

MARKETS BOARD

Monday, 22 July 2024

Minutes of the meeting of the Markets Board held at Committee Rooms, 2nd Floor,
West Wing, Guildhall on Monday, 22 July 2024 at 1.45 pm

Present

Members:

Philiip Woodhouse (Deputy Chairman)
Philip Woodhouse (Deputy Chairman)
Alderman Alison Gowman CBE
Catherine McGuinness
Hugh Selka

In Attendance

Oliver Sells KC
James Tumbridge

Officers:

Michael Cogher	- Comptroller and City Solicitor
Andrew Fothergill	- Comptroller and City Solicitor's Department
Ben Milligan	- Markets Director, City Surveyor's Department
Daniel Ritchie	- City Surveyors
Stephen Dolamore	- City Surveyors
Emma Beard	- City Surveyors
Damien Coffey	- City Surveyors
Afsana Rahman	- Chamberlain's
Graeme Low	- City Surveyor's
Rhys Campbell	- Town Clerk's
Peter Barlow	- Town Clerk's

1. APOLOGIES

Apologies were received from the Chair (Deputy Henry Pollard), Henry Jones, Greg Lawrence, Wendy Mead, Paul Martinelli and Deputy Brian Mooney in advance of this meeting.

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

There were no declarations.

3. PUBLIC MINUTES

RESOLVED, that - The public minutes of the meeting held on 21 May 2024 were approved as an accurate record.

4. UPDATES FROM THE GENERAL MANAGERS

The Board received an update from the General Managers of Smithfield, Billingsgate and New Spitalfields Markets.

In respect of staffing matters at Smithfield Market, a Member asked General Managers if there was cause for concern since she was aware of several staff resignations. The General Manager for Smithfield Market admitted that this was due to the market rate for salary pay of maintenance staff being low which made recruitment difficult. Although the Market Forces Supplement (MFS) had added an additional £9,000 to the Maintenance Manager roles, with these positions being filled at the time of the meeting, staff at the lower-end of the pay scale were being recruited via agencies. Despite there being a challenge to identify candidates who were both heavily skilled and experienced for the maintenance staff role(s) it was expected that any vacant positions were soon to be filled.

It was also noted that pest activity at Smithfield Market had fallen because of successful pest-proofing. However, due to the condition of the building and the construction works being carried out to complete the new Museum of London having an influence on pest activity, it was expected that pest activity would be an on-going challenge. Similarly, there was intermittent insect activity on a very small scale at Billingsgate Market which was being managed appropriately.

The General Manager for Billingsgate Market also confirmed that Tony Lyons had been reinstated as Chair of the Billingsgate Markets Tenants Association.

5. WHOLESALE MARKET RISK UPDATE REPORT

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

In response to a question raised by the Chair regarding the MCP Programme Risk being increased to red level, officers confirmed that this was at the highest possible risk impact score and that a report would be submitted to the Court of Common Council in due course.

RESOLVED, that – The report and its contents be noted.

6. ENERGY UPDATE

The Board received a report from the City Surveyor in respect of energy and carbon-related matters.

A Member asked whether the City Corporation's target to lower carbon emissions by 2027, as part of its commitment as landlord, would be achieved and if further assistance was needed from the Board. Officers explained that the biggest issue was identifying projects which had significant returns and an appropriate level of payback on capital investment. As soon as clarification on these projects were given then it would open up more room for further discussion.

A further question was raised regarding a reduction in operational activity since 2018-19 within the Markets and there was a concern that business had been 'driven' out of the Markets. It was advised that this reduction was due to the impact of the Covid-19 pandemic, and the reduced energy consumption during that period, and further savings to energy output were due to the closure of the Poultry Market.

The Chair asked for an update in respect of the DHL delivery trial pilot in Billingsgate Market and the Board were informed that the trial had a very low impact since only one electric van was available for use with the remaining vans being based in Harlow. Due to the journey from Harlow to Billingsgate each day, any energy savings consolidated were offset due to this inefficiency which therefore provided difficulty in conducting a full assessment of this trial. Officers advised the Board that the service had been terminated and whilst there was some potential for further consolidation, the impact was very low.

