



## Markets Board

**Date:** MONDAY, 22 JULY 2024  
**Time:** 1.45 pm  
**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

**Members:**

Deputy Henry Pollard (Chairman)	Hugh Selka
Philip Woodhouse (Deputy Chairman)	Oliver Sells KC
Alderman Alison Gowman CBE	James Tumbridge
Deputy Madush Gupta	Deputy Paul Martinelli, Smithfield Market Tenants Association
Henry Jones	Chris Hutchinson, New Spitalfields Market Tenants Association
Gregory Lawrence	
Deputy Charles Edward Lord	
Wendy Mead OBE	
Catherine McGuinness	
Deputy Brian Mooney BEM	
Suzanne Ornsby KC	

**Enquiries:** Rhys Campbell  
Rhys.campbell@cityoflondon.gov.uk

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<https://www.youtube.com/@CityofLondonCorporation/streams>

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

Whilst we endeavour to livestream all of our public meetings, this is not always possible due to technical difficulties. In these instances, if possible, a recording will be uploaded following the end of the meeting.

**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 agree the public minutes and non-public summary of the meeting held on 21 May 2024.

**For Decision**  
(Pages 5 - 8)

4. **UPDATES FROM THE GENERAL MANAGERS**

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

**For Information**  
(Pages 9 - 12)

5. **WHOLESALE MARKET RISK UPDATE REPORT**

Report of the Markets Director.

**For Information**  
(Pages 13 - 30)

6. **ENERGY UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 31 - 40)

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

Report of the Chamberlain and City Surveyor.

**For Information**  
(Pages 41 - 54)

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

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

10. **EXCLUSION OF THE PUBLIC**

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

**For Decision**

**Non-Public Items**

11. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the meeting held on 21 May 2024.

**For Decision**  
(Pages 55 - 56)

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

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

**Confidential Items**

14. **CONFIDENTIAL MINUTES**

To agree the confidential minutes of the meeting held on 21 May 2024.

**For Decision**

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

The City Surveyor to be heard.

**For Information**

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## MARKETS BOARD

Tuesday, 21 May 2024

Minutes of the meeting held at Guildhall at 11.00 am

### Present

#### Members:

Deputy Henry Pollard (Chairman)	
Philiip Woodhouse (Deputy Chairman)	Wendy Mead OBE
Alderman Alison Gowman	Suzanne Ornsby KC
Chris Hutchinson	Hugh Selka
Gregory Lawrence	Oliver Sells KC
Deputy Charles Edward Lord	
Deputy Paul Martinelli	
Catherine McGuinness	

#### Officers:

Michael Cogher	- Comptroller and City Solicitor
Andrew Fothergill	- Comptroller & City Solicitor's Department
John James	- Chamberlain's Department
Genine Whitehorn	- Chamberlain'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
Julie Mayer	- Town Clerks
Rhys Campbell	- Town Clerks

*At the start of the meeting it was moved by Gregory Lawrence, Seconded by Charles Edward Lord and agreed that Alderman Alison Gowman should take the Chair until agenda item 4.*

#### 1. APOLOGIES

Apologies were received from Wendy Mead, Brian Mooney and James Tumbridge.

Madush Gupta Joined the Meeting remotely.

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

Mr Gregory Lawrence had 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.

3. **ORDER OF THE COURT**

RESOLVED, that - the Order of the Court dated 25<sup>th</sup> April 2024 be received.

4. **ELECTION OF CHAIRMAN**

The Board proceeded to elect a Chairman in accordance with Standing Order 29 and the Town Clerk advised that the position was uncontested.

The Chair thanked retiring Member, Ian Seaton and noted that the Board was carrying a vacancy. The Chair further advised that Tony Lyons had stood down as Chairman of the Billingsgate Market Tenants Association, who would be electing a new Chairman and possibly a Deputy Chair in due course.

The Board noted that the Chairman and Deputy Brian Mooney would remain on the Capital Buildings Board for 2024-25.

RESOLVED, that – being the only Member expressing a willingness to serve, Henry Pollard be elected as Chairman of the Markets Board for 2024/25.

5. **ELECTION OF DEPUTY CHAIRMAN**

The Board proceeded to elect a Deputy Chairman in accordance with Standing Order 30 and the Town Clerk advised that the position was uncontested.

RESOLVED, that – being the only Member expressing a willingness to serve, Philip Woodhouse be elected as Deputy Chairman of the Markets Board for 2024/25.

6. **PUBLIC MINUTES**

RESOLVED, that – the public minutes and non-public summary of the meeting held on 13<sup>th</sup> March 2024 be approved.

7. **UPDATES FROM THE GENERAL MANAGERS**

The Board received the regular updates from the from the General Managers of the three wholesale markets.

The Board noted that officers at Smithfield were working with facilities management colleagues in terms of escalations and penalties were issued to the contractor in the event of non-compliance.

In response to a question about falling electricity charges, the Director advised that he received regular updates from the Energy Manager and would provide a report to the next meeting of the Markets Board.

8. **MARKETS BUSINESS PLAN UPDATE PERIOD 3 2023/24 (DECEMBER-MARCH)**

The Board received a report of the Markets Director which provided an update on progress made during Period 3 (December-March) of 2023/24 and key improvement objectives outlined in the Markets' Business Plan 2023/24.

The Director advised that the Town Clerk and Chief Executive had declared the Markets Division as exemplar for staff wellbeing across the City of London Corporation. The Chair asked for his congratulations to staff to go on record.

In response to a question about staff absence, the Director asked Members to be mindful of confidentiality but updates on policy areas and absence data could be shared with the Board at a strategic level. However, the Markets Board is not the appropriate forum for policy challenge, as this falls within the remit of the Corporate Services Committee.

The Chair was concerned about the low response rate to the survey and encouraged the tenants associations to respond, as this would enable Board to consider their views and act accordingly. The Director confirmed that surveys are the best way for the Division to gather data.

RESOLVED, that – the report be noted.

**9. WHOLESALE MARKET RISK UPDATE REPORT**

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

Members noted that the risk of delay to the Markets Co-location Programme had been adjusted in the Risk Register, which is also reflected in the City Corporation's Corporate Risk Report. The Comptroller and City Solicitor, also the Senior Responsible Officer (SRO) for the project would be providing a further update in the confidential section of this agenda.

RESOLVED, that – the report be noted.

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

There were no questions.

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

There were no urgent items.

**12. 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:-

<b>Item</b>	<b>Paragraph</b>
<b>13 - 21</b>	<b>3</b>

13. **NON-PUBLIC MINUTES**  
RESOLVED, That – the non-public minutes of the meeting held on 13<sup>th</sup> March 2024 be approved as a correct record.
14. **NEW SPITALFIELDS & BILLINGSGATE MARKETS WASTE MANAGEMENT & MARKET CLEANSING - PROCUREMENT STRATEGY REPORT AND EXTENSION OF CURRENT CONTRACT**  
The Board received a report of the City Surveyor.
15. **GENERAL MANAGERS' UPDATES**  
The Board received non-public updates from the General Managers.
16. **TENANCIES AT WILL AND ASSIGNMENTS**  
The Board received a report of the Markets Director.
17. **DEBT ARREARS**  
The Board received a report of the Markets Director.
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**  
There were no urgent items.
20. **CONFIDENTIAL MINUTES**  
RESOLVED, that – the Confidential Minutes of the Meeting held on 13<sup>th</sup> March 2024 be approved.
21. **MARKETS CO-LOCATION PROGRAMME UPDATE**  
The Comptroller and City Solicitor (Senior Responsible Officer) was heard.

**The meeting ended at 12.30 pm**

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Chairman

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



<b>Committee(s):</b>		<b>Date(s):</b>
Markets Board	For information	22/07/24
<b>Subject:</b>		<b>Public</b>
General Manager (GM) updates		

## Briefing Note

### Smithfield

**Staffing** – There have been some recent resignations in the maintenance and constabulary teams along with a dismissal in the cleaning team. There are a number of cleaning agency staff and work will now begin to transfer those staff onto the permanent payroll and recruitment will also begin on the recently resigned posts. Interviews for three maintenance managers were held on the 16<sup>th</sup> May with 4 people interviewed and one no-show. One candidate was successful and is appointed at Smithfield. Recruitment for the remaining two posts has begun again and interviews will be late July.

**Cleaning** – Quotes are being obtained to re-paint the main Market entrance gates on Lindsey Street, Grand Avenue and East Poultry Avenue. Despite deep cleaning attempts on the Lindsey Street gate, it has become apparent that a re-paint is the better final solution. The standards within the staff toilet areas have improved but the ground floor public toilets have suffered from vandalism and consequential cleaning issues. The cleaning inspection has increased to hourly and the purchase of a steam cleaner is in progress to address some more ingrained dirt areas.

**Energy** – Please refer to the accompanying Energy Update report. The energy team have arranged a meeting with Smithfield’s largest trader and consumer on the 2<sup>nd</sup> August at Guildhall. At that point the energy team will have a much clearer idea of costs for 2024/5 and will run through the purchase model, the impact of the PPA and how CoL can derive best value which ultimately can be passed to traders.

