

<b>Committees:</b> Corporate Projects Board [for decision]  Markets Committee [for decision]  Projects Sub [for decision]	<b>Dates:</b> 01 September 2021 15 September 2021 15 September 2021
<b>Subject:</b> Provision of Additional Fish Handling Facilities – Billingsgate Market <b>Unique Project Identifier:</b> 9881	<b>Gateway 3</b> Regular <b>Issue Report</b>
<b>Report of:</b> City Surveyor <b>Report Author:</b> Nicholas Sommerville	<b>For Decision</b>  CS 336/21
<h1>PUBLIC</h1>	

<b>1. Status update</b>	<p><b>Project Description:</b> To increase the goods receiving capacity at Billingsgate Market, reduce congestion, improve health &amp; safety, food hygiene standards and pilot principles of the new market design.</p> <p><b>RAG Status:</b> Red (Green at last report to Committee)</p> <p><b>Risk Status:</b> Medium (Low at last report to committee)</p> <p><b>Total Estimated Cost of Project (excluding risk):</b> £1,411,000</p> <p><b>Total Estimated Cost of Project (including risk):</b> £1,593,000</p> <p><b>Change in Total Estimated Cost of Project (excluding risk):</b> Decrease (circa £600,000) since last report to Committee due to reduction in scope (omission cold store).</p> <p><b>Spend to Date:</b> £17,000.</p> <p><b>Costed Risk Provision Utilised:</b> £0</p> <p><b>Funding Source:</b> Billingsgate Sinking fund with potential grant funding from the Fisheries and Seafood Sector grant</p> <p><b>Slippage:</b> Delay to the project of circa eight years since last reported to committee. This delay was due to change in Markets personnel and despondency from stakeholders. The revised completion date is now anticipated November 2022.</p>
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	As part of Markets Colocation Programme, project management of the project has been recently assigned to the Property Projects Group of the City Surveyors Department.												
<p><b>2. Requested decisions</b></p>	<p><b>Next Gateway:</b> Gateway 3/4 - Options Appraisal (Regular)</p> <p><b>Requested Decisions:</b></p> <p>Subject to the ratification from a board of representative tenants, Members are requested to approve</p> <ol style="list-style-type: none"> <li>1. That £15,000 of the previously approved budget of £32,000 is released and supplemented by a further budget of £77,000 for consultancy fees to allow options analysis and works to be tendered;</li> <li>2. Approve a revised project budget of £92,000 (excluding risk);</li> <li>3. Note the total estimated cost of the project at £1,411,000 (excluding risk);</li> <li>4. That a Costed Risk Provision of £5,000 is approved (to be drawn down via delegation to Chief Officer).</li> <li>5. That a further options evaluation report is prepared following stakeholder consultation and costing to recommend preferred options.</li> </ol>												
<p><b>3. Budget</b></p>	<ol style="list-style-type: none"> <li>1. Three options have been considered ranging from a simple tented structure to a prototype for the Dagenham Dock facility. The total forecast cost for the 'premium' of the three options is set out below</li> </ol> <table data-bbox="528 1211 1228 1361" style="margin-left: 20px;"> <tr> <td>Works</td> <td>£ 1,253,000</td> </tr> <tr> <td>Fees</td> <td>£ 145,000 (including spend to date)</td> </tr> <tr> <td>Staff</td> <td>£7,000</td> </tr> <tr> <td>Cons.Fees</td> <td>£6,000</td> </tr> </table> <table data-bbox="528 1397 887 1469" style="margin-left: 20px;"> <tr> <td><b>Total</b></td> <td><b>£1,411,000</b></td> </tr> <tr> <td><u>Risk</u></td> <td><u>£182,000</u></td> </tr> </table> <ol style="list-style-type: none"> <li>2. This estimate is significantly lower (circa £600,000) than the previous total forecast cost as the scope of the additional cold store has been omitted.</li> <li>3. The project is to be funded by the Billingsgate Sinking fund with potential grant funding from the Fisheries and Seafood Sector grant (up to 75%). The grant does, however, have limitations on leased assets and would be subject to business case and full statutory approvals.</li> <li>4. The Billingsgate Market Sinking Fund has accumulated funds of £1.756m. If no grant funding agreed, and premium option progressed, the £1.4m cost of the Fish Handling Facility will utilise roughly 79% of this fund</li> </ol>	Works	£ 1,253,000	Fees	£ 145,000 (including spend to date)	Staff	£7,000	Cons.Fees	£6,000	<b>Total</b>	<b>£1,411,000</b>	<u>Risk</u>	<u>£182,000</u>
Works	£ 1,253,000												
Fees	£ 145,000 (including spend to date)												
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<b>Total</b>	<b>£1,411,000</b>												
<u>Risk</u>	<u>£182,000</u>												

