 2023/24 - June 2023 (P3-24)

Expenditure and unfavourable variances are shown in brackets

Committee / Division of Service	Budget 2023/24	Profiled Budget to date	Net Expenditure to date	+Deficit / (Surplus) to date	Projected Outturn	(Over) / Under 2023/24	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	
Directorate	(411)	(95)	(100)	(5)	(415)	(4)	
Billingsgate - Corporate Account	(105)	(41)	(206)	(165)	(274)	(169)	1
Billingsgate - Service Charge	0	92	(182)	(274)	(449)	(449)	2
Billingsgate - Repainting and Special Works	0	(17)	(28)	(11)	(14)	(14)	
Smithfield - Service Charge	(763)	255	(161)	(416)	(849)	(86)	3
Smithfield - Corporate and Direct Recovered	(52)	(250)	(298)	(48)	(93)	(41)	4
Smithfield - Other (Including Car Park)	190	(86)	32	118	190	0	
	(1,141)	(142)	(943)	(801)	(1,904)	(763)	
Markets (City Fund)							
Spitalfields - Corporate Account	(49)	(19)	(13)	6	(49)	0	
Spitalfields - Service Charge	(18)	654	795	141	(54)	(36)	
Spitalfields - Repair and Repainting	0	(9)	(18)	(9)	0	0	
	(67)	626	764	138	(103)	(36)	
Total Markets Board Local Risk	(1,208)	484	(179)	(663)	(2,007)	(799)	

1. Overspending relates to increased energy costs for both Q1 and the Outturn. The increase in rateable value is being challenged by the City Surveyor's department.

Appendix C

2. Overspending relates to increased energy costs and additional business rates for Q1 and for the Outturn. The increase in rateable value is being challenged by the City Surveyor's department.

3.4. The overspend at the end of Q1 comprises increase in energy costs, the change in rateable value for the market (being challenged by the City Surveyor's department) and timing differences on service charge billing. The forecast overspending at year end principally comprises energy and business rates additional cost as the income timing differences will be resolved. The projected overspend at the end of Q1 and year end is due to the increase in energy costs, the change in rateable value for the market (being challenged by the City Surveyor's department).

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Committee(s)	Dated:
Markets Board	20.05.23
Subject: Market Risk 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: Damian Coffey, Markets Department	

Summary

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

Risk is reviewed regularly by the departmental Senior Management Team as part of the on-going management of operations within the Markets Division of the Chief Operating Officer's Department. A process exists for in-depth periodic review of the risk register and for emerging risks to be identified.

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

- COO-MKT BM 009: Billingsgate Transport Risk (AMBER, 12)
- COO-MKT WM 004 Health & Safety Risk (AMBER, 12)
- COO-MKT SM 006: Smithfield Transport Risk (AMBER 8)
- COO-MKT NS 008: New Spitalfields Transport Risk (AMBER 8)
- COO-MKT SM 012: Building maintenance-management, Smithfield (AMBER, 8)
- COO-MKT WM 001: Wholesale Markets - Consolidation Project (AMBER, 8)

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

Risk Flight Path

10. Following a Member query, clarification was sought from the Corporate Risk Manager on what the flight path graphic in the summary risk register (Appendix B to this report) shows. It has been confirmed that the flight path is a plot of varying risk score versus elapsed time since the risk was added to the system and illustrates the upward or downward movement of the current risk score from the date the risk was added to the Pentana system to date, with the Y axis representing the varying risk score and the X axis representing elapsed time since the risk was added to the system.