**Health & Safety** – no items of note.

**Tenant Association (TA) priorities** – The ongoing issues with the condenser water system performance due to much increased levels of microscopic dust intake from the Museum of London works immediately adjacent to the cooling towers position on the 1<sup>st</sup> floor roof of the ex Poultry Market. Increased preventative measures involves increased frequency by the local maintenance team to daily checks of the tower stream filters, plantroom basket strainers and plantroom stream filters with

replacement of filter socks as necessary. The FM service provider Socotec is attending and cleaning all cooling tower screens, this has now increased to weekly. Trader refrigeration contractors are cleaning in-line pre-filters and are chemically flushing refrigeration equipment if required. The City has recently engaged with CityGen to ascertain the viability of a temporary additional chilled water supply to assist with the current on-going issues and the Market is also increasing the holding of critical spares. The Markets Director is speaking to the City Surveyor to engage the Museum of London team in discussions on potential compensation as a direct result of their works.

Pest activity continues to challenge the Market and the traders. The local CoL Environmental Health officer along with the maintenance team have made good progress on prevention measures and this has resulted in decreasing activity witnessed. Inspection hatches in the walls have helped drive down activity and increased the number of bait point opportunities. Further hatches are planned for within one trader's premises where know activity is continuing. Following on from this, it's essential that traders keep their shutters and doors repaired and closed whenever possible to stop vermin accessing the units at ground floor level.

MoL logistics project liaison meetings continue with Sir Robert McAlpine, MoL, senior officers and the tenants' association. Current topic matters are the condenser water service performance, loading bay suspensions and gas main works on Farringdon Street and potentially Charterhouse Street.

#### Smithfield Market

Superintendent & General Manager – Mark Sherlock

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E: [mark.sherlock@cityoflondon.gov.uk](mailto:mark.sherlock@cityoflondon.gov.uk)

#### Billingsgate Market

**Staffing** - Recruitment for Market Constables at both Billingsgate and Smithfield is taking place in mid-July with two vacancies at each site. The Security Manager at Spitalfields is taking a three month career break August – November providing an opportunity within the team to act up and cover the role. A candidate has been selected from one of the Sergeants at Spitalfields whose role will in turn be covered internally, providing more opportunity for development. The Maintenance Manager role at Billingsgate is currently vacant and we are working to fill this important position. After working at the market for 26 years the Cleaning Supervisor has successfully applied for a position at a higher grade working with the team at Epping Forest.

**Cleaning** – A complaint has been raised recently regarding the condition of the Workers Changing Room. This complaint was received prior to a pre-arranged deep clean could be carried that same morning. Previously improvement work to the shower areas had been carried out to replace worn and degraded tiling. Additional soap dispensers were also fitted on receipt.

New Cleaning machinery has been leased for the 24/25 to continue efficiency in the cleaning operation

**Energy** – Tenants continue to enjoy the benefit of the current PPA. Energy consumption was marginally higher over the course of the previous year compared to the year before.

**Health & Safety** – There are no current trends in accidents to suggest underlying issues with the operation. Any reported accidents are investigated by the team.

**Tenant Association Priorities** – The move to the new market continues to be the main concern for tenants.

Billingsgate Market  
General Manager – Stephen Dolamore  
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E: [Stephen.dolamore@cityoflondon.gov.uk](mailto:Stephen.dolamore@cityoflondon.gov.uk)

## **New Spitalfields**

**Staffing** – We are in the process of recruiting a new Level 3 Business Administration Apprentice who it is hoped will be able to start in the office by September 2024. Interviews will be held in July for the current vacant Maintenance Site Lead and General Maintenance Operative positions.

**Cleaning** – No concerns with current cleaning provision. The contract is now out for tender and will close 5<sup>th</sup> August 2024. Open days are being held in July which are expected to be well attended.

**Energy** – The final rebate values relating to Q1 of 2024/25 have not yet been received, however it is estimated that they were higher than the previous quarter, which should have a positive effect on the unit rate that will be re-billed to our tenants for the period.

**Health & Safety** – Site health and safety remains under close supervision with all incidents and near misses being fully investigated to identify any opportunities for

improvement. Our Health and Safety Bulletin went out early June and we have our next site Health and Safety meeting scheduled with the Tenants Association, cleaning contractor and FLT training provider in July. We are collectively reviewing options to upgrade the Market Pavillions FLT crossing points and expect this project to be delivered by Autumn 2024.

**Tenant Association Priorities** - The ongoing negotiations regarding the 2020 rent review of the Catering Supply Block units remains unsettled. The Market Tenant's current 10-year leases expire in May 2025 and the association are keen to press on with negotiations, but feel the matters relating to the 2020 rent review must be settled first.

New Spitalfields Market  
General Manager – Emma Beard  
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<b>Committee(s)</b>	<b>Dated:</b>
Markets Board	22.07.24
<b>Subject:</b> Wholesale Market Risk Update Report	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	4, 7
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N/A</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> Ben Milligan, Director of Markets	<b>For Information</b>
<b>Report author:</b> 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.

The risk SUR MKT SM 004 Cooling Water Failure. The risk has moved from 4 (Green) to 6 (Amber). The risk and likelihood have been adjusted to reflect the impact on ongoing demolition work in the new Museum of London, and the increase of dust in the atmosphere is causing more cleaning needed of the cooling towers at Smithfield Market.

## 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 Markets Board the key risks faced in their department.

### **Current Position**

2. The Risk Register for the Wholesale Markets contains 6 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).
  - SUR-MKT WM 001: Wholesale Markets – MCP disruption / cancellation necessitating the Markets remaining in the end-of-life/deteriorating market infrastructure. (RED, 24)
  - SUR-MKT BM 009: Billingsgate Transport Risk (AMBER, 12)
  - SUR-MKT WM 004 Health & Safety Risk (AMBER, 12)
  - SUR-MKT SM 006: Smithfield Transport Risk (AMBER 8)
  - SUR-MKT NS 008: New Spitalfields Transport Risk (AMBER 8)
  - SUR-MKT SM 012: Building maintenance-management, Smithfield (AMBER 8)
  - SUR-MKT SM 004: Cooling water failure, Smithfield (Amber 6)
3. A Summary Risk Register is attached at Appendix B and the detailed Register at Appendix C provides an update on the key risks along with the mitigating actions we are taking to reduce the likelihood and/or impact of the identified risks.

### **Risk Management Process**

4. 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.
5. Between each SMG meeting, risks are reviewed in consultation with risk and control owners, and updates are recorded in the corporate risk management system (ideagen).
6. Regular risk management update reports are provided to this Board in accordance with the City's Risk Management Framework.

### **Identification of New Risks**

7. 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.
8. The risk register may be refreshed over and above the stated process for review and oversight, in response to emerging issues or changing circumstances.

## 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

- 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 Business Plan Progress Report  
Risk Management Strategy

### Contacts:

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

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

### (A) Likelihood criteria

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

### (B) Impact criteria

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

### (C) Risk scoring grid

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

### (D) Risk score definitions

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

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

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

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# SUR MKT Markets Committee Risk Summary Report

Report Type: Risks Report

Generated on: 28 June 2024



Rows are sorted by Risk Score

Traffic Light: Red 1 Amber 6 Green 8

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
SUR MKT WM 001	MCP disruption / cancellation necessitating the Markets remaining in end-of-life/ deteriorating market infrastructure.	24			
SUR MKT BG 009	Billingsgate Transport Risk	12			
SUR MKT WM 004	Health & Safety Risk	12			
SUR MKT NS 008	New Spitalfields Transport Risk	8			
SUR MKT SM 006	Smithfield Transport Risk	8			
SUR MKT SM 012	Building maintenance management	8			
SUR MKT SM 004	Cooling water failure	6			

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

Report Author: Jane Poulton

Generated on: 02 July 2024



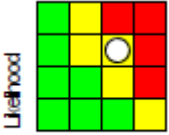
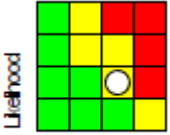

Rows are sorted by Risk Score

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
<b>SUR MKT</b> <b>COM 001 MCP</b> <b>Disruption /</b> <b>Acceleration</b> <b>necessitating</b> <b>the Markets</b> <b>remaining in</b> <b>end-of-life/</b> <b>deteriorating</b> <b>market</b> <b>infrastructure.</b> 17-Mar-2020 Ben Milligan	<b>Cause:</b> 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. <b>Event:</b> 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. <b>Effect:</b> This could result in a major programme of works at the existing markets sites to catch up with the deferred	 Likelihood Impact	24	Following a review, the risk and likelihood have been adjusted to reflect the impact of the ongoing review of options and the scale of potential liability if the markets co-location programme is not progressed.  25 Apr 2024	 Likelihood Impact	4	31-Dec-2026	 Constant
							Reduce	

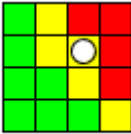
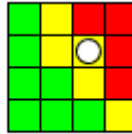

<p>maintenance in order to ensure the markets are fit for purpose. This could require significant additional capital investment.</p> <p>Relationships with tenants may be adversely affected due to the impact on normal operation of the refurbishment works, which could result in adverse publicity, possibly leading to reputational damage to the City and tenant claims against City of London Corporation for loss of earnings and other incurred costs</p> <p>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>						
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR-MKT-WM 001a	Keep risk under regular review	Following a review, the risk and likelihood have been adjusted to reflect the impact of the ongoing review of options and the scale of potential liability if the markets co-location programme is not progressed.	Ben Milligan	25-Apr-2024	31-Dec-2026
SUR-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.	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. Bow-wave funding (£2.5m) has been approved that will address the most significant works needed at Smithfield. Billingsgate Action Plan works (Racking and Cold store roof) are complete, and so are the remedial works on Spitalfields roof.	Ben Milligan	27-Jun-2024	31-Dec-2026