therefore restricting future spend, including any urgent repairs under the forward maintenance plan, from the Sinking Fund should it be needed.

Item	Reason	Funds/ Source of Funding	Cost (£)
Design Fees	To progress planning, building control and MEP design	Billingsgate sinking fund	42,000
Professional fees	To provide cost consultancy and management advice	Billingsgate sinking fund	35,000
Professional fees	Statutory fees	Billingsgate sinking fund	4,000
Consequential fees	Statutory fees	Billingsgate sinking fund	6,000
Staff Costs	To oversee the project mgt., stakeholder liaison and reporting	Billingsgate sinking fund	3,000
<b>Total</b>			90,000
<b>Previously approved unspent</b>			(15,000)
<b>Sum requested</b>			75,000

**Costed Risk Provision requested for this Gateway: £5,000** funded from the Billingsgate Sinking Fund (as detailed in the Risk Register – Appendix 2)

The project has been developed in parallel with the survey works and forward maintenance plan.

#### 4. Issue description

1. Due to limited capacity under the east canopy, Billingsgate tenants continue to offload stock to external environment, which are congested and difficult to manage. There has recently been a collision between a pedestrian and forklift truck. The lack of cover also results in the nuisance and loss of stock to seagull attacks. Lack of cooling doesn't meet best practice, reflect standards of competing markets, is hampering certification and tenants advise is resulting in loss of business.

#### **Project Slippage**

2. The project has not substantively progressed since last approval in Sept 2013. This is due to a change in personnel and despondency from the Project Board, including tenants.
3. This resulted in a lack of engagement from project approval until the appointment of a new Superintendent. As part of the ongoing consultation with the Markets Colocation Programme tenants began to ramp up their collective enthusiasm to rekindle this project early in the new year of 2020. Before anything meaningful could be progressed COVID changed the Markets focus. As part of Markets Colocation Programme, project management of the project has been recently assigned to the Property Projects Group of the City Surveyors Department
4. With the further engagement with tenants and the London Fish Merchants Association (LFMA) regarding the Markets Colocation Programme and understanding of their requirements at the proposed and existing facility the need to expand the Fish Handling Unit has been highlighted as a priority.
5. Rejuvenation of the project and budget (previously approved at £32,000 with £15,000 unspent) and a further budget estimated at £75,000 is required for consultancy services to develop the design for option evaluation, submit planning application, building regulations application and define the MEP requirements in advance of tendering to a prefabricated supplier.

