

Committee(s): Markets Committee – For Information	Date(s): 25/09/2019
Subject: City's Wholesale Markets – Consolidation Programme Update	Public
Report of: City Surveyor and Director of Major Projects, Town Clerks	For Information
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Summary

This report summarises the work that has been undertaken by the Markets Consolidation Programme since the last update report on the 5th July 2019. This includes a summary of work with tenants over the summer period and the results of the initial Public Consultation of the City's preferred location which closed on the 6th August 2019. It also includes an update on ongoing research, including the results of a food roundtable held at the end of July and ongoing work on transportation.

Recommendation(s)

It is recommended that the Markets Committee notes:

- The progress of the Markets Consolidation Programme in developing requirements, particularly the growing interaction with tenants, customers and suppliers at all three markets;
- The initial feedback from the public consultation and the ongoing engagement with tenants;
- The establishment of the new Member Oversight Groups.

Main Report

Tenant consultation

1. A key area of concern for the programme has been obtaining tenant engagement. Experience of the programme to date suggests the most effective method of communication is by direct engagement with tenants on the markets. The appointment of the new Markets Coordinator (June 2019) has created a daily presence on the markets and allowed for more regular interaction between the programme and the tenants, both collectively and on a one to one basis. The Markets Coordinators' role includes answering questions and gathering informal information on the tenants' business operations. This role has proved an effective counterpoint to the market grapevine.

- 2 To assist market tenants in developing their responses to the public consultation, two pre-arranged 'drop in' sessions were held for all three markets. These drop-in events were scheduled towards the start and end of the consultation period and punctuated by walkabouts by the Markets Coordinator who could talk with tenants on a more informal basis.
- 3 The programme has also commenced initial concept design workshops with tenants. The architects used to support the development of the April 2019 Options Report, Chetwoods, have been retained to work with the City and our tenants to develop the operational design concepts for a new consolidated market at the Dagenham site. These concept workshops enable tenants to explain in detail their operational requirements involving exploring access, the layout of the trading floors, storage, internal logistics and the practicalities of operating three different markets on one site. The first round of concept workshops has been held at Billingsgate and New Spitalfields Markets. Planning and preparation is underway to hold a similar event for Smithfield in the next month.

Billingsgate

- 4 A majority of the tenants at Billingsgate are supportive of the proposal to consolidate the three markets. Consistent feedback suggests that the infrastructure at Billingsgate is stretched beyond capacity and that the expansion of Ultra-Low Emissions Zone (ULEZ) in 2021 will impact trading further. Over fifty percent of Billingsgate tenants attended the first round of concept workshops and officers have received positive feedback from those involved including the Chair of the London Fish Merchants Association (LFMA).

New Spitalfields

- 5 Feedback from the Tenants Association SpMTA suggests that tenants are in favour of a consolidated market, however tenants at New Spitalfields all still wish to explore the opportunity to develop locally, on adjacent green space. This option was discounted due to objections from the boroughs. However officers are re-exploring this issue once again on behalf of the Chairman of Policy and Resources committee following a meeting with the Tenants Association, engaging with the London Boroughs of Hackney (owners of the green space) and Waltham Forest, local MPs and with the GLA.
- 6 Attendance for the workshops at New Spitalfields was low (around ten percent of tenants represented), but the session was not without success. The Chair and Vice Chair of the Spitalfields Market Tenants' Association (SpMTA) both attended the workshop, were actively engaged in the discussions and fed back positively on the work. City Corporation officers are supporting the SpMTA to cascade the findings from these initial workshops to other tenants with the aim of improving attendance at future workshops.

- 7 New Spitalfields has the most diverse demographic amongst the tenants and therefore the language barrier may be a factor in the low levels of engagement during the consultation process (including the concept workshops) coupled with the high number of the principals that are not resident in the UK. Officers are looking at ways to overcome these challenges.

Smithfield

- 8 Feedback received during the initial drop-in session (supporting the initial public consultation) at Smithfield suggested that tenants required more information about the proposal to consolidate the markets and that in order to better understand the operation of the markets, officers should visit the market overnight. Two such overnight visits were carried out during the consultation period, which enabled officers to discuss with tenants the challenges of operating in Central London and provided an opportunity for workers and customers on the market to ask questions in relation to the proposed move. A number of tenants are very interested to hear more about the relocation and have urged the City to continue to develop the proposals. The planned concept design workshop at Smithfield will further assist.