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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>SUR MKT BG 009</b> <b>Billingsgate Transport Risk</b>  10-Feb-2023 Stephen Dolamore	<b>Cause:</b> A lack of sufficient training and adequate management controls in relation to vehicle movements at Billingsgate Market. <b>Event:</b> There is a risk of a life changing injury to a pedestrian if vehicle movement including forklift trucks are not appropriately managed and controlled. <b>Effect.</b> An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City.	 Likelihood Impact	<b>12</b>	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.  <b>18 Oct 2023</b>	 Likelihood Impact	<b>8</b>	28-Feb-2025	  Constant

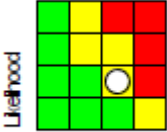
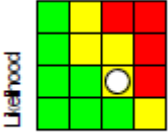

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR-MKT-BG 009a	Consultant engaged to survey Q Shop area to provide analysis of available space and advise on practical solution to area management.	Action Plan implemented following advice from transport specialist and consultation with affected tenants Q2 2024/25	Stephen Dolamore	14-Jun-2024	31-Dec-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
<b>SUR MKT WM 004 Health &amp; Safety Risk</b>  28-Apr-2023 Ben Milligan	<b>Causes:</b> 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. <b>Event:</b> Incident or accident with health and safety implications. <b>Impact:</b> Potential life changing injury to a member of the public, staff and contractor.	 Likelihood Impact	<b>12</b>	<p>Due to the nature of our Markets and the types of activities carried out, many of the risks have potential health &amp; 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.</p> <p>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.</p> <p>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.</p> <p>Work is underway to build a safety culture. The Markets health&amp;safety policy is being embedded across all three markets and developing an assurance framework programme to ensure safety standards are met is commencing.</p>	 Likelihood Impact	<b>12</b>	15-Apr-2025	  Constant
							Reduce	


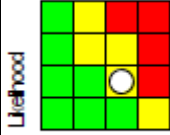

Action no	Action description	Latest Note	Action	Latest Note	Due Date
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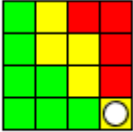
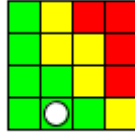

			owner	Date	
SUR-MKT-WM-004a	The risk is being kept under review.	The Markets health&safety policy is being embedded and an Action Plan addressing the main health and safety concerns at each Market has been developed.	Ben Milligan	02-Jul-2024	30-Dec-2024

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
<b>SUR MKT NS 008 New Spitalfields Transport Risk</b> 10-Feb-2023 Emma Beard	<b>Cause:</b> Over 200 forklift trucks operate on the New Spitalfields Market Site. <b>Event:</b> 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. <b>Effect:</b> An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.	 Likelihood	8	Traffic management plan is up to date with no current changes required. This will continue to be reviewed regularly.  <b>21 Feb 2024</b>	 Likelihood	8	01-Mar-2025	 Constant

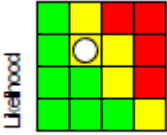
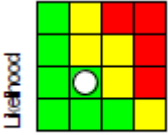

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
PR-MKT-NS Page 26	All actions from the Traffic Management Plan are now complete. The risk is being kept under review.	The transport risk remains under review. There are no current areas identified of concern.	Emma Beard	02-Jul-2024	31-Dec-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
<b>SUR MKT SM 006 Smithfield Transport Risk</b> 10-Feb-2023 Mark Sherlock	<b>Cause:</b> 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. <b>Event:</b> Serious or life changing injury to members of the public, market staff and other service users caused by uncontrolled or unguided reversing vehicles. <b>Effect:</b> Realisation of this risk could result in a prosecution, fine and reputational damage for the City.	 Likelihood Impact	<b>8</b>	The risk has been reviewed and remains the same.  <b>19 Feb 2024</b>	 Likelihood Impact	<b>8</b>	26-Mar-2025  Accept	  Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR-MKT-006a Page 27	Keep the risk under review and undertake regular audits of HGV movements.	The risk continues to be reviewed. The Superintendent met with the SMTA Chairman on the 15th May to agree enhanced monitoring and declarations controls for the receipt of carcass meat safely onto the Market with the use of tenant banksmen including compliance enforcement. This will be documented in a SOP and signed by all relevant traders to ensure full conformity of their H&S obligations under the Lease. Consultation is ongoing and agreement/implementation imminent.	Mark Sherlock	01-Jul-2024	31-Dec-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
<b>SUR MKT SM 012 Building maintenance management</b> 29-Sep-2020 Mark Sherlock	<b>Cause:</b> The deterioration of physical assets due to the lack of adequate maintenance. <b>Event:</b> Partial collapse or failure of structure. <b>Effect:</b> Serious harm to building occupiers and members of the public by exposure to various physical hazards. Loss of use of physical assets through accident investigations and enforcement authority prohibitions, etc. Financial losses through potential Health and Safety Executive (HSE) fees for intervention, prosecution, civil claims and reputational damage to the City.	 Likelihood Impact	<b>8</b>	The risk has been reviewed and remains the same.  <b>14 Jun 2024</b>	 Likelihood Impact	<b>2</b>	30-Jun-2025	 Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
<del>001a</del> 002a	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.	Further site meetings with CSD and Sykes have taken place in late May. Scaffold proposals and further costs to be advised. Regular 3 weekly KiT meetings with the projects team	Mark Sherlock	14-Jun-2024	31-Aug-2024
<del>001b</del> 002b	Agree project start/completion dates in consultation with CSD.	Project to repair and re-instate glass canopy on north elevation has now completed and been signed-off.  A structural survey report has been received after an inspection of the concrete canopy above East Poultry Avenue. The Superintendent is working with colleagues in the surveyor's team to progress a 1-4 Gateway report and instruct cost consultants to price up works recommended in the report and to re-instate the pavement canopy on the West elevation. Scaffold proposals and RAMS are currently awaited from the project team in order that the tenants' association can be consulted on the initial works.	Mark Sherlock	01-Jul-2024	28-Feb-2025

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
SUR MKT SM 004 Cooling water failure  30-Jun-2015 Mark Sherlock	<b>cause:</b> Failed condenser water supply. <b>Event:</b> Shutdown of essential water supply to market. <b>Impact:</b> Realisation of this risk could result in a prosecution, fine and reputational damage for the City.	 Likelihood Impact	6	The system has suffered increased fine particle debris intake as a direct result of the Museum of London demolition works in the adjacent building in recent months. This has affected the service to traders resulting in the tripping of refrigeration equipment and a rise in temperatures.  <b>01 Jul 2024</b>	 Likelihood Impact	4	Accept	  Increasing

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Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR-MKT-SM 004f Replace pipework	There are works being arranged by the projects team to replace the pipework to the cooling condenser. An update will be added once these works are scheduled and again when completed. These works should further eliminate the risk of a cooling water failure.	Pipework replacement complete on the East Market. Funding being sourced for replacement of pipework on the West Market. If seeking of funds is successful, the project may take place in the financial years 24/5. The Superintendent is in discussions with City Surveyor colleagues on the priority of CWP works allocated to the Market as this item is a high priority	Mark Sherlock	02-Jul-2024	31-Mar-2025
SUR-MKT-SM 004g Risk review	Risk will be regularly reviewed.	The risk has been increased as the system has suffered increased fine particle debris intake as a direct result of the Museum of London demolition works in the adjacent building in recent months. This has affected the service to traders resulting in the tripping of refrigeration equipment and a rise in temperatures.	Mark Sherlock	01-Jul-2024	30-Sep-2024
SUR-MKT-SM 004h Additional Mitigation Measures Required		Additional inspections and preventative measures are being undertaken. This involves increased frequency by the local maintenance team to daily checks of the tower stream filters, plantroom basket strainers and plantroom stream filters with replacement of filter socks as necessary. The FM service provider Socotec is attending and cleaning all cooling tower screens, this has now increased to weekly. Trader refrigeration contractors are cleaning in-line pre-filters and are chemically flushing refrigeration equipment if required. The City has also recently engaged with CityGen to ascertain the viability of a temporary additional chilled water supply to assist with the current on-going issues. The Market is also increasing it's holding of critical spares.	Mark Sherlock	28-Jun-2024	31-Aug-2024

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<b>Board(s)</b>	<b>Dated:</b>
Markets Board	22 <sup>nd</sup> July 2024
<b>Subject:</b> Energy Update	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>Leading Sustainable Environment</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>£ n/a</b>
<b>What is the source of Funding?</b>	<b>n/a</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>n/a</b>
<b>Report of:</b> The City Surveyor	<b>For Information</b>
<b>Report author:</b> 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 (37%) and carbon emissions (49%) since 2018/19 across all sites. The rate of this reduction has slowed as Markets recover from the pandemic. These reductions stem from a reduction in operational activity since 2018/19, but also due to energy demand reduction through interventions and the decarbonisation of the national electricity grid.

Continuing geopolitical events have seen delivered energy prices increase significantly and whilst prices have recently reduced, with further reductions anticipated for 24/25, volatility is likely to remain a feature of the energy market.

Our procurement strategy enabled the City Corporation to avoid the 30% surge in energy prices last autumn due to the conflict in the Middle.

The rebate on energy costs through the Power Purchase Agreement (PPA) started in January 2023 and has provided the markets with a £1.82M credit over the 2023/24 period.