<p><b>5. Options</b></p>	<p><b>Scope</b></p> <ol style="list-style-type: none"> <li>1. Three options are to be considered and subject of a detailed options analysis report –             <ol style="list-style-type: none"> <li>I. an open portal frame, fabric cover, without temperature control</li> <li>II. replication of the existing Fish Handling Unit (at grade) with temperature control</li> <li>III. as ii above but including raised ground floor and docking for direct unloading</li> </ol> </li>   <li>2. To achieve best practice with Food Standards it would be preferable to unload directly into a cooled and covered Fish Handling Unit; this would require an elevated floor level and levelling docks which would add circa £412,000 to the project cost. This would allow the ‘cold chain’ to be maintained and serve as a useful pilot to how the new market might operate; tenants wouldn’t have to face new systems as well as a new location at the new market. Tenants were most supportive of this option (iii), which will assist in efficient through-put of stock and be a step towards satisfying customers that the facilities reflect the requirements of a modern efficient wholesale market.</li>   <li>3. Subject to the scope of the project a sub option will be investigated to re-use the frame and cladding for ancillary building to the new development at Dagenham Dock. This would defray costs at the new development, contribute to the circular economy and reduce overall embodied carbon as part of the zero carbon commitments. This opportunity may allow a business case for options ii) or iii), which require significant capital investment for an otherwise limited life at Billingsgate, to be worthwhile and grant fundable.</li> </ol> <p><b>Lease or Buy</b></p> <ol style="list-style-type: none"> <li>4. Given the anticipated building design life a structured leasing arrangement may be preferred, whereby the installing company would remove the facility in late 2026 when Billingsgate is scheduled to relocate to Dagenham Dock.</li>   <li>5. A leasing arrangement appears more expensive than outright capital expenditure however all maintenance costs and end of life decommissioning costs would be covered. A short-term lease is unlikely to be grant funded if in place for less than 10 years</li> </ol>
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### **Scope - Additional Cold Storage**

6. There are a number of temporary individual cold storage units around the site. The previous project anticipated these could be removed and a new purpose-built facility provided however the Superintendent has advised the stores are to be reconfigured around the site. This reconfiguration can be undertaken as business as usual and, although a dependency, isn't included as scope of this project. If a new facility were required, this would effectively double the scope of the project.
7. Additional cold storage is to be progressed locally by the Superintendent and does not form part of the project scope.
8. It is proposed that a further detailed options report is presented to recommend a preferred option following further design development, stakeholder consultation and cost analysis.
9. A tenant's board will be established to ensure that tenants views are adequately represented under an accountable forum.

### **Appendices**

<b>Appendix 1</b>	Project Coversheet
<b>Appendix 2</b>	<a href="#">Risk Register</a>
<b>Appendix 3</b>	<a href="#">Cost Book</a>

### **Contact**

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# Project Coversheet

## [1] Ownership & Status

**UPI:9881**

**Core Project Name:** Additional Fish Handling- Billingsgate Action Plan  
**Programme Affiliation** (if applicable): Billingsgate Action Plan as part of wider MCP

**Project Manager:** Nicholas Sommerville

**Definition of need:** To increase goods receiving capacity at Billingsgate. Remove congestion, improve health & safety, food hygiene standards and pilot principles of the new market design.

**Key measures of success:** Provide shelter for deliveries, access increase market share for tenants, improve unloading times.

**Expected timeframe for the project delivery:** Sep-Nov 2022

**Key Milestones:**

**Are we on track for completing the project against the expected timeframe for project delivery?** Y

**Has this project generated public or media impact and response which the City of London has needed to manage or is managing?**

None

## [2] Finance and Costed Risk

**Headline Financial, Scope and Design Changes:** Update relevant section post report approval. Add multiple entries to relevant box if issues reports are approved. Note this section is to tell the 'project story' of how we reached the current position outlined in the main report.

**'Options Appraisal and Design' (previous reporting pre dated GW system):**

- Total Estimated Cost (excluding risk): £2m
- Resources to reach next Gateway (excluding risk): £32,000
- Spend to date: £17,000
- Costed Risk Against the Project: N/A
- CRP Requested: N/A
- CRP Drawn Down: N/A
- Estimated Programme Dates: Oct 2013

*Scope/Design Change and Impact:*

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**Total anticipated on-going commitment post-delivery [£]:**15,000-25,000  
**Programme Affiliation [£]:**£1,661,000