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

11. 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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E: mark.sherlock@cityoflondon.gov.uk

New Spitalfields Market:
General Manager – Emma Beard
T: 020 8518 7670
E: emma.beard@cityoflondon.gov.uk

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



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

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

(A) Likelihood criteria

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

(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

Likelihood	Impact				
	X	Minor (1)	Serious (2)	Major (4)	Extreme (8)
	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: 25 August 2023



Rows are sorted by Risk Score

Traffic Light: Amber 6 Green 9

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
COO -MKT-BG 003	Billingsgate Transport Risk	12			
COO -MKT-WM 004	Health & Safety Risk	12			
COO-MKT-SM 006	Smithfield Transport Risk	8			
COO-MKT-NS 008	New Spitalfields Transport Risk	8			
COO-MKT-SM 012	Building maintenance management	8			
COO-MKT-WM 001	Wholesale Markets Consolidation Project	8			

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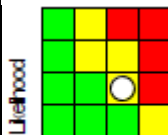

COO MKT- Markets Committee Risk Report (Detailed Risk Register)

Report Author: Jane Poulton

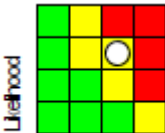
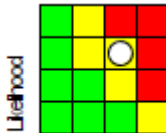

Generated on: 25 August 2023



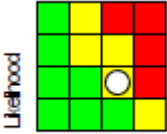
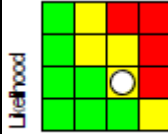

Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
COO-MKT-BG-009 Billingsgate Transport Risk 10-Feb-2023 Daniel Ritchie	Cause: A lack of sufficient training and adequate management controls in relation to vehicle movements at Billingsgate Market. Event: There is a risk of a life changing injury to a pedestrian if vehicle movement including forklift trucks are not appropriately managed and controlled. Effect: An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City.		12	Creating a traffic management plan and safe system of work addressing the most intensively used areas of site that all market users will be required to adhere to. Further pedestrian restrictions and segregation measures introduced. 14 Jun 2023		8	12-Feb-2024	 Constant

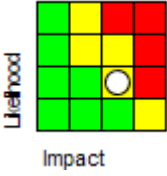
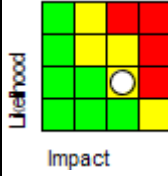

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
COO-MKT-BG-009a	Re-engage consultant to provide assurance that essential recommendations have been actioned and that the risk has been reduced.	Enhanced number of pedestrian restrictions now in place in the Q shop area after consultation with the LFMA.		Daniel Ritchie	25-Aug-2023	10-Nov-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 004 Health & Safety Risk <div>Page 60</div>	Causes: The operation of three large, semi-industrial sites with extensive traffic movements and accessible by large numbers of pedestrians carries a range of potential health and safety implications for members of the public, staff, and contractors. Event: Incident or accident with health and safety implications. Impact: Potential life changing injury to a member of the public, staff and contractor.	 Likelihood Impact	12	Due to the nature of our Markets and the types of activities carried out, many of the risks have potential health & safety impacts, for example, vehicle movements, loading and unloading goods, waste collection, repair and maintenance of buildings. There are also ongoing health and safety risks associated with contractors adopting safe working practices and members of the public disregarding safety advice. This consolidated, cross-departmental risk has been assessed and scored as 12 due to the wide range of health and safety related risks across the Markets. Whilst some factors are beyond our direct control, for example, behaviour of members of the public and adjacent/surrounding busy highways, each site has appropriate actions in place to mitigate health and safety impacts of their risks as far as reasonably practicable. 09 Jun 2023	 Likelihood Impact	12	15-Apr-2024	 Constant
							Reduce	
28-Apr-2023 Ben Milligan								

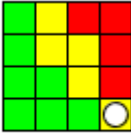
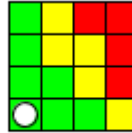

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
004a	The risk is being kept under review.	This Risk is being kept under review.			Ben Milligan	22-Aug-2023	24-Oct-2023

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
C00-MKT-SM006 Smithfield Transport Risk 10-Feb-2023 Mark Sherlock	Cause: A lack of suitable and sufficient training and adequate management controls in relation to Heavy Goods Vehicle banksman activities undertaken by staff employed by Smithfield Market tenants. Event: Serious or life changing injury to members of the public, market staff and other service users caused by uncontrolled or unguided reversing vehicles. Effect: Realisation of this risk could result in a prosecution, fine and reputational damage for the City.	 Likelihood Impact	8	Risk remains the same. 14 Aug 2023	 Likelihood Impact	8	10-Feb-2024	 Constant
							Accept	