## Recommendation(s)

- Note the reduction in energy and carbon emissions consumption across all three markets since 2018/19.
- Note the anticipated reductions in unit rates of 39% for gas and 15% for electricity.
- Note the anticipated date for forecast prices for the October 24 – September 25 contract year.
- Note the forecast PPA rebate savings for 2023/24.

## **Main Report**

### **Background**

1. The City of London Corporation (City Corporation) procured a 4-year electricity and gas contract via LASER Energy Procurement Frameworks in October 2021. It was agreed at the 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 contract is due to expire at the end of September 2025.
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 FTS-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. The data indicates our PPA has provided circa 70% of the City's electricity needs in 2023/24.
3. The Solar Farm commenced operation in January 2023. All City Corporation properties, including Smithfield, Billingsgate and New Spitalfields Markets have received credits as well as a unit rate reduction because of this PPA. The City Corporation has contracted with Voltalia 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 4 of the programme. This includes a project to develop a new Monitoring and Targeting programme to reduce annual energy consumption by 5%. Additional capital projects have been identified and CAS funding could apply to the Markets, subject to the realisation of the financial return on investment.

### **Energy Procurement – new contract October 2025**

6. Work is underway to procure a new energy supply contract with the aim of appointing a supplier by April 2025. This will allow a lead-in period in advance of our current contract expiring to enable the supplier to commence purchasing volume in advance to provide the best value as per paragraph 1.

### **Energy prices from October 2024**

7. We are currently awaiting final prices from our broker, LASER for October 2024 – September 2025 which are expected around late summer 2024. We expect gas and electricity prices to decrease compared to the 2023/24 prices. Smithfield has benefited from a decrease in Citigen heat and chill



costs which change every financial year. The unit rate for heat decreased by 5% and the unit rate for chill decreased by 27%.

8. Our supplier has purchased 79% of our gas volume for the final year of the contract Oct 24 – Sept 25. Based on the current position our supplier is expecting a circa 39% reduction in the unit rate (not including standing charge) from the average unit rate cost of £0.073 in Oct 23 – Sept 24.
9. Our supplier has purchased 93% of our electricity volume for the final year of the contract Oct 24 – Sept 25. Based on the current position our supplier is expecting a circa 15% reduction in the unit rate (not including standing charge) from the average day unit rate of £0.271 per kWh in Oct 23 – Sept 24.

## PPA

10. 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.
11. The Markets have received £1.82M in PPA credits over FY 23/24. Table 1 highlights how this rebate is split between the three markets.

Table 1. PPA credits per site

	March 23 - April 24
New Spitalfields	£732,707
Billingsgate	£239,047
Smithfield	£846,657
Total	£1.82M

12. PPA credits have significantly reduced since October 2023, and this was driven by a decrease in the wholesale cost of electricity and a decrease in PPA generation due to winter months having low daylight intensity. Figure 1 highlights this reduction compared with the market's electricity consumption. Figure 2 highlights the PPA generation variability throughout the 23/24 financial year.
13. Whilst PPA credits were reduced from October 2023, the reduction in wholesale electricity also meant that the unit rate on electricity bills also reduced. Despite this reduction in PPA credits, overall, the markets paid less for a kWh of electricity from October 2023.

Figure 1: Markets Electricity Consumption & PPA Credits

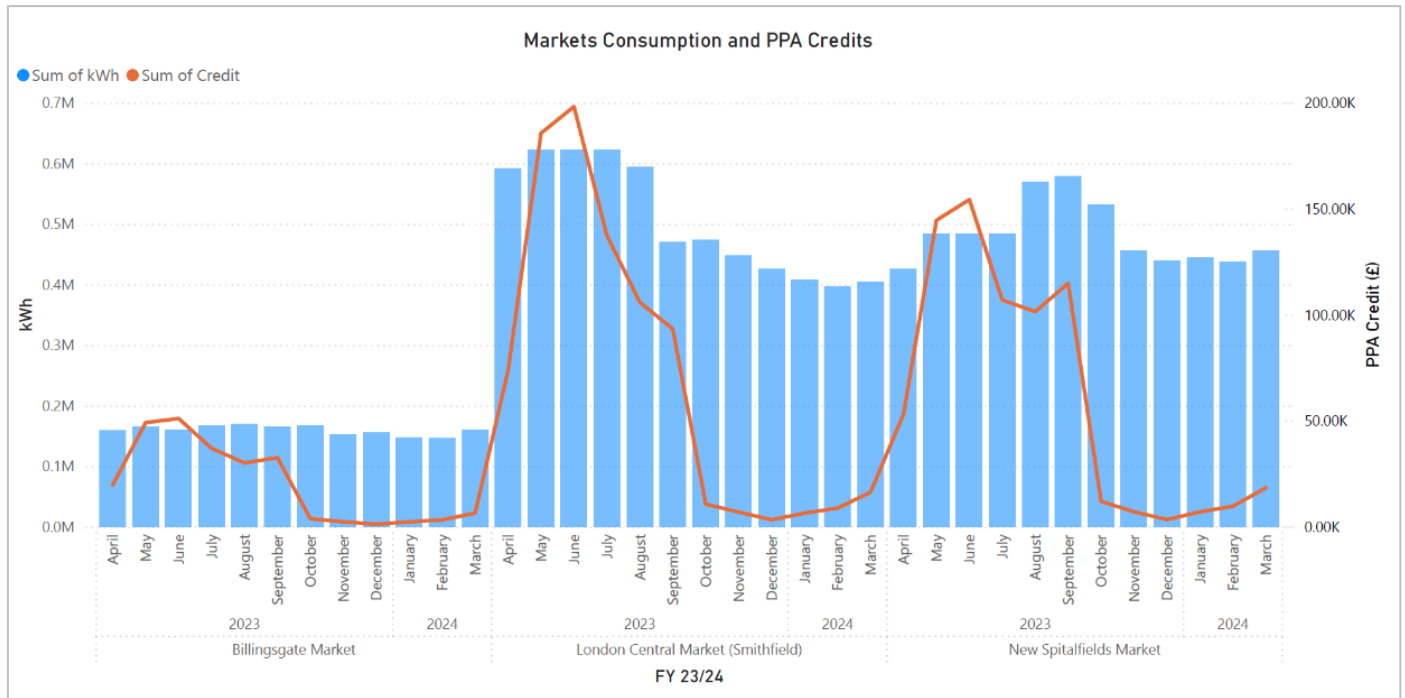
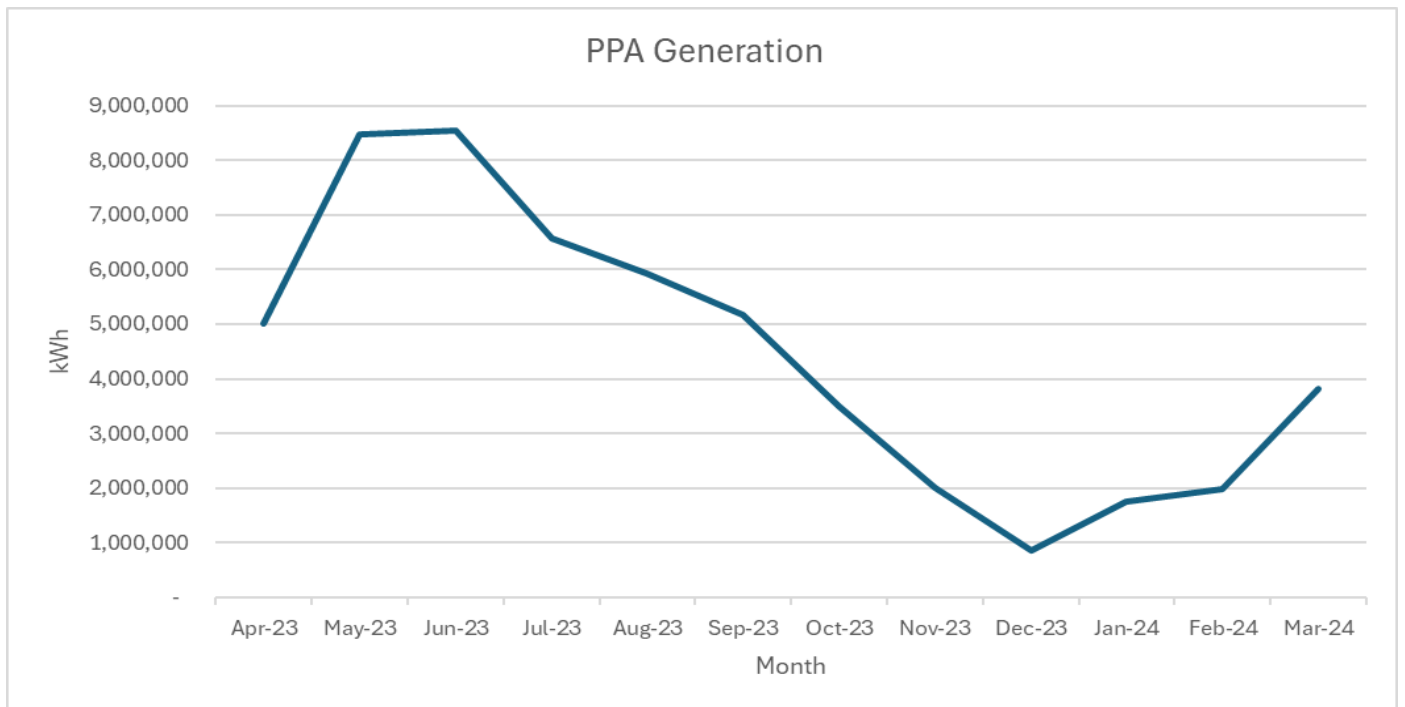


Figure 2. PPA Generation



## Markets Energy and Carbon Performance

14. Table 2 below sets out the % reductions in **total** energy and carbon emissions (landlord & tenants - scopes 1,2&3) across the markets since 2018/19 (the baseline year for the City Corporation's net zero target) and over the past year. It should be noted that tenant energy consumption accounts for 72% of the total energy use across the markets.