Public Consultation

- 9 The City of London Corporation launched its first public consultation on the consolidation of the wholesale markets on Tuesday 11 June and closed after eight weeks on the Tuesday 6 August.
- 10 The below information is emerging feedback from the public consultation carried out over the summer. A full consultation report is being produced and will be shared with Members and consultation respondents soon.**
- 11 This initial consultation sought feedback from all stakeholders based around three questions:
 - a. The proposal to consolidate the 3 wholesale markets and their views on the future of wholesaling;
 - b. The preferred site at Dagenham Dock;
 - c. How the consolidation of the wholesale markets might affect them, their business or those they represent
- 12 At the close of the consultation 252 responses had been received from a range of stakeholders. This is a higher than average level of response for this type of consultation. The breakdown of responses by stakeholder group is show in Fig.1.

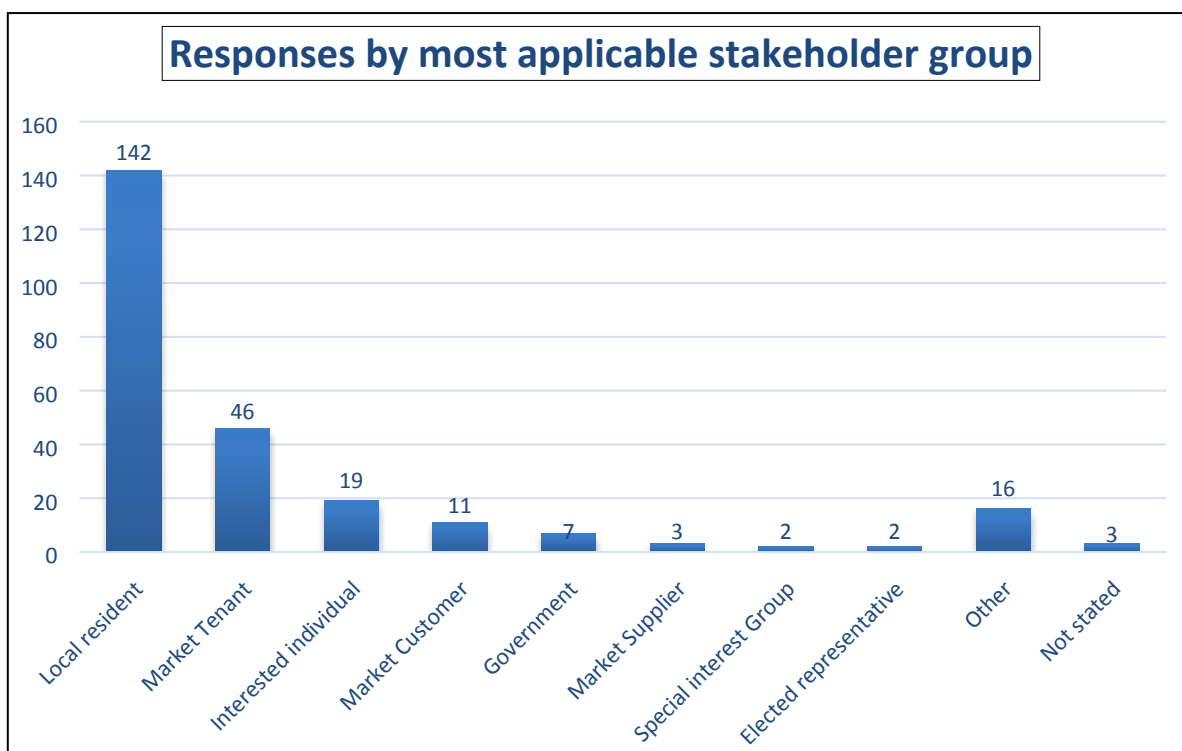


Fig.1.

Consultation Feedback

11. Responses to the consultation are currently being analysed and reported by TONIC (www.tonic.org.uk), an independent organisation specialising in public consultations and social research.

Tenant Feedback

- 12 The initial consultation attracted 47 responses from our Market Tenants and the Tenants' Associations. This was a disappointing sample size and the responses were in the majority negative. The programme is balancing this outcome with the day to day interaction with tenants and the dialogue with the Tenant Associations as documented above.
- 13 The Smithfield tenants (and Tenants' Association) were responsible for 51% (24) of all the tenant consultation responses. They all provided a standard response which while supportive of the statement that 'the wholesale markets have an important role to play in the region's food supply', did not support the concept of a consolidated market or the move to Dagenham Dock.
- 14 Given the level of information shared with all tenants during the City's outline options analysis, the feedback from LFMA and SpMTA was that there was little new information to engage tenants in participating in the public consultation, and hence they have preferred to engage through the ongoing meetings and concept workshops.

- 15 However, all tenants have raised the A13 road congestion as an issue. Whilst significant progress has been made on discussions on concept design and facilities with the tenants, who are showing increasing interest in the concept of the consolidated market, the management of road traffic around the Dagenham Dock site is one of the key challenges and risks to the programme.

Recurring Themes in the consultation

Support for the role of wholesale foods markets in general

- 16 Respondents answered overwhelmingly in support of the “important role” wholesale markets play in the region’s food supply, with 96% of those who supplied an answer to Question 2.1 answering “yes”.