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
C00-MKT-SM-006a	Keep the risk under review and undertake regular audits of HGV movements.	A revised HGV operations plan is in progress and will be appended to the Market Working Manual after consultation with the tenants' association.			Mark Sherlock	14-Aug-2023	26-Oct-2023

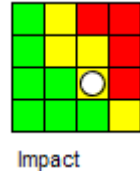
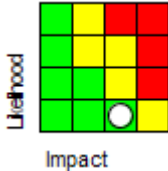

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
COO-MKT-NS 008 New Spitalfields Transport Risk 10-Feb-2023 Emma Beard;	Cause: Over 200 forklift trucks operate on the New Spitalfields Market Site. Event: There is a serious risk of life changing injury to a pedestrian if vehicle movements in the constrained space are not appropriately managed and controlled. Effect: An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.		8	Traffic management plan is up to date with no current changes required. This will continue to be review regularly. 12 Jun 2023		8	10-Feb-2023	 Constant

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
COO-MKT-NS 008a	All actions from the Traffic Management Plan are now complete. The risk is being kept under review.	All identified actions have now been completed. The risk is to remain under constant review.			Emma Beard	23-Aug-2023	26-Oct-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 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	Reviewed and the risk remains the same. 10 Aug 2023	 Likelihood Impact	1	30-Jun-2023	 Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
Page 63 COO-MKT-SM 012a	Works priorities and phasing in progress to be agreed with City Surveyor's Department (CSD). CSD to raise PIDs to continue with further surveys and pricing exercises.	<p>East Poultry Avenue canopy works – two elements to the project, (i) replacement pavement canopy (permanent or temporary) (ii) repairs to concrete purlins. CSD are currently arranging for a survey/inspection of purlins to monitor their structure and recommend any repairs and/or additional strengthening works that are required to maintain their conditions since the original survey and remedial works in 2020. This survey will necessitate a weekend road closure of East Poultry Avenue and a road closure application is imminent. The survey outcome will inform the works required and funding will then be sought through the gateway process. Current estimate for necessary work commencement is Q1-2 2024 dependent on approvals and alignment with the Poultry Market redevelopment for the London Museum.</p> <p>Glazed canopy works – two thirds of remedial works already completed with CWP funding. Further CWP funding of £174k has now been approved for the remaining North elevation and the GM has requested a project start date of January 2024 so as not to impact on the operational transition after the closure of Poultry Market and allow for a quieter period of Market operation post-Christmas.</p> <p>Further works to upgrade the fire doors and sprinkler system in the car park and ceiling remedials in the car park are currently either between a Gateway 1-2 or PID stage as part of an ongoing capital projects review by Members.</p> <p>Completed project works (i) shutter refurbishments across the Market (£19k), East Market smoke curtain replacement (£24k), Air Handling Unit replacements (£50k), chilled water</p>	Mark Sherlock	14-Aug-2023	31-Dec-2023

		pipework replacement (£50k) condenser water pumps replacement (£34k) West Market BMS upgrades (£60k).			
COO-MKT-SM 012b	Agree project start/completion dates in consultation with CSD.	As of the 15th April, funding of £174k has been approved to complete works to the north elevation glazing canopy. CSD to agree programme with contractor and then the Market to fit with operational needs. This is planned for the first quarter of 2024	Mark Sherlock	14-Aug- 2023	31-Mar- 2024