Table 2. Total energy and carbon emissions reductions (including tenants)

	2023/24 compared to 2018/19 baseline		2023/24 compared to 2022/23	
	% reduction in energy use	% reduction in carbon emissions	% reduction in energy use	% reduction in carbon emissions
Smithfield	-51%	-59%	-20%	-8%
New Spitalfields	-13%	-36%	0%	7%
Billingsgate	-11%	-29%	-2%	3%
Total	-37%	-49%	-11%	-2%

15. Table 3 below sets out the % reductions in landlord only energy and carbon emissions (no tenant use - scopes 1&2) across the markets since 2018/19 (the baseline year for the City Corporation's net zero target) and over the past year.

Table 3. Landlord energy and carbon emissions reductions (no tenants)

	2023/24 compared to 2018/19 baseline		2023/24 compared to 2022/23	
	% reduction in energy use	% reduction in carbon emissions	% reduction in energy use	% reduction in carbon emissions
Smithfield	-69%	-71%	-45%	-35%
New Spitalfields	-40%	-56%	-26%	-22%
Billingsgate	-13%	-30%	0%	5%
Total	-60%	-64%	-36%	-26%

16. Energy reductions are a result of a combination of reduced occupancy and energy efficiency improvements. Since 2018/19 all markets have had LED lighting upgrades. Over the last year Smithfield Market in the top 5 performing sites due to BMS upgrades and pump replacements. Whilst the closure of the Poultry market has had an impact the cooling towers and Animal By-Products facility have been moved to the main market.

17. New Spitalfields is showing a higher than anticipated reduction in energy use over 23/24 given there have been no significant energy saving projects or any change in occupancy. However, it has been noted that several tenants have undertaken works that have reduced energy use such as improved chillers and lighting. The potential for an issue with meter data collection is currently being investigated by the site and this will be included in the next report.

18. Total carbon emissions reductions since baseline year have been achieved across all markets driven by a combination of reduced energy demand and the national decarbonisation of the electricity grid. However, the increase in grid carbon factor from 22/23 to 23/24 has impacted the reduction in local-based carbon emissions despite reasonable reductions in energy use over the same period. This excludes the impact of the PPA. See appendix 1 for further details.

19. The Energy Team are currently developing a new Monitoring and Targeting programme that will seek to optimise energy use across the market sites with the objective of reducing annual energy consumption by at least 5%. The Energy Team have also participated in workshops to inform the design of the new market.

### **Corporate Risk**

20. Energy price risk for City Corporation is currently managed within the City Surveyor's Senior Management Team. Whilst prices have seen significant reductions, they remain high when compared to 2020/21 and given ongoing geopolitical events price volatility is likely to remain a feature of the energy market. The introduction of the PPA from January 2023 has helped to significantly reduce price impact.

### **Corporate & Strategic Implications**

21. **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 contributes to the Corporate Plan outcome leading sustainable environment through the reduction of CO<sub>2e</sub> emissions and our commitment to procuring clean renewable energy.
22. **Financial implications:** The information in this report detail reductions in energy consumption and not against agreed budgets. Whilst prices have seen significant reductions, they remain high when compared to 2020/21 and given ongoing geopolitical events price volatility is likely to remain a feature of the energy market. While we are still waiting for the prices for October 2024 to September 2025's contract, LASER have advised approximately a 39% reduction in gas and 15% reduction in electricity costs. The PPA will continue 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**

23. 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. Whilst energy costs continue to fall they are still higher than recent norms despite the impact of the PPA, and on-site demand reduction. We continue to plan with the Markets Team to advise tenants of this impact.

