

Committee(s):	Date(s):	
Markets Committee	25th September 2012	
Subject: Billingsgate Modernisation Projects	Public	
Report of: Director of Markets & Consumer Protection	For Information	
<u>Summary</u>		
<p>This report provides an overview on two separate capital projects which will soon come to Members for approval and gives an outline of other minor projects about to be undertaken or under consideration for the future as a means of improving and modernising the facilities at Billingsgate Market.</p> <p>The roof of the Market is in a poor condition with many rainwater leak points and needs to be replaced in its entirety. A cost of £1.5million is estimated. In addition, the cost/benefit of installing solar panels will be evaluated as part of the roof project.</p> <p>The second project is to create additional bulk handling facilities for tenants and to incorporate storage facilities within the new building. The overall project could cost up to £2million but tenants will also contribute financially.</p> <p>Neither of these projects will require funding by the City. It will be intended that grants will be applied for through the European Fisheries Fund (EFF) for matched funding for both projects with the balance of funding, subject to the consent of Tower Hamlets, being provided by the Sinking Fund. Solar panels fall outside the scope of the EFF and are also likely to fall outside the scope of the Sinking Fund, so would have to be funded from the Markets existing Repainting and Special Works Fund if considered viable.</p>		
Recommendations		
<ul style="list-style-type: none"> • That Members note the content of this report. 		

Main Report

Background

1. This paper provides an overview of two important capital projects that will soon come to Members for approval. It is anticipated that the funds for these projects will be provided by the Billingsgate Sinking Fund with

matched grants from the European Fisheries Fund (EFF). Other ongoing Billingsgate modernisation works are discussed towards the end of this report and will mostly be funded by the Market's Repainting and Special Works Fund.

Roof Renewal

2. The roof of the Market is very aged and in a poor condition, with many rainwater leak points, including into the Market Hall where catchtray arrangements have had to be installed to the inside of the roof to prevent rainwater from falling into a food area. Tower Hamlets Environmental Health department, which enforces food hygiene regulations at Billingsgate, are unlikely to accept a continuation of the roof problems for much longer and work is needed urgently to avoid the risk of them imposing an Improvement Notice.
3. The Gateway One report seeking initial approval will be presented to the Corporate Projects Board on 28th September. There have been many roof patching repair works carried out over recent years with limited success. The advice from the City Surveyor is that the entire roof has to be either replaced or overlaid. It is proposed that the feasibility of providing a ceiling in the Market Hall is also evaluated as part of the overall project. The need for the Market to continue trading during any works will be a key consideration. It is also proposed that the cost/benefit of installing solar panels is included in the options to be evaluated. Improvements to the south facing balcony will be included within the project. Excluding the cost of solar panels, the anticipated capital costs are estimated to be £1.5 million.

Additional Facilities

4. This project seeks to create additional bulk fish handling capacity and permanent built storage facilities for the fish merchants. Although a capital bid for this project to be evaluated was approved in 2008, there was no business case for progressing further with such a capital investment ahead of completing the fish porters' buyout. The evaluation stage of the project is now being progressed and will complete within the next few months.

5. The temperature controlled bulk fish handling areas of the North Canopy and East Canopy buildings currently provide insufficient space and, as a result, some fish is handled in the open air. These bulk handling areas are used to house each day's fresh fish arrivals and tenants order pick their day's orders from there. At the end of each trading day these areas are cleared, with any unsold product being put into tenants' chilled storage units.
6. Many of the chilled storage units are of the temporary container variety, which give Billingsgate a "shanty town" unattractive appearance. Being a distance away from the bulk handling areas, they also do not provide the most efficient logistics. The project will seek to solve both these problems.
7. The capital sum for this overall project could be up to £2million. Proposals on individual tenant's financial contributions or repayments towards the cost of the project will be included within the evaluation report.

Funding

8. The above two projects are reliant on two sources of funding. The first source is the Sinking Fund, which although it is no longer receiving tenant (or any other) contributions, does have approximately £2million of funds balance. Any expenditure from the Sinking Fund has to be approved by Tower Hamlets as well as the City. The terms under which the Sinking Fund was created when the Market moved into its current location in 1982 makes it clear that the Fund is for replacement and rebuilding works. If there was a strict interpretation of this requirement it is not clear whether solar panels would qualify. The evaluation report will include the appropriate legal advice surrounding the use of the Sinking Fund.
9. The second source of funding are grants from the European Fisheries Fund (EFF). The English element of this fund is administered by the Marine Management Organisation (MMO) as part of DEFRA. Billingsgate has in recent years been successful in applying for grants from the predecessor fund to the EFF. Meetings have taken place with the MMO about these two proposed projects and there are very strong indications that, except for any roof solar panel element, matched grant

funding would be produced. However, there is no certainty and grants cannot be formally applied for until tenders are available.

Other Modernisation Works

10. The Repainting & Special Works Fund (RSWF) is a service charge fund for cyclical works such as painting, machinery re-provision, and for works of an irregular or non- recurring nature. It is always a challenge, when setting the annual service charge level with the tenants, that there has to be sufficient RSWF contribution within the overall service charge to fund all the anticipated upcoming expenditure requirements. At the start of the current financial year the RSWF had a fund balance of £289,000 with an inward service charge contribution for 2012/13 budgeted at £175,000.

11. Within the next 3 years it is envisaged that the RSWF will have to provide funds for a number of minor local projects, including:

- replacement of the site fire alarm system at an estimated cost of £150,000;
- replacement of the four site boilers also at an expected cost of £150,000;
- The solar panel element of the roof project may also have to be funded by the RSWF.

12. In addition, there will continue be an ongoing requirement for the RSWF to fund painting works and a variety of other small works. Over the years, improvement projects such as polystyrene recycling, streetwasher vehicle, pay as you go water token system, fish waste storage unit and numerous others have been funded from the RSWF.

13. Planned RSWF improvement projects for the current year include:

- an upgrade to toilet and changing room areas at an estimated cost of £38,000
- improved drainage to deal with water pooling problems, and the associated hygiene risk, at an estimated cost of £30,000.

- Subject to funding availability, CCTV upgrading and more suitable maintenance storage facilities are potential future improvement projects.

Matched funding from the EFF may be available for some of the anticipated RSWF projects in the same way that the predecessor fund to the EFF match funded the streetwasher vehicle and the polystyrene recycling projects.

Conclusion

14. Following the conclusion of the porter's buyout, the Market has full occupancy except for six office premises. The Market is now more readily able to respond to customer needs and for example, trading now commences at 4am instead of the previous 5am. Customers are also satisfied with the improved trade parking area which is now managed by employed City staff following the termination of the previous the self-employed cart-minder regime.
15. The highest priority for the City at Billingsgate is to ensure that it continues to be compliant with food hygiene regulations in the standard of its infrastructure and cleanliness. The roof renewal and additional facilities projects will assist in that regard. It is also the case that the Billingsgate building facilities have to keep pace with the recent improvements in customer service. The main fish catering suppliers serving the high class dining establishments of London purchase daily from Billingsgate and it is important that the Market has suitable premises and does not take their or any other customers ongoing business for granted.

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