Support for the co-location of the markets

- 17 In general, there were good levels of support for the proposal to co-locate the markets. 70% of respondents stated either “yes” (64%) or “probably” (6%) to the question “in order to thrive, do you think bringing all three wholesale markets together is the way forward?” while 24% answered “no”.
- 18 Primary reasons for supporting the proposal to co-locate the markets were based around the benefits that were perceived to result from creating a “one stop shop” with “everything under one roof”. Lower overheads, streamlined efficiency, less travel time (and the associated financial and environmental costs), and a marked increase in convenience were all frequently mentioned, as well as enthusiasm for the idea of a purpose-built and modern building that reflected a “forward thinking” vision of the markets’ future.

Support for the re-location of the markets to Dagenham

- 19 In reply to the question “do you think the Dagenham location is the right location for customers and suppliers?” 61% of respondents answered either “yes” (54%) or “if done properly” (7%). Primary reasons for this support were: the site’s proximity and ease of access to London, Essex, Kent, and the M25; the benefits in terms of employment, business opportunities, and prestige which the markets would bring to the Dagenham area; the potential to utilise the river and rail as an environmentally-friendly and congestion-alleviating means of transporting goods; and the repurposing of a disused brownfield site which provides ample space for current needs and future growth, and which is located far enough away from residential areas to avoid disturbing the local population.
- 20 There were, however, higher levels of opposition to the proposal to relocate to Dagenham than to the proposal to co-locate the markets, with 36% of respondents answering this question with “no”.

Concerns over the viability of the A13 as a supply/access route

- 21 Primarily, opposition and/or concerns to the choice of the site at Dagenham centred around the viability of the A13 to sufficiently function as a link road to London, and as an access road to the site itself. Many respondents highlighted that it currently suffers from poor traffic flow and congestion, fearing that a significant increase in traffic would only exacerbate this, as well as increase pollution, while another frequently mentioned concern was the existence of only one access road (at Choats Manor Way), which was felt to be insufficient for purpose. Some respondents felt, therefore, that it would be necessary to first make improvements to the surrounding roads – such as widening the A13, adding additional lanes, building new fly-overs and tunnels, and creating further access points to the site – before the use of the site could be considered viable.

Support for the idea to utilise the river as a means of transport

- 22 The proposal to use the Thames as a transport option for delivery and supply received significant support, with particular emphasis on the environmental and logistical benefits this might bring, by alleviating some of the pressure on the roads, as well as helping to revive a traditional means of transport and tap into an underused resource.
- 23 Some respondents, however, questioned whether the use of the river in support of the markets was anything other than “a nice idea”, and believed more information should be made available and a concrete plan put in place before this could be considered as a “selling point”. Similar levels of enthusiasm and scepticism were found with regard to the proposal to use the rail network.

Research

Roundtables

- 24 In order to better understand the place of the wholesale markets in London’s supply chain now and in the future, the programme is undertaking a series of roundtable events each focusing on a specific macro-economic factor affecting the wholesale markets. Each event will capture a broad range of perspectives from practitioners, academics, policy makers and opinion formers.
- 25 The first roundtable took place on the 31 July and was titled the ‘The Future of Food and its Expected Impact on Wholesale Markets’. It was chaired by the Chair of Policy and Resources committee and attended by the Chairman of the Markets Committee.
- 26 This workshop covered a wide range of topics, reflecting the broad experience of participants. To make the most of information learned, observations were structured into three themes: **drivers** for change for the new market, considerations for the market’s **design** and benefits these will **deliver**.

Drivers for the new market:

- 27 The City team introduced factors underlying the new market, including the physical constraints of the three current sites, introduction of Ultra Low Emissions Zone (ULEZ), wider objectives of the City Corporation and varying requirements and preparedness of current tenants. Other factors identified included:
- **structural transformation**, such as possible new policy on food production or pricing.
 - **economic factors** such as new entrants to food delivery and retail uncertainties of supply post-Brexit.
 - **the changing nature of wholesale** as seen elsewhere in the rise of big box distribution hubs; changing consumer and retail demand, including (shorter-term) trends driven by health, fashion or environmental, such as eating less meat and the impact of technology.

Design of the new market:

28 For the above reasons and others, the existing markets cannot just be replicated at Dagenham Dock. Many tenants – especially where they are experiencing current space constraints – are already involved in discussions about the concept design requirements for the new market.

29 Known requirements already identified include;

- acquiring a wharf to allow consolidated waterborne delivery
- the need for flexible unit sizes that can change to meet future demand
- a layout that will avoid cross contamination between sensitive areas of the consolidated market (such as flowers)
- recognition of a potential growth in demand for retail and potential reduction in need for a traditional trading floor
- the availability of land nearby could be useful in future if businesses in related sectors wished to locate near the new wholesale market
- the likely rise in demand for training and skills from the sector – as well as from the catering industry, supermarkets and the public
- workshop participants also identified the need for other physical infrastructure to be included, including ensuring 5G and other platforms are available and providing cloud kitchen hire spaces to support new food-related start-ups, which could in turn support the market.