### **Report author:**

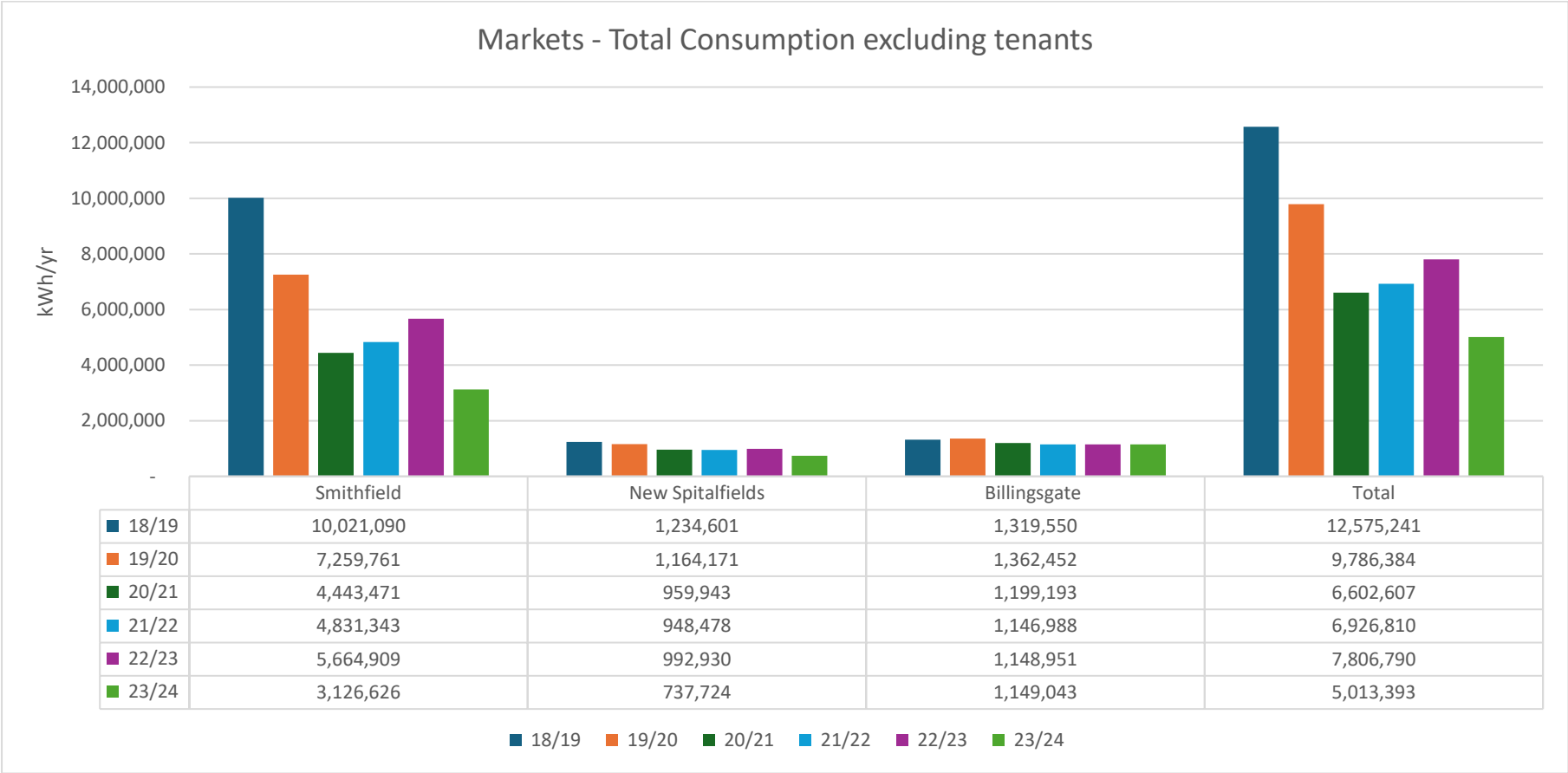
**Graeme Low**

Head of Energy and Sustainability

City Surveyor's Department

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

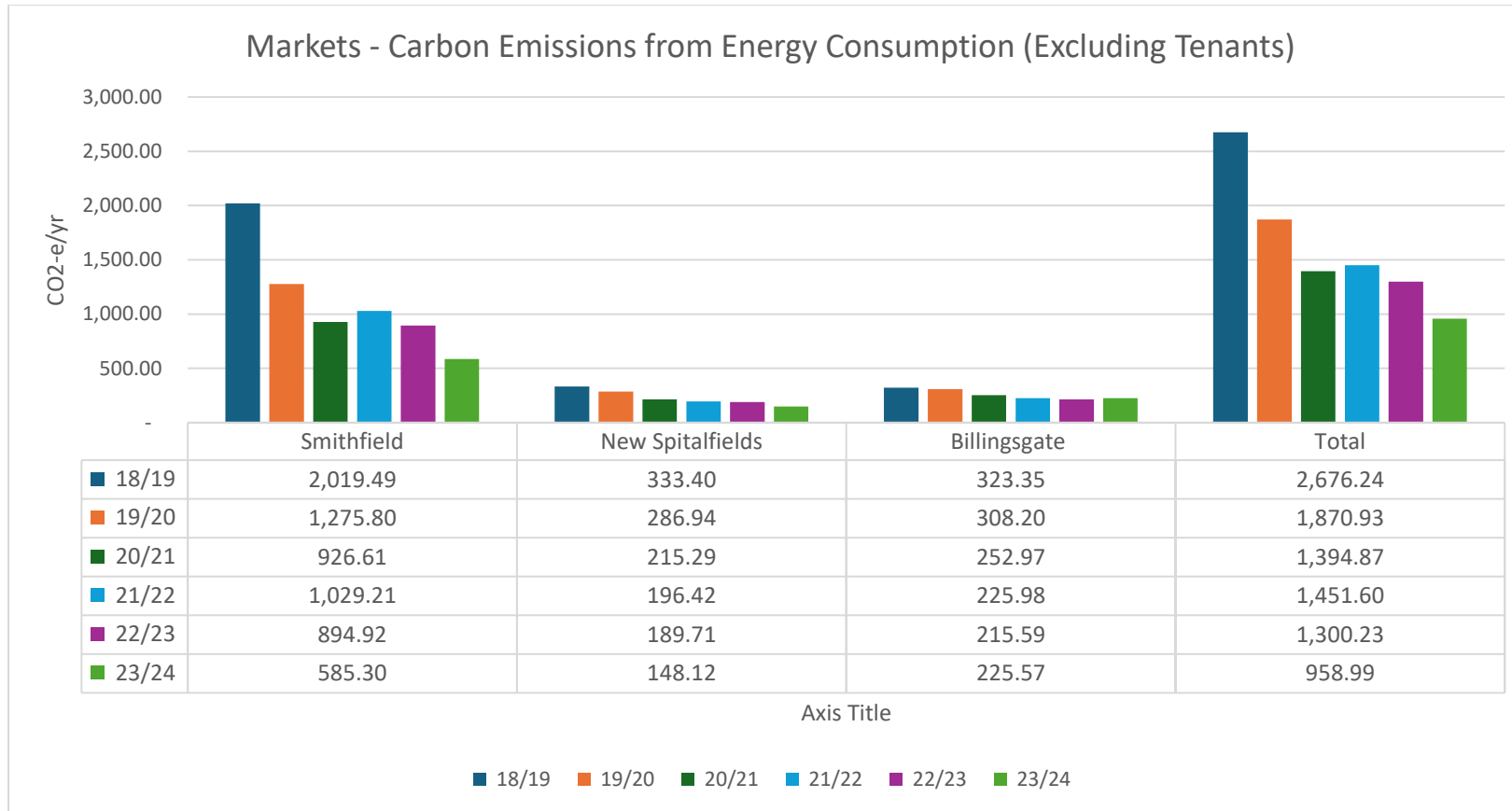
### Markets Energy Performance



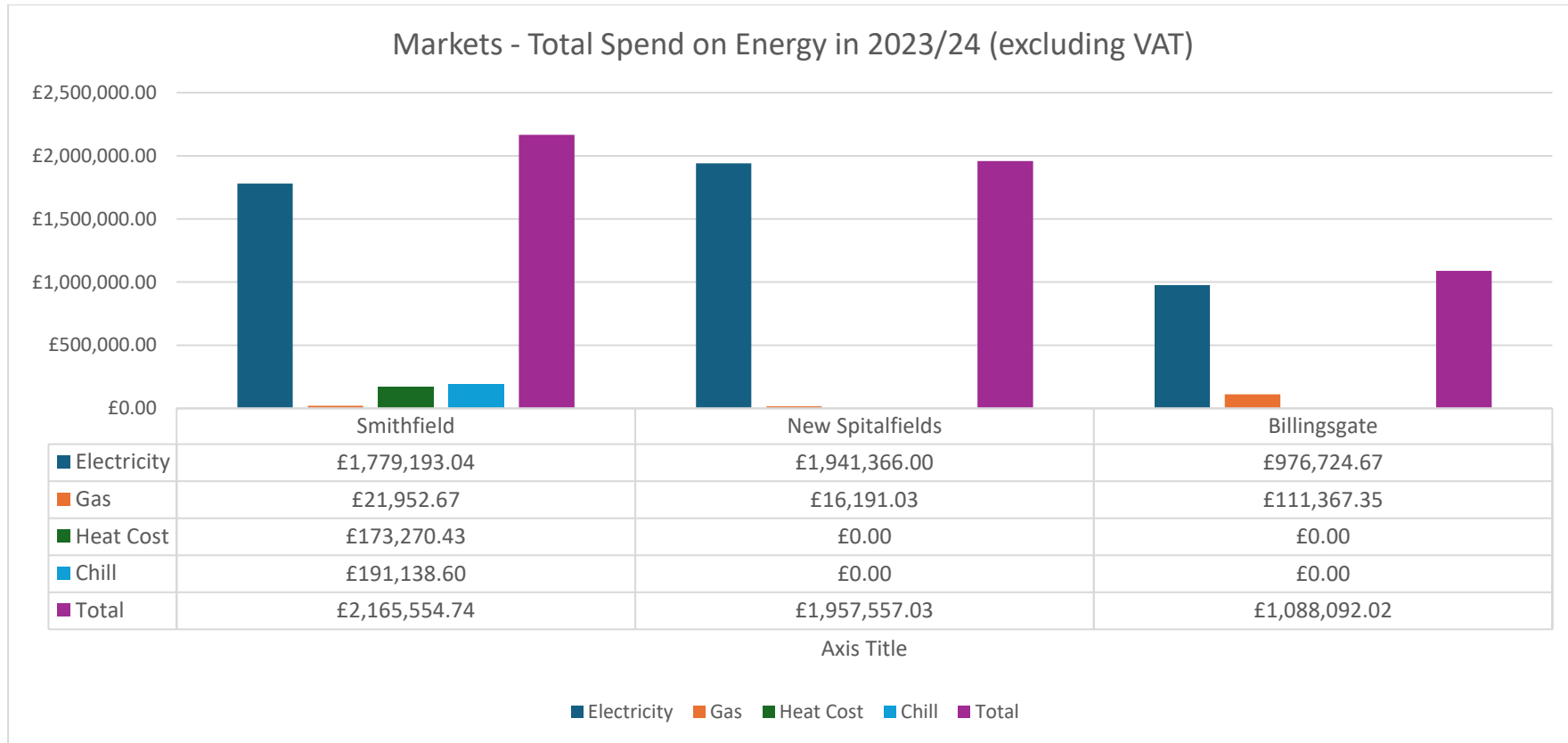
Appendix 1. Summary of total market energy consumption excluding tenants from 2018/2019 – 2023/2024

Energy kWh/yr	Electricity 23/24	Electricity 23/24 (excluding Tenants)	Gas 23/24	Gas 23/24 (excluding tenants)	Heat 23/24	Chill 23/24	Total kWh (excluding tenants)
Smithfield	6,149,356	395,915	216,006	216,006	1,189,815	1,324,890	3,126,626
New Spitalfields	5,962,755	566,213	171,511	171,511	n/a	n/a	737,724
Billingsgate	1,913,156	692,252	1,174,303	456,791	n/a	n/a	1,149,043
Total	14,025,267	1,654,380	1,561,820	456,791	1,189,815	1,324,890	4,625,876

Appendix 2. Summary of the Market's energy consumption in kWh over 2023/2024 split up into their different commodities.



Appendix 3. Summary of carbon emissions related to the Market's energy consumption (excluding tenants) from 2018/19 to 2023/24.



Appendix 4. Summary of the Market's spend on energy (excluding VAT) in 2023/24 and is based on the supplies that are on the corporate contract. It therefore includes the charges relating to tenant consumption.



# Agenda Item 7

<b>Committee: Markets Board</b>	<b>Dated: 22<sup>nd</sup> July 2024</b>
<b>Subject: Markets Revenue Outturn 2023/24</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	n/a
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	n/a
<b>Report of:</b> The Chamberlain City Surveyor	<b>For Information</b>
<b>Report author:</b> Afsana Rahman, Chamberlain's Department	

## Summary

This report compares the 2023/24 revenue outturn for the services overseen by your Board with the final budget for the year. The outturn for the year shows net expenditure of £1.884m, compared to the final net expenditure budget of £959k, representing a net overspend of £925k.

This overspending comprises of £196k against the City Surveyor's local risk and central risk budgets, which is explained in paragraph 2; an overspending of £449k on capital and support services due to a change in the basis of allocation; an overspending of £280k, due to an acceleration of essential works within the Cyclical Works Programme, mainly due to works on the glass canopy at Smithfield; and to further reactive works identified as part of the Integrated Facilities Management Contract.

The report also presents the Wholesale Markets Operating Statement for 2023/24 (as per table 2), which shows a combined net operating income of £2.151m for the three wholesale markets and, a net under recovery of £108k for the year. Once capital charges and other central costs are accounted for, total net expenditure amounted to (£2.096m), an overspend of (£1.118m) compared with the final net expenditure budget of (£978k). Full details are provided at Appendix 2.

Finally, Members should note, that in November 2023, Markets moved from the Chief Operating Officer's department to the City Surveyors Department. For the purposes of this report the chief officer has been assumed as the City Surveyor for the whole year.

## Recommendation

Members are asked to note the outturn for 2023/24 as set out in this report.

## Main Report

### Revenue Outturn for 2023/24

1. This report compares the 2023/24 revenue outturn for services overseen by your Board with the final budget for the year. Appendix A1 details the budget movements between the original budget agreed by Markets Committee on 9<sup>th</sup> November 2022 and the year-end final budget. The outturn position for your Board's services during 2023/24 totalled net expenditure of (£1.884m), an overspend of (£925k) compared to the final budget of (£959k) net expenditure.