## Appendix 2 Risk Register

### City of London: Projects Procedure Corporate Risks Register

Project Name:		BAP: Fish Handling Unit		PM's overall risk rating:		Medium		CRP requested this gateway		£ 5,000		Average unmitigated risk		9.1		Open Risks		9			
Unique project identifier:		10612		Total estimated cost (exc risk):		£ 1,411,000		Total CRP used to date		£ -		Average mitigated		4.7		Closed Risks		0			
General risk classification																Ownership & Action					
Risk ID	Gateway	Category	Description of the Risk	Risk Impact Description	Likelihood Classification pre-mitigation	Impact Classification pre-mitigation	Risk score	Costed impact pre-mitigation (£)	Costed Risk Provision requested Y/N	Confidence in the estimation	Mitigating actions	Mitigation cost (£)	Likelihood Classification post-mitigation	Impact Classification post-mitigation	Costed impact post-mitigation (£)	Post-Mitigation risk score	CRP used to date	Date raised	Named Departmental Risk Manager/Coordinator	Risk owner (Named Officer or External Party)	Date Closed OR/Realised & moved to Issues
R1	4	(1) Compliance/Regulatory	Planning requirements including sustainability measures	Additional cost	Likely	Serious	8	€50,000.00	N	C - Uncomfortable	Appoint M&E consultant and pre-empt conditions	€0.00	Possible	Minor	€10,000.00	3	€0.00	28-Jun-21	N Sommerville	N Sommerville	
R2	5	(4) Contractual/Partnership	existing electrical capacity insufficient to meet proposed demand	Additional scope/ time/ cost	Possible	Major	12	€400,000.00	N	C - Uncomfortable	Appoint M&E consultant to investigate, advise and design accordingly	€0.00	Unlikely	Serious	€25,000.00	4	€0.00	28-Jun-21	N Sommerville	N Sommerville	
R3	4	(10) Physical	existing drainage may restrict development / require build over licence	Reduced scope or additional time/ cost	Likely	Serious	8	€5,000.00	N	C - Uncomfortable	Asset search and appoint M&E consultant to investigate, advise and design accordingly	€0.00	Possible	Minor	€5,000.00	3	€0.00	28-Jun-21	N Sommerville	N Sommerville	
R4	4	(10) Physical	Design development- drainage diversion	diversion of drainage may be required to achieve usable internal layout	Unlikely	Serious	4	€100,000.00	N	C - Uncomfortable	test stakeholder appetite, cost of diversion and cost of enhancement	€0.00	Unlikely	Minor	€70,000.00	2	€0.00	28-Jun-21	N Sommerville	N Sommerville	
R5	4	(2) Financial	Additional fees to that estimated	Delay to service delivery	Possible	Serious	6	€15,000.00	Y - for costed impact post-mitigation	C - Uncomfortable	Tender services prior to report publication	€0.00	Unlikely	Minor	€5,000.00	2	€0.00	28-Jun-21	N Sommerville	N Sommerville	
R6	5	(5) H&S/Wellbeing	Working adjacent to live site	Restricted areas of working, limitation or altered contract working hours	Likely	Serious	8	€125,000.00	N	C - Uncomfortable	Set out the requirement and agree contractors compound	€0.00	Possible	Serious	€15,000.00	6	€0.00	28-Jun-21	N Sommerville	N Sommerville	
R7	5	(9) Environmental	Continuity of trading environments to existing FHU	Existing Fish Handling Unit services including external condensers disrupted whilst external condensers relocated	Likely	Major	16	€15,000.00	N	C - Uncomfortable	Set out the requirement under Employers Regs and plan for phased change over.	€0.00	Likely	Serious	€5,000.00	8	€0.00	28-Jun-21	N Sommerville	N Sommerville	
R8	5	(10) Physical	Site hasn't been cleared of temporary units in time for works.	Works delayed: additional time/ cost	Possible	Major	12	€10,000.00	N	C - Uncomfortable	Superintendent managing car park reconfiguration to facilitate move	€0.00	Unlikely	Major	€5,000.00	8	€0.00	23-Jun-21	N Sommerville	N Sommerville	
R9	5	(2) Financial	Hyper Inflation	additional cost	Likely	Serious	8	€42,000.00	N	C - Uncomfortable	Include allowance in cost plan, manage anticipated construction cost during pre-con period and get to tender ASAP	€0.00	Possible	Serious	€42,000.00	6	€0.00	18-Aug-21	N Sommerville	N Sommerville	