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	<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. 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>		8	The submission of a private bill to Parliament in November 2022 to relocate two markets was a major step forwards in reducing the likelihood of this risk, however it is not enough in itself to reduce the risk score at this stage. It is still very much the steer to move three markets. Should this not be achieved, this risk will be realised at New Spitalfields and that will involve a major programme of works and require capital investment by the tenants. 22 Aug 2023		4	31-Dec-2026	 Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO-MKT-WM 001a	Keep risk under regular review	This risk has been reviewed in the light of the submission in November 2022 of the private Bill to Parliament to relocate the Markets, and recent actions on remedial works arising from the condition surveys. 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	22-Aug-2023	31-Dec-2026
COO-MKT-WM 001b	Agree and implement a maintenance strategy to ensure there are appropriate levels of maintenance such that the markets will not be forced to close due to failing infrastructure.	<p>The interim maintenance strategy will ensure that appropriate levels of maintenance continue to be carried out until there is more certainty about the markets' move. This will address the risk that the markets cannot operate due to failing infrastructure in the short to medium term.</p> <p>Capital funding has been approved for three projects that will address the most significant findings of the condition survey at Smithfield. The Billingsgate Action Plan works (Racking and Cold store roof) underway. Roof survey completed at Spitalfields, awaiting remedial works quote.</p>	Ben Milligan	22-Aug-2023	31-Dec-2026

Board(s)	Dated:
Markets Board	20 th September 2023
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 matters.

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 decarbonisation of the national electricity grid.

The impacts of the conflict in Ukraine and an increase in demand has seen delivered energy prices increase significantly. Our procurement strategy has been designed to provide a market reflective price and overseen by our energy brokers, LASER. The rebate on energy costs through Power Purchase Agreement (PPA) started in January 2023 and has started to offset some of the increased energy costs.

Recommendation(s)

- Note the reduction in energy and carbon emissions consumption across all three markets.
- Note the increase in energy costs incurred for 2022/24 and the forecast increase in energy costs for 2023/24.
- Note the forecast PPA rebate savings for 2023/24.

Main Report

Background

1. The City of London Corporation (City 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 City Corporation subsequently agreed terms on a 49.9 MW Solar farm (PPA) in January 2021. Our PPA will provide over 60% of the electricity needs of the City Corporation from a Solar Farm near Blandford Forum in Dorset.
3. The Solar Farm commenced operation in January 2023. All City Corporation properties, including Smithfield, Billingsgate and New Spitalfields Markets will receive a percentage electricity from this Solar Farm in the coming months. The City Corporation have contracted with Volitalia UK Ltd. to provide the PPA service for a 15-year term.
4. The City Corporation implemented the Climate Action Strategy in April 2021. It aims to reach Net Zero Carbon (NZC) for the City Corporation scope one and scope two carbon emissions by 2027. This included non-tenanted energy consumption from the Markets. Tenants' emissions are included as part of our Scope 3 value chain which aims to reach NZC by 2040.
5. The Climate Action Strategy is currently in Year 2 of the programme, with several actions such as Energy Audits having been completed to identify interventions that will help to reduce energy and carbon emissions. Capital funding has been provisionally earmarked to support these capital interventions and this funding could be applicable to the Markets.

Markets Energy Performance

6. Overall energy consumption has reduced by 32% across the markets over 2022/23 compared to 2018/19. Reductions have been achieved across all markets, but Smithfield accounted for 85% of the total reduction. This has mainly been a result of a combination of reduced occupancy and energy efficiency improvements supported by the Energy Team. Energy consumption over 2022/23 remained static overall. Billingsgate usage reduced by a notable 9%. Smithfield gas and heat consumption reduced by 15% and 23% respectively but cooling increased by 67% due to a building controls maintenance issue which is being addressed. New Spitalfields consumption was slightly higher. Please see appendix 1 for further details.
7. Overall carbon emissions have reduced by 43% across the markets over 2022/23 compared to 2018/19 (the baseline year for the City Corporation's net zero target). Reductions have been achieved across all markets driven by a combination of reduced energy demand, improved energy efficiency, and the national decarbonisation of the electricity grid. Carbon emissions

reduced by 7% over 2022/23 compared to 2021/22. See appendix 2 for further details.