The benefits:

- 30 The group felt it was impossible to know everything that is going to happen to wholesale markets, but a diverse centre of food excellence should create flexibility and secure a sustainable long-term investment to fulfil the City's vision. A new market hub could be a huge influence on the rest of the food chain around the country, but it would need to be commercially attractive to tenants day-to-day, so it remains the case that relocating the wholesale markets adds more value to a trader than leasing a warehouse somewhere else.
- 31 A second roundtable event has been scheduled for 27 September, when relevant practitioners, academics and policy makers have been invited to consider the "*the future of transport and logistics in London and its expected impact on London's wholesale markets*". This second roundtable is to be chaired by the Chair of Policy and Resources committee and the Chairman of the Markets Committee has been informed.
- 32 Further roundtables are planned to cover topics including the impact of technology on market operations.

Comparator Markets

- 33 At the end of August, a group of officers visited the markets at Rungis (Paris) and Lyon in France; additionally, a visit to Dubai Waterfront market was carried out whilst an officer was on vacation.
- 34 The team were also treated to a presentation and discussion with the Directors of the wholesale market in Melbourne which was recently moved to an out of town situation. The learning from these visits is being documented and was very useful in identifying good and not so good practice in design, servicing and operations. The team will now be exploring some of the key learning points further.

Traffic analysis and logistics

Road

- 35 A key objective for the new markets' facility will be to improve logistics and transport sustainability for tenants, suppliers and customers. The team have undertaken detailed traffic analysis at each market over a full week using automatic traffic counters and CCTV. In addition, a survey of customers and suppliers has been carried out to understand where goods come from and their destination. The final report will be available at the end of September 2019.
- 36 Current levels of congestion on the A13 are a key concern for tenants and other stakeholders as previously noted. The matter has been raised by the Chair of Policy and Resources committee with the Leader of the London Borough of Barking and Dagenham, plus the Chair of their development arm, Be First. A further meeting to discuss the A13 is scheduled with the Commissioner for Transport for London (TfL). The Programme is developing a strategy for

accelerating work with key stakeholders to identify improvements to the road network around Dagenham Dock to ensure these can be delivered in advance of the market opening. This is not a new issue, but the need to see progressive improvements to the local road infrastructure is required for the regeneration of the Dagenham Dock area.

River

- 37 Funds have now been approved under Urgency to allow officers to investigate the potential acquisition of a wharf and land. Work has also been commissioned on moving freight to and from Dagenham Dock using the River Thames between London Gateway and Central London.

Rail

- 38 Research on the potential for use of rail is currently being scoped, as there are a number of rail heads in close proximity to the Dagenham site. The research will look at the potential for accessing these rail heads and the economics of moving food by rail.
- 39 Transport and logistics, as noted above, are to be the focus of the next research roundtable and will be debated at the New Market member group (see below). The programme team are also actively engaged in discussion with third party organisations such as Ocado, Eddie Stobart, DHL and Thames Gateway Port, amongst others, to understand innovation across the sector.

Member Oversight Groups

- 40 The Chairman of Policy and Resources committee is establishing two small Member Oversight Groups to support the programme around a) future of our existing market sites and b) the development of the new market. The Chair of Policy and Resources committee will lead the group on the future of the existing market sites, while Deputy Chris Hayward will chair the group on the new market. The first meetings are likely to take place in October.
- 41 The agenda for the existing sites group is likely to include an update on the future strategy for each site and discussion on the programme finances to promote a wider discussion on the disposal of the existing sites.
- 42 The agenda for the new market group will focus initially on planning for the Dagenham Dock site, concept design feedback from tenants and the importance of the right strategy towards the A13/ road infrastructure, rail and river transport options.
- 43 Some Markets Committee Members will be attending these groups to provide their experience and knowledge.

Next Steps

- 44 The information in this report will be used to develop the next report that will come to Committees in November 2019.
- 45 Over the next month, once the analysis has been completed, the full consultation report will be shared with Members for their information.

Conclusion

- 46 The initial public consultation has now been completed and the feedback is being analysed. The key messages are support for consolidation of the three wholesale markets and the future; access and traffic congestion / A13 is a key concern; and some tenant feedback suggests not all are yet convinced of the merits of relocating and to such a location as Dagenham Dock. Further ongoing engagement work will be required with tenants to understand the programme in more detail, the benefits and what will help them support the City's vision and future of our wholesale markets.
- 47 The programme will be reporting to Policy and Resources committee in November 2019.

Appendices

None

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