Appendix 3  
Cost Book

<b>Financial Summary</b>						
Element	Approved Costs GW 4	GATEWAY CASHFLOW			Outturn additions	Cumulative Budget
		Gateway 4 Issue Report Forecast	Gateway 5 Forecast	Gateway 6 Forecast		
<b>Construction</b>		<b>0.00</b>	<b>1,253,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,253,000.00</b>
1.1 Enabling Works		0.00	0.00	0.00	0.00	0.00
1.2 Main Contractor			1,195,000.00		0.00	1,195,000.00
1.3 Direct Package					0.00	0.00
1.4 Surveys			8,000.00		8,000.00	8,000.00
1.5 Landscape					0.00	0.00
1.6 Fittings and Equipment					0.00	0.00
1.7 PV allowance			50,000.00		50,000.00	50,000.00
<b>Professional Fees</b>	<b>32,000.00</b>	<b>81,000.75</b>	<b>32,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>145,000.75</b>
2.1 Architect	15000	8,000.00	3,000.00		0.00	26,000.00
2.2 Interior Designer					0.00	0.00
2.3 Cost Consultant		15,500.00	10,500.00		0.00	26,000.00
2.4 Mechanical and Electrical		15,000.00	5,000.00		0.00	20,000.00
2.5 Structural Engineer					0.00	0.00
2.6 Principal Designer		4,000.00	3,000.00		0.00	7,000.00
2.7 Planning Consultant					0.00	0.00
2.8 Building Control		4,000.00			0.00	4,000.00
2.9 Project Management		19,500.75	10,500.00		0.00	30,000.75
3.6 Sustainability		15,000.00			0.00	15,000.00
<b>Consequential Fees</b>		<b>6,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,000.00</b>	<b>6,000.00</b>
4.7 Planning Fees		5,000.00			5,000.00	5,000.00
4.8 FF&E ( furniture, AV, FM)					0.00	0.00
4.9 Thames Water Licence		1,000.00			1,000.00	1,000.00
<b>City of London Internal Recharge</b>		<b>3,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>7,000.00</b>	<b>7,000.00</b>
5.1 IT Costs					0.00	0.00
5.2 DBE					0.00	0.00
5.3 Legal Costs			0.00		0.00	0.00
5.4 Other					0.00	0.00
5.5 <b>Staff Costs</b>		3,000.00	2,000.00	2,000.00	7,000.00	7,000.00
<b>Risk Register</b>		<b>62,000.00</b>	<b>120,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>182,000.00</b>
6.1 Compliance/Regulatory (i.e Planning)		10,000.00			0.00	10,000.00
6.2 Financial (i.e inflation)		47,000.00	0.00		0.00	47,000.00
6.3 Reputation (Client Changes)					0.00	0.00
6.4 Contractual/Partnership ( Contracts)			25,000.00		0.00	25,000.00
6.5 H&S/Wellbeing ( i.e Design Compliance)			15,000.00		0.00	15,000.00
6.6 Safeguarding (i.e Site Attendance)		0.00			0.00	0.00
6.7 Innovation (i.e Design Development )					0.00	0.00
6.8 Technology (BIM/ Sustainability)			0.00		0.00	0.00
6.9 Environmental (Site Constraints)			5,000.00		0.00	5,000.00
6.1 Physical ( building Constraints)		5,000.00	75,000.00		0.00	80,000.00
<b>7 Subtotal (including risk)</b>		<b>152,000.75</b>	<b>1,407,000.00</b>	<b>2,000.00</b>	<b>13,000.00</b>	<b>1,593,000.75</b>
<b>8</b>						<b>0.00</b>
<b>Grand Total - Capital Investment Costs</b>		<b>152,000.75</b>	<b>1,407,000.00</b>	<b>2,000.00</b>	<b>13,000.00</b>	<b>1,593,000.75</b>