8. The City Surveyor's Surveying and Engineering Projects Team have in recent years delivered the following projects through the City Corporation's CWP (Cyclical Works Programme) which will support lower energy consumption:
 - Smithfield West Market BEMS (Building Energy Management System) replacement.
 - Smithfield West Market secondary pump and speed control replacements.
 - Smithfield East Market trader corridor fan upgrades.
 - Smithfield car park (lower level): replacement lighting (with LED) and smart controls.
9. The Energy Team continue to provide support to Smithfield market regarding the operation and maintenance of the Building Energy Management System. The Energy Team have also participated in workshops to inform the design of the new market.

Energy Procurement

10. Despite energy consumption remaining overall the same over 2022/23 compared to 2021/22 the cost of energy increased by 95%, resulting in c.£2.3mil additional costs. This was due to the increases in the wholesale market price of all forms of energy. We have forecast the cost of energy for 2023/24 based on energy consumption for 2022/23 and based on current energy price projections. The forecast indicates a further 76% increase in energy costs, mostly as a result of higher electricity prices. It should be noted that Smithfield is benefiting from lower forecast energy costs through the City Corporation's tariff agreements with Citigen for heating and cooling. Please see appendix 3 for further details.
11. The City Corporation's Power Purchase Agreement (PPA) commenced in January 2023. The agreement provides for a proportion of the total City Corporation electricity to be supplied at a significantly lower rate than the current wholesale market. This benefit is currently being shared with all City Corporation sites which are supplied through our corporate contract and delivered as a rebate on their energy costs. The Markets rebate for the first two months of the PPA is £130,133 and we forecast the rebate over the first 12-months to be £2,483,534 equating to c.30% reduction on the projected electricity costs – see below table.

Table 1. Actual and forecast PPA rebate for 2023

	Jan-23&Feb-23	Jan-23 to Dec-23
New Spitalfields	£45,827	£958,911
Billingsgate	£17,453	£296,803
Smithfield	£66,853	£1,227,821
Total	£130,133	£2,483,534

Corporate Risk

12. Energy price risk for Corporation is currently managed within the City Surveyor's Senior Management Team. Whilst prices remain high for the year ahead, the introduction of the PPA from January 2023 has helped to significantly reduce price impact. This has moved the risk from red to amber for the first time. Mitigating measures in place include:
- Regular meetings with LASER on purchasing strategy and risk minimisation.
 - Regular progress meetings with Valtalia on the performance of the PPA Solar Farm.

Corporate & Strategic Implications

13. **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.
14. **Financial implications:** The information in this report detail reductions in energy consumption and not against agreed budgets. Recent significant increases in the wholesale 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

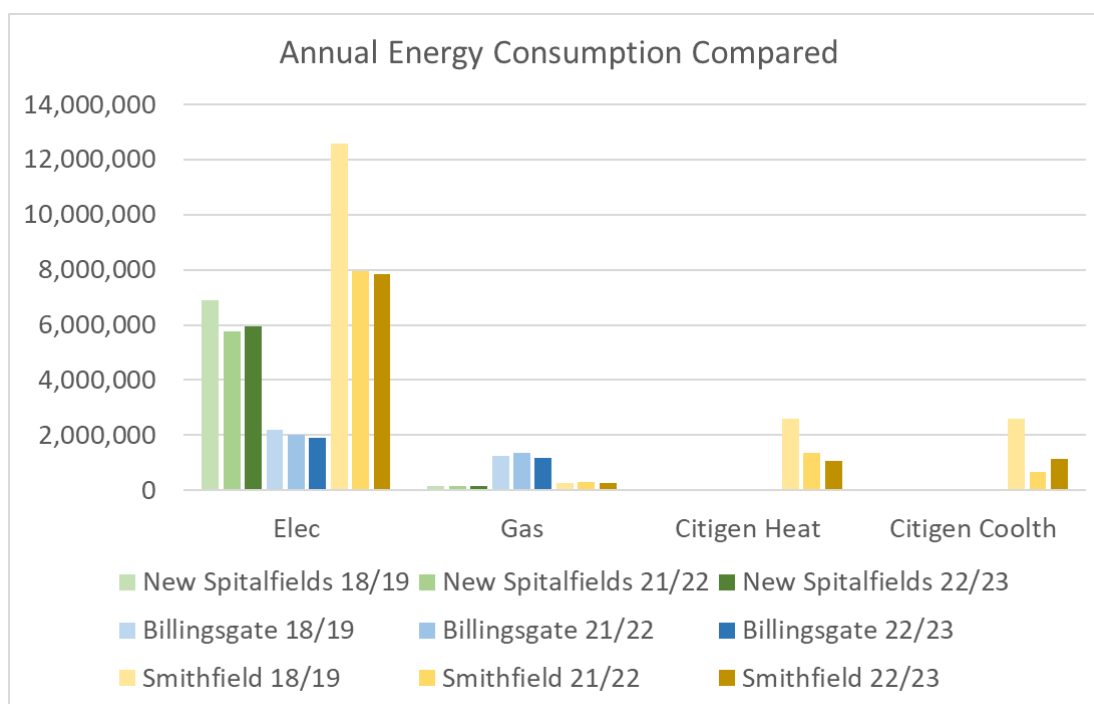
15. The Energy Team and wider City Surveyor's department continue to support the markets with capital investment in works and building control to improve the services alongside delivering energy efficiency. Energy costs are expected to rise significantly in the coming year despite the impact of the PPA, and on-site demand reduction. We continue to plan with the Markets Team to advise tenants of this impact.