A summary comparison with the final budget for the year is tabulated below. In this and subsequent tables, figures in brackets indicate expenditure, decreases in income, or increases in expenditure. Figures without brackets represent income, increases in income, or decreases in expenditure.

<b>Table 1 - Comparison of 2023/24 Revenue Outturn with Final Budget</b>					
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Revenue Outturn</b>	<b>Variance</b>	<b>Variance</b>
	£ 000's	£ 000's	£ 000's	£ 000's	%
<b>City Surveyor</b>					
Local Risk	(1,208)	(1,819)	(2,064)	(245)	13.5%
Central Risk	5,113	5,065	5,114	49	1.0%
<b>Total City Surveyor</b>	<b>3,905</b>	<b>3,246</b>	<b>3,050</b>	<b>(196)</b>	<b>(6.0) %</b>
<b>City Surveyor (FM)</b>					
Repairs and Maintenance	(802)	(570)	(677)	(107)	18.8%
Cyclical Works Programme *	(35)	(35)	(208)	(173)	494.3%
<b>City Surveyor Total</b>	<b>(837)</b>	<b>(605)</b>	<b>(885)</b>	<b>(280)</b>	<b>46.3%</b>
<b>Capital and Support Services</b>	<b>(3,574)</b>	<b>(3,600)</b>	<b>(4,049)</b>	<b>(449)</b>	<b>12.5%</b>
<b>Combined Total</b>	<b>(506)</b>	<b>(959)</b>	<b>(1,884)</b>	<b>(925)</b>	<b>96.5%</b>

2. The Surveyors Department total overspend of (£925k) for Markets Board comprises of the following variances:

- The Surveyors Department Local Risk overspend of (£245k) is mainly due to increase costs of work. New Spitalfields Market had an increase cost due to sump pumps and high-level cleaning while Smithfield Market had to cover additional costs for cyclical work. There was also a high increase in utilities costs across each three Markets. The main charges were for electricity, water, and gas.
- The Surveyors Department Central Risk over recovery of £49k mainly due to the recovery of utilities bills as well as recover additional income from rental due to rent reviews.
- The Capital and Support Services overspending of (£449k) reflects a change of the basis of apportionment as set out in paragraph 10 below. This additional charge was primarily due to a (£368k) increase in costs in relation to Digital Information and Technology Services and City of London Payment Service for all three Markets (as explained in paragraph 10) There was also additional salary cost of £238k for the Markets Directorate for Markets co-location Project staffing.
- The City Surveyor (FM) services overspending (£280k) was due to the acceleration of urgent essential works to the Glass Canopy at Smithfield within the Cyclical Works Programme and reactive works identified by the Integrated Facilities Management contractors.

3. Appendix A1 shows the movement from the 23/24 original budget (as agreed by Markets Committee on 9<sup>th</sup> November 2022) to the final budget.

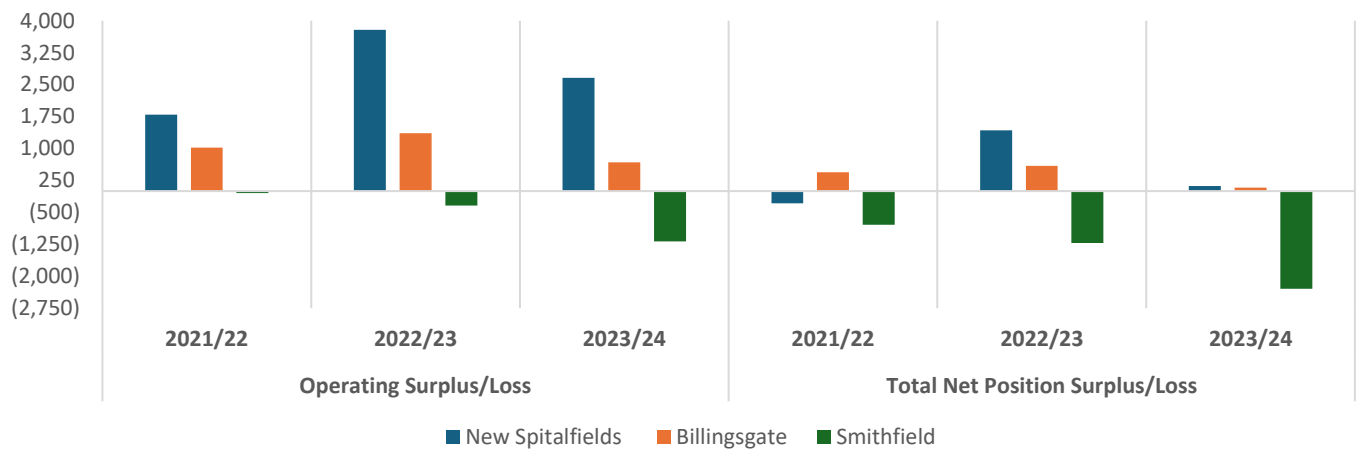
## Financial Performance of the Markets

4. As previously requested by the board, tabulated in the below summary operating statement for 2023/24, there was a combined net operating income of £2.151m for the three wholesale markets. When capital charges and central support costs of (£4.247m) are added, there is a consolidated net expenditure to the City of London Corporation of (£2.096m). The table excludes the Smithfield Car Park and Outside Properties Expenditure and Income.

	Original Budget	Final Budget	Revenue Outturn	Variance Better / (Worse)
	£000's	£000's	£000's	£000's
Total Operating Expenditure	(15,277)	(15,799)	(18,073)	(2,274)
Total Operating Income	17,916	18,058	20,224	2,166
<b>Total Net Operating (Expenditure) / Income</b>	<b>2,639</b>	<b>2,259</b>	<b>2,151</b>	<b>(108)</b>
Total Central Costs	(3,080)	(3,237)	(4,247)	(1,010)
Total Markets (Expenditure) / Income	(441)	(978)	(2,096)	(1,118)

5. 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 A2 which shows the net operating income/(expenditure) for each market.
6. Total net expenditure amounted to (£2.096m) after capital charges and other central costs are accounted for. This equates to an overspend of (£1.118m) compared to the final budget of £978k net expenditure. The principal reason was the overspending on central services (see paragraph 2 above)
7. The difference between total market net expenditure of (£2.096m) (shown in Appendix A2) and revenue outturn of (£1.884m) net expenditure (shown in Table 1) is the £212k net income for the outside properties at Smithfield, including the Rotunda car park, which are not included in Appendix A2.
8. 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 2023/24. Billingsgate achieved net income of £83k, Spitalfields achieved net income of £117k which was offset by net expenditure of £2.296m at Smithfield Market
9. Chart 1 also shows that Smithfield Market has incurred deficits in each of the previous three financial years, which is largely attributable to the current cap on the service charge meaning that expenditure is not fully recoverable from tenants. The deficit that was incurred at Spitalfields in 2021/22 has not been repeated 2023/24 and the market is now showing a surplus. Billingsgate has maintained a surplus over the previous three financial years.

**Chart 1 - Markets Net Income/(Expenditure) - 2021/22 To 2023/24**



10. During 2023/24 a review of central support services recharges was carried out. This involved updating the basis of apportionment for all recharges following the TOM and Governance Review along with trying to make them more transparent and fairer across all services. The updated basis has led to several variations to the original budget across committees, but overall total recharges have remained within the total original envelope. City Fund Original Budget £29.9m, Outturn £27.9m, and City's Estate Original Budget £24.2m, Outturn £22.9m. Consultation has been held with areas where recharges are funded from local reserves, i.e. HRA and Police, any variation/increase in costs across other services are met from the deficit funding and have no effect on front-line services.

11. Appendix A4 provides Members with information on balances held on various repair funds for each market as of 31 March 2024.

### Appendices

- **Appendix A1** - Reconciliation of Original Budget to Final Budget – 2023/24
- **Appendix A2** - Wholesale Markets Operating Statement 2023/24
- **Appendix A3** - Wholesale Markets Operating Statement Variance Notes – 2023/24
- **Appendix A4** - Wholesale Markets Reserves Balances – 31 March 2024

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## Reconciliation of Original Budget to Final Budget – 2023/24

APPENDIX 1

<b>Overall Budget 2023/2024 - Movements</b>	<b>Local</b>	<b>Central</b>	<b>Recharges</b>	<b>CS FM</b>	<b>CWP</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Original Budget</b>	<b>(1,208)</b>	<b>5,113</b>	<b>(3,574)</b>	<b>(802)</b>	<b>(35)</b>	<b>(506)</b>
July pay award and £1000 salary uplift	(146)					(146)
Apprentice	(23)					(23)
Electricity Uplift	(373)					(373)
Hays backdated pay	(69)	(3)				(72)
TOM redundancy		(45)				(45)
Filming Recharge			(26)			(26)
IFM New Costings				232		232
<b>Final Budget</b>	<b>(1,819)</b>	<b>5,065</b>	<b>(3,600)</b>	<b>(570)</b>	<b>(35)</b>	<b>(959)</b>