In response to a point raised regarding a reduction in carbon intensity, officers agreed to provide Members with further data on energy use intensity at the next meeting and how this would be improved. A Member commented on the difference in energy usage between Billingsgate Market and Smithfield Market since Billingsgate represented 0% reduction in energy usage whilst Smithfield maintained a 45% reduction. Officers confirmed that both Markets were different, and Smithfield was the larger market and had more opportunity for performance improvement, whereas the same level of opportunities were not present at Billingsgate.

The purchasing of electricity contract and the disparity between the average day rate and night rate was mentioned and officers were asked to provide clarity on the matter. Officers notified the Board of a risk strategy regarding purchasing which enabled the City Corporation to 'forward purchase' to anticipate peaks in the energy market. Energy had been purchased across portfolio properties and not on an individual basis, and the figures of the report did not include the range of benefits of the Power Purchase Agreement (PPA) which officers confirmed had been bought at a reduced rate. However, it was mentioned that the PPA provided a benefit of approximately £1.8 Million in credit to the Markets in the previous year.

RESOLVED, that – The report and its contents be noted.

7. **MARKETS REVENUE OUTTURN 2023/24**

The Board received a report of the Chamberlain and City Surveyor which compared the 2023/24 revenue outturn for the services overseen by the Board with the final budget for the year.

The Markets Board expressed concern regarding the Markets Revenue Outturn 2023/24 report, paragraph 10, in the review of Central Support Service Recharges. The Chamberlain's Department advised that the increase to the allocation to Markets was solely in respect of DITS and Procurement and represented an increase of approximately £450,000. Members questioned the basis for allocation, which appeared to be disproportionate to the consumption of Procurement and DITS services and asked for further clarification given the indication that Markets central cost allocation was a significant increase on their expectations and limited clarification was provided to Members at the time of this meeting. Specifically, members asked for further information on:

- Detail of the method by which the cost is allocated and how it has changed.
- Detail of those calculations in respect of the Markets Department.

The Chair, in agreement with Members of the Board, tasked the Town Clerk to share a communication to the Finance Committee highlighting their concern.

A further concern was raised regarding the cap on service charge at Smithfield Market and Members were keen to know what shall happen once it had expired. The Markets Director confirmed that there was an initial agreement in 2013 which was later renewed in 2018, along with lease renewals, and an agreement (given capital works outstanding) to cap service charge and maintain rental charge at the same level. However, this was not subject to indexation. The cap on service charge was expected to expire at the end of 2028 (end of lease).

The Central Support Recharges mentioned in the report caused some concern with Members highlighting the potential impact of an overspend on the current financial year. Officers confirmed that the local risk overspend had been carried over by the City Surveyor but that the City Surveyor's department were meeting a certain element of the local risk overspend with Markets being allocated £55,000 of the £315,000 overspend.

RESOLVED, that – the report and its contents be noted, and that this minute taken from this meeting be shared with the Finance Committee ahead of their meeting dated 23 July 2024.

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

A Member raised a question in relation to the Chairs of the Tenant Associations and advised the Board that it would be helpful for them to express their views regarding the 'mood of the markets'. The Board agreed with this idea and moved that 'Mood of the Markets' become a standardised agenda item going forward.

9. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

10. 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.

11. NON-PUBLIC MINUTES

RESOLVED, That – the non-public minutes of the meeting held on 21 May 2024 be approved as an accurate record.

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

There were no questions.

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

There were no urgent items.

14. CONFIDENTIAL MINUTES

RESOLVED, that – the Confidential Minutes of the Meeting held on 21 May 2024 be approved as an accurate record.

15. MARKETS CO-LOCATION PROGRAMME UPDATE

The MCP Consultant was heard.

The meeting ended at 15:07pm

Chairman

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