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Appendix 1. Energy performance



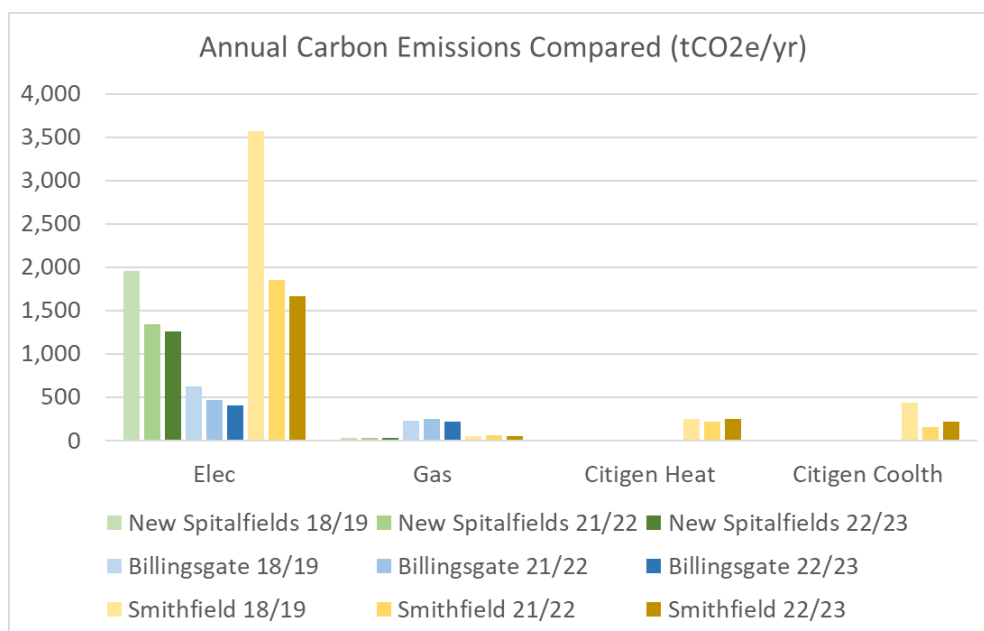
2022/23 compared to 2018/19

Site	Elec	Gas	Citigen Heat	Citigen Coolth	Total
New Spitalfields	-14%	6%	N/A	N/A	-13%
Billingsgate	-14%	-5%	N/A	N/A	-11%
Smithfield	-38%	7%	-59%	-57%	-43%
Total	-28%	-2%	-59%	-57%	-32%

