

TO Markets Board
9 November 2022

FROM Policy and Resources Committee
15 November 2022

MARKETS CO-LOCATION PROGRAMME

Extracts from the draft public minutes of the Markets Board meeting on 9 November 2022

4. Annual Review of the Terms of Reference

Members' received a report of the Town Clerk relative to the annual review of the Board's Terms of Reference.

Members discussed the governance arrangements for the Markets Co-Location Programme (MCP). It was confirmed that, should the MCP be approved as a major capital buildings project, it would automatically become the responsibility of the Capital Buildings Board, with the Chairman and Deputy Chairman of the Markets Board joining the Capital Buildings Board as ex-officio members for the duration of the project.

The Chairman expressed his view that the Board should have greater operational input into the project. A Member agreed that the Board should make clear that it would be available and willing to provide expertise on the detail of the project as it progressed.

A Member said that they were disappointed that consideration was not being given to alternative approaches for delivering the project, and suggested the creation of a corporate entity, responsible to the Markets Board, to oversee it.

Other Members advised that it was important to have clarity on the relationship between the two Boards and their respective to avoid clashes. Another Member agreed and said that the Capital Buildings Board had a project management role, while the Board could make available the market expertise.

The Chair of the New Spitalfields Tenants' Association said that the market tenants do not have the same relationship with the Capital Buildings Board as they do with the Markets Board. Another Member said that the proper relationship would be between the tenants and the officers delivering the project, and that the role of the Capital Buildings Board was to provide oversight and ensure the project was delivered in accordance with strategy and to deadline.

The Chief Operating Officer said that there would be a transition period where current operations and future operations overlapped, and suggested that this would be the point where the Board would want to feed in.

A Member said that the Markets Board had a strong membership and felt it should have greater control over the MCP as the project went into an important new phase. They did not feel that the Capital Buildings Board had been effective. Another Member replied to clarify that the Capital Buildings Board had not been responsible for the project thus far, and therefore should not be held culpable for any delays.

11. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

The Chairman provided Members with an update on his trip with the Markets Director to the wholesale markets of Abu Dhabi. He said that he wanted the MCP to provide a food hub that would be the envy of the UK and which should aspire to create a market for the future.

The Chairman suggested, and Members agreed, that one way to fulfil these aspirations was to embrace third-party financing, should that be an available option, and hoped that a briefing session with top financiers could be convened. A Member returned to the subject of the establishment of a special purpose vehicle to aid in this, as they felt it was easier for these entities to get external funding. Another Member seconded this idea and suggested that market tenants should be encouraged to invest in any potential entity to ensure buy-in to its success.

Extract from the draft confidential minutes of the Markets Board meeting on 9 November 2022

18. Markets Co-location Programme Update

Members received an update from the Programme Director for the Markets Co-Location Programme.

The Chairman asked if there was a list of parties who had been contacted for potential private investment in the programme. The Chief Operating Officer replied that several sessions had been held on how to make private investment attractive. A soft-market test had not yet been prepared as there was not a fully-developed project to take to market. Further information would be needed for commercial conversations to take place. The Chairman said that he had made some contacts, but would be happy to be involved in other meetings.

A Member said that if there were funding issues holding up a move for New Spitalfields, these should be easy to resolve. In reply, the Chief Operating Officer said that they would be happy to go through the financial modelling with any Members who wished to see it. There was a limit to how much the City Corporation could leverage its endowment, and it currently looked like the limit would be reached. The net debt ratio can only be up to 50%. A Member clarified that joint debt could be renegotiated.

The Programme Director informed Members that she would be leaving at the end of the year. She advised Members that she felt the funding arrangements were complicated, with many programmes needing to be addressed, and she felt that the City of London Corporation would need good and strong advice on these issues. She also hoped that a governance system would be chosen which would allow the Markets Co-Location Programme to effectively make the necessary decisions.

Following this discussion, and referring back to the discussion at agenda item 4, it was proposed by Mark Bostock, seconded by Henry Pollard and **RESOLVED, unanimously**, that - the Policy and Resources Committee be asked to note that it was the view of the Markets Board that all options should be considered with regards to the governance of the Markets Co-Location Programme.