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Markets	13 May 2015
Subject: Billingsgate Modernisation	Public
Report of: Superintendent, Billingsgate Market	For Information

Summary

After more than 32 years on site and with a significant lack of investment in maintenance during that period, it is generally agreed that the Billingsgate facilities look tired and in need of improvement and modernisation. The tenants have made their views known at meetings and in correspondence. Prior to the fish porters buy out there had been a number of vacant premises and failed businesses. As a result, in consultation with the London Fish Merchants Association (LFMA), the service charge set was often curtailed. With it being three years since the porter's buyout was completed, service charge funding can no longer be compromised if improvements to Billingsgate are to be delivered.

To improve and modernise Billingsgate, it is proposed to carry out two specific larger scale works and a number of small scale remedial works.

The first larger scale works is the completion of the roofing renewal projects currently in progress which also includes evaluating the economic benefit of installing photo voltaic panels to the roof.

The second larger scale project is the Additional Facilities project. Storage and handling facilities are at present separate instead of being integrated leading to inefficient product movements. Storage facilities are mostly of the container type which gives Billingsgate an untidy temporary look. A number of larger scale tenants would like their own order picking areas rather than the communal picking areas that exist at present. The Additional Facilities project addresses all these issues.

Sufficient funds exist in the Billingsgate Sinking Fund, together with expected matched funding fisheries grants, to finance these two large scale projects

Renewing damaged sections of the external road and parking area hardstanding, along with a range of other small scale remedial works, including painting jobs, are all being progressed. A proposal to fence off the waste handling facilities from customer areas is also to be progressed.

Following a tri-lateral meeting between the City, the LFMA and the Fishmongers' Company, the Chief Fish Inspector was commissioned to conduct an independent review of the Billingsgate facilities and working practices. The output of this review will also be considered and agreed works arising from that review will be advanced.

In addition to structural improvements, it is important that cleaning standards

improve not only in the common areas but also in tenants' premises. The Billingsgate Code of Practice will be reviewed to ensure that the expected standards are set out and met.

For tenants who wish to expand or consolidate their operations in one location an area of land at the east end of site, next to Satellite 1 unit (known colloquially as the Koch building), has been identified for tenant development. Once the Crossrail project completes in 2018, it may also be possible to make available for tenant development the area on site currently occupied by Crossrail.

It is proposed to cancel the Market Hall Venting & Cooling Phase 2 project. That project would have delivered a capped temperature of 16 degrees centigrade in the Market Hall but at a capital cost of £586,000 and with ice available to protect fish product temperature, the proposed phase 2 project is judged as not value for money. The LFMA have agreed to this proposal.

A small number of tenants would have liked to see the Market Hall being re-designed to enable them to have more space. With the Market Hall full to capacity such a re-design is not possible. The same set of tenants further suggested that tenants who deal with retail trade should be separated from wholesale trade. As almost every tenant deals with both retail and wholesale, such a segregation of tenants and customers is also not possible. No re-design or segregation of the Market Hall is being advanced.

The following is a summary of the modernisation and remedial work options that are being progressed:

- Completion of the Roof and Balcony Renewal Projects including (if economically viable) photo voltaic panels.
- The Additional Facilities Project.
- Completion of hardstanding renewal programme.
- Multiple Small Works per Appendix 2.
- Actions arising from the Fishmongers Company Review.
- City Surveyors 20 year plan –cyclical works.
- Plant, Machinery, Vehicle, Equipment - Renewal Programme.
- Improving Cleaning Standards.
- Tenant Development Area.
- Billingsgate Code of Practice.

Recommendation:

Members are asked to note the report.

Main Report

Background

1. This report seeks to address the following issues:
 - To improve the material state of Billingsgate
 - To provide facilities that satisfy the business needs of tenants

2. **The material state issues:** Billingsgate Market has been in its current Docklands location for over 32 years. The facilities are looking increasingly tired and in need of improvement. This unpleasing look is added to by the increasing number of containers that have been placed around the Market to meet the storage needs of tenants; containers are not only inefficient but create an untidy temporary patchwork look to Billingsgate. A further major and long standing issue has been the condition of the roofs of the main Market building where there had been ongoing rainwater leaks. As well as these large scale issues there are many smaller scale building improvements required to smarten up the Billingsgate facilities.

3. In addition to building structure problems, there have been negative comments from some individual tenants about the cleaning standards achieved by the in house cleaning team and it is the case that the Fishmongers Company Inspectors in their July 2012 audit made a significant number of cleaning improvement recommendations.

4. Since that July 2012 Fishmongers audit, a cleaning supervisor was appointed and one further cleaner was employed. A further audit in November by a City Environmental Health Officer carried out while the daily cleaning activity was in progress, rather than complete, found that cleaning of the internal areas was generally satisfactory but the external areas were less so. It should though be noted that up to and including their last annual inspection in November 2014, Tower Hamlets Environmental Health, who enforce food hygiene regulations compliance at Billingsgate, have not at any time raised any significant adverse cleaning standard issues.

5. Similar to other Markets, such as New Spitalfields, Western International and New Covent Garden who have similarly large external areas, it is a real challenge to quickly clear the daily waste that accumulates. Although the external areas are clean by 15.00 hours each day that is some 6 hours after the main parts of the Market have finished trading. There has been progress in parts of the external area since the cartminders were replaced in 2012, with the employed parking marshall staff now responsible for the trade parking areas, keeping these areas in a tidier condition than was ever the case before.

6. **Improved facilities for tenants business needs:** Tenants, in general, lack suitable storage, handling and order picking facilities leading to excessive movements of product each trading day. In addition, some larger scale tenants have indicated that they would like to have more space made

available to them to develop their business or have their operations consolidated into single physical spaces, rather than having multiple premises separated from each other.

Current Position

7. Ahead of the fish porters buyout being completed at the end of April 2012 a number of tenant businesses had failed and there were many vacant premises. As a result, in consultation with the LFMA, service charges were kept at a lower level than was ideal and, although expenditure on critical matters such as health & safety was never knowingly compromised, finance available to carry out cyclical or improvement works on time was lacking. Following the fish porter's buyout, with the exception of a small number of vacant offices, the Market is full to capacity and there are a number of prospective tenants who would take up premises should any become available. The service charge in 2014/15 was increased by 8.4% to provide a more appropriate level of funding.
8. The tenant's representative body, the London Fish Merchants Association (LFMA), articulated their concerns about the material state of Billingsgate at meetings with the Chairman of the Markets Committee in January and in May 2014. Although some tenants may be motivated in part by the wish to see the current site being sold and financial compensation being offered to them, it is undeniably the case that improvements are required.
9. Following the meetings with the Chairman of the Markets Committee the LFMA wrote to request that the Additional Facilities project be progressed with. (Appendix 1). The LFMA have in addition verbally requested that the minor works listed by the City (Appendix 2) also be progressed with. Some of these minor works were completed in 2014/15 year while the remainder are being programmed to take place over the next two financial years.
10. At a meeting at Fishmongers Hall on 30th October 2014, the LFMA and the City agreed that the Fishmongers Company's Chief Fish Inspector would carry out an independent review of the Billingsgate facilities and working practices. The review has been completed and, once the Fishmongers Company make the final report available, any agreed improvement actions that arise will be progressed in consultation with the LFMA.

Options for Modernisation and Improvement

11. **Market Roof Renewal:** A project to renew the flat roof of the Market was completed in summer 2014 and a further project to renew the metal profile roof and balcony has been initiated and should be completed in 2016. The Sinking Fund and matched EU fishing industry grant funding are the proposed funding sources. The installation of photo voltaic panels to the metal profile roof will be evaluated additional to the roof project. When all these works are complete, the entirety of the roof and also the balcony that adjoins the south facing offices will be in an acceptable long term state from both a practical and visual perspective.

12. **Additional Facilities Project.** There have been insufficient built facilities for tenants' fresh fish storage needs, with container storage facilities increasingly being the solution. The current position is that the City rents ground space to tenants and the tenants provides the containers, with most of the tenants renting containers from a third party. Tenants' fresh fish on arrival is currently placed in either the North or East Canopy buildings and, in the majority of instances, tenants will order pick from these locations but a number of smaller size tenants will remove their product into their Market Hall premises. In addition, due to a lack of space in the North and East buildings, some, mostly small scale, tenants have their product , placed in the open air and, from there, they will later move them into their Market Hall premises. Unsold product is moved by tenants to storage, mostly container storage, at the end of the trading day.
13. Most of the tenants receiving product into the North or East Canopy and order picking from there will also each day move product from storage into these same North and East Canopy areas to order pick and deliver to their customers vans from there. All product unsold at the end of the trading day is removed by the tenants to their storage units and at the start of the next trading day the same cycle of events begins, with product being moved from the storage units into the North and East Canopy buildings. The North Canopy is also used as an overflow storage location when tenant's storage facilities are full. With order picking taking in place in the North and East Canopy and storage being mostly in containers, tenant operations are fragmented and there is excessive movements of product.
14. The Additional Facilities project seeks to create sufficient built integrated and temperature controlled space to meet tenants order picking and storage needs and make redundant as many containers as possible. Ideally the project should succeed in making every container redundant and not allow any future container storage. This can be done by extending both the current North and East Canopy buildings and constructing an additional building outside the South East end of the Market Hall. The North and East Canopy buildings are at present common area spaces but, as part of the evaluation of options, the provision of tenanted picking facilities will be examined.
15. Seeking to provide alternative storage facilities and generally improving the efficiency and aesthetics within the west (Q shop) area of site is included within the scope of the Additional Facilities project. At present there are a number of containers situated outside the Q shops.
16. The Additional Facilities project has been on the City's capital programme listing for a number of years but was held up, with the LFMA'S full agreement, when there was concern that the estimated cost of the roof project works would leave insufficient Billingsgate Sinking Fund finance available. However, with the flat roof renewal works costs being substantially below the initial estimates, concerns of insufficient finance have dissipated. Along with the Sinking Fund, matched EU fishing industry grant funding is likely to be available to fund the Additional Facilities project.

17. Much of the evaluation work on the Additional Facilities project has already been undertaken but further work particularly on the provision of tenanted picking facilities is required and is being progressed. Individual tenants have responded to a questionnaire with their requirements in terms of space and whether tenanted or communal space is desired. Following this, external consultant, EPR Architects, have been engaged by the City Surveyor to produce building facility options for consideration.
18. EPR have indicated that they should be in a position by the end of May 2015 to present the output of their project evaluation work to the LFMA and the City. The next City capital projects reporting stage is Gateway 4. Assuming that the LFMA and the City are reasonably satisfied with the evaluation study output, it should be possible, after the end of May 2015, to provide a date for the Gateway 4 report and subsequent milestone dates, including a date for when the building works will take place.
19. **Hardstanding Renewals.** Some of the internal roadways and parking areas are in a poor condition with sunken areas and general disrepair. There had been an annual rolling programme of renewals but, due to service charge funding being reallocated to a range of emergencies, annual works have been postponed or delayed. About £50,000 was committed to in 2014/15 year and a similar level of expenditure in 2