2022/23 compared to 2021/22

Site	Elec	Gas	Citigen Heat	Citigen Coolth	Total
New Spitalfields	3%	1%	N/A	N/A	3%
Billingsgate	-7%	-12%	N/A	N/A	-9%
Smithfield	-1%	-15%	-23%	67%	0%
Total	0%	-11%	-23%	67%	-1%

Appendix 2. Carbon performance



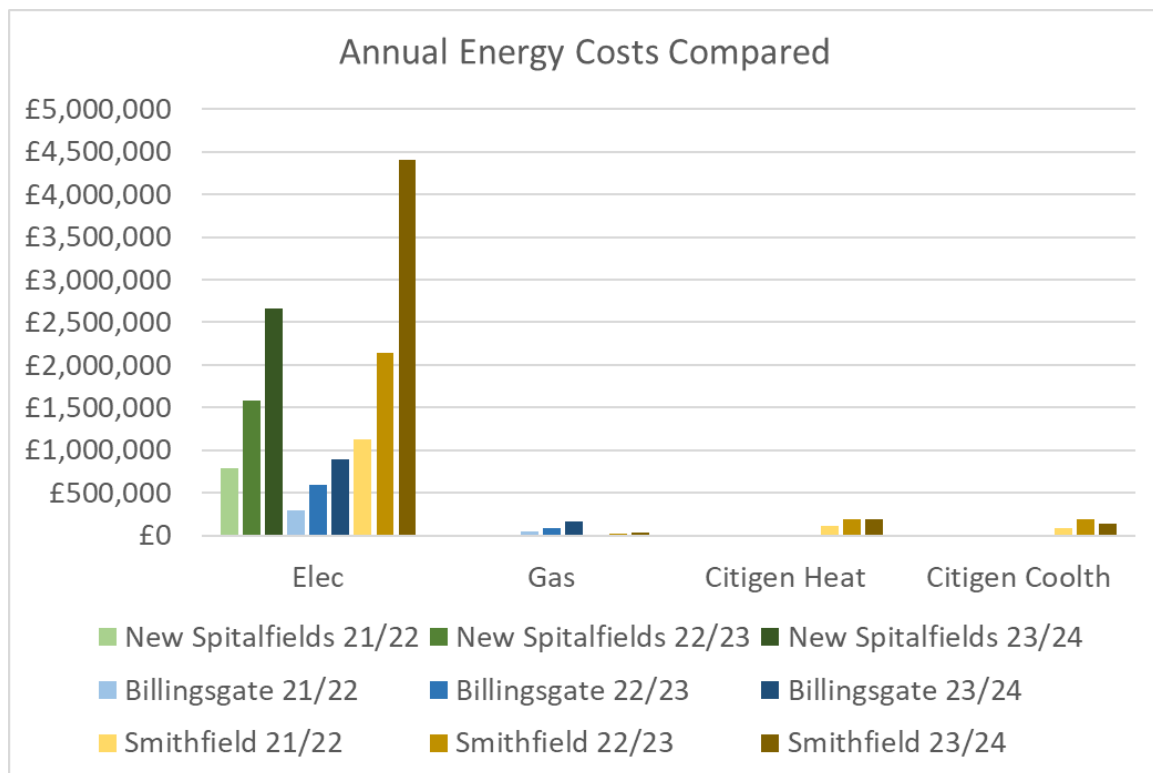
2022/23 compared to 2018/19

	Elec	Gas	Citigen Heat	Citigen Coolth	Total
New Spitalfields	-35%	5%	N/A	N/A	-35%
Billingsgate	-36%	-5%	N/A	N/A	-28%
Smithfield	-53%	7%	-2%	-50%	-49%
Total	-46%	-2%	-2%	-50%	-43%

2022/23 compared to 2021/22

	Elec	Gas	Citigen Heat	Citigen Coolth	Total
New Spitalfields	-6%	0%	N/A	N/A	-6%
Billingsgate	-15%	-12%	N/A	N/A	-14%
Smithfield	-10%	-15%	15%	38%	-5%
Total	-9%	-11%	15%	38%	-7%

Appendix 3. Energy costs



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