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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
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Operating Expenditure:</b>																
<b>Employment Costs</b> (basic pay, national insurance, pension, overtime, training, recruitment advertising)	(1,641)	(1,690)	(1,617)	73	(2,117)	(2,217)	(2,128)	89	(2,155)	(2,235)	(2,231)	4	(5,913)	(6,142)	(5,976)	166
<b>Premises</b> (Energy, repair and maintenance, rates, insurance, water, pest control, cleaning materials, tenant contribution to repair funds)	(1,521)	(1,636)	2,103	(467)	(1,226)	(1,360)	(1,879)	(519)	(2,587)	(2,628)	(3,654)	(1,026)	(5,334)	(5,624)	(7,636)	(2,012)
<b>Transport</b> (Vehicle purchases and running costs, congestion charge, travel costs)	(2)	(2)	(1)	1	(34)	(34)	(111)	(77)	0	0	(2)	(2)	(36)	(36)	(113)	(77)
<b>Supplies and Services</b> (Refuse collection, equipment hire/maintenance and purchase, uniforms and clothing, communication and office expenses, provisions for bad debts)	(307)	(307)	(329)	(22)	(208)	(208)	(473)	(265)	(415)	(418)	(419)	(1)	(930)	(933)	(1,221)	(288)
<b>Waste and Recycling Contract</b>	(3,064)	(3,064)	(3,127)	(63)	0	0	0	0	0	0	0	0	(3,064)	(3,064)	(3,127)	(63)
<b>Total Operating Expenditure</b>	<b>(6,535)</b>	<b>(6,699)</b>	<b>(7,177)</b>	<b>(478)</b>	<b>(3,585)</b>	<b>(3,819)</b>	<b>(4,590)</b>	<b>(771)</b>	<b>(5,157)</b>	<b>(5,281)</b>	<b>(6,306)</b>	<b>(1,025)</b>	<b>(15,277)</b>	<b>(15,799)</b>	<b>(18,073)</b>	<b>(2,274)</b>
<b>Operating Income:</b>																
<b>Rent</b>	2,145	2,140	2,672	532	946	946	1,110	164	1,245	1,245	1,247	2	4,336	4,331	5,029	698
<b>Charges for Services</b> (Service charge income, filming, car parking, insurance, advertising hoarding, wayleaves and tolls, reimbursement of directly recovered costs and interest income, contributions to repair)	6,581	6,687	7,164	477	3,759	3,800	4,154	354	3,240	3,240	3,876	636	13,580	13,727	15,195	1,468
<b>Total Operating Income</b>	<b>8,726</b>	<b>8,827</b>	<b>9,836</b>	<b>1,009</b>	<b>4,705</b>	<b>4,746</b>	<b>5,265</b>	<b>519</b>	<b>4,485</b>	<b>4,485</b>	<b>5,123</b>	<b>638</b>	<b>17,916</b>	<b>18,058</b>	<b>20,224</b>	<b>2,166</b>
<b>Net Operating (Expenditure)/Income</b>	<b>2,191</b>	<b>2,128</b>	<b>2,659</b>	<b>531</b>	<b>1,120</b>	<b>927</b>	<b>675</b>	<b>(252)</b>	<b>(672)</b>	<b>(796)</b>	<b>(1,184)</b>	<b>(388)</b>	<b>2,639</b>	<b>2,259</b>	<b>2,151</b>	<b>(108)</b>
<b>Central Costs:</b>																
<b>Capital Depreciation Charges</b>	(1,776)	(1,776)	(1,775)	1	(98)	(98)	(108)	(10)	(125)	(125)	(112)	13	(1,999)	(1,999)	(1,994)	5
<b>Other Central Costs</b> (Transfer to and from reserves to fund repairs and works, support costs and Directorate apportionment)	(345)	(446)	(768)	(322)	(446)	(502)	(484)	18	(290)	(290)	(1,000)	(711)	(1,081)	(1,238)	(2,253)	(1,015)
<b>Total Central Costs</b>	<b>(2,121)</b>	<b>(2,222)</b>	<b>(2,542)</b>	<b>(320)</b>	<b>(544)</b>	<b>(600)</b>	<b>(592)</b>	<b>8</b>	<b>(415)</b>	<b>(415)</b>	<b>(1,112)</b>	<b>(697)</b>	<b>(3,080)</b>	<b>(3,237)</b>	<b>(4,247)</b>	<b>(1,010)</b>
<b>Total Market (Expenditure)/Income</b>	<b>70</b>	<b>(94)</b>	<b>117</b>	<b>211</b>	<b>576</b>	<b>327</b>	<b>83</b>	<b>(244)</b>	<b>(1,087)</b>	<b>(1,211)</b>	<b>(2,296)</b>	<b>(1,085)</b>	<b>(441)</b>	<b>(978)</b>	<b>(2,096)</b>	<b>(1,118)</b>

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

Brackets signify an expenditure item and/or an adverse position. Non-brackets signify an income item and/or a favourable position.

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### **Wholesale Markets Operating Statement Variance Notes – 2023/24 – 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 A2. The statement compares the 2023/24 final budget to the actual outturn for 2023/24.

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.

<b>New Spitalfields Market</b>	
<b>Description</b>	<b>2023/24 Final Budget to Actual Outturn</b>
Employment Costs	£73k underspend primarily due to vacant position in teams.
Premises	(£467k) overspend primarily due to: (£341k) increased energy prices which is offset by increased energy recharges to tenants. (£82k) costs relating to CBRE contract/sump pump
Waste and Recycling Contract	(£63k) overspend due to: <ul style="list-style-type: none"> <li>inflationary contract price rises arising from refuse and recycling contract. Offset by increased service charges to tenants.</li> </ul>
Charges for Services	£477k more income than budgeted primarily due to: <ul style="list-style-type: none"> <li>£447k additional income recovery from tenants due to increase costs of refuse contract and increase in electricity and gas prices.</li> </ul>
Rents	£532k more income than budgeted principally due to: <ul style="list-style-type: none"> <li>Additional rental income following the rent review that was undertaken in the previous financial year.</li> </ul>
<b>Central Costs</b>	
Other Central Costs	(£322K) overspend primarily due to: <ul style="list-style-type: none"> <li>(£137k) Additional support service costs particularly in relations to the City of London Payment Service and Digital Information Services team because of a new basis of allocation</li> <li>(£118K) Additional Directorate recharge following the closing of Poultry Market and recharges for MCP staffing.</li> <li>(£159k) Transfer to Reserve and tenants repair funds as part of end of year balance sheet reconciliations.</li> </ul>

<b>Billingsgate Market</b>	
<b>Description</b>	<b>2023/24 Final Budget to Actual Outturn</b>
<b>Operating Expenditure</b>	
Employment Costs	£89k staff cost underspend due to vacant positions across the teams.
Premises	(£519k) primarily due to: <ul style="list-style-type: none"> <li>• (£363k) energy prices which is offset by increased energy recharges to tenants.</li> <li>• (£31k) CBRE charges to repair water main and replace fire alarm panels.</li> <li>• (£56k) additional costs against rates and service charge</li> </ul>
Transport	(77k) primarily due to: <ul style="list-style-type: none"> <li>• Billingsgate van delivery service which are recovered from the Markets Relocation Programme (see below).</li> </ul>
Supplies and Services	(£265k) primarily due to: <ul style="list-style-type: none"> <li>• (£91k) additional expenditure of refuse collection due to an increase of waste as well as additional expenditure on bank charges and consultant fees.</li> <li>• (£173k) Overspending due to bad debt write off (offset by drawdown from bad debt provision in income)</li> </ul>
<b>Operating Income</b>	
Charges for Services	£354k more income than budgeted primarily due to: <ul style="list-style-type: none"> <li>• £77k recovery of costs for delivery van service.</li> <li>• £173k Drawdown of bad debt provision to cover cost of debt written off (see above)</li> <li>• £104k Additional Income from Car Park rental of space.</li> </ul>
Rent	£164k more income than budgeted primarily due to increased recovery of rental arrears from tenants

<b>Smithfield Market</b>	
<b>Description</b>	<b>2023/24 Final Budget to Actual Outturn</b>
<b>Operating Expenditure</b>	
Premises	(£1M) overspent due to: <ul style="list-style-type: none"> <li>• (£822k) increased electricity, gas, water prices. Offset in part by increased utility recharges to tenants (see below).</li> <li>• (£82k) Additional business rate costs (recovered from tenants – see below)</li> <li>• (£150k) additional expense on Insurance.</li> </ul>
<b>Operating Income</b>	
Charges for Services	£636k additional income due to: <ul style="list-style-type: none"> <li>• £82k additional income from Business Rates. This is to offset the expenditure.</li> <li>• £99k additional income from recharges to tenants following increased Chilled Water prices.</li> <li>• £463k additional income from recharges to tenants following increased Utility prices.</li> </ul>
<b>Central Costs</b>	
Other Central Costs	(£711k) overspend primarily due to <ul style="list-style-type: none"> <li>• (£173k) additional cyclical works undertaken ahead of programme mainly relating to Smithfield glass canopy.</li> <li>• (150k) additional support service allocations principally from City of London Payment Service and the Digital Information Services Team due to a change in the basis of allocations</li> <li>• (£171k) unrecovered directorate recharges following closure of Poultry Market.</li> </ul>

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## **Markets Board – Wholesale Markets Reserves Balances – 31 March 2024**

The information below summarises details of current balances held for each reserve account at the City's wholesale markets as at 31 March 2024.

### **New Spitalfields Market**

- Tenants Repair Fund - £797,968
- Old Market Maintenance Fund - £213,555
- 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 - £171,176
- Accumulator Tower Fund - £114,835
- Sinking Fund - £1,512,438

### **Smithfield Market**

- Repainting Reserve - £329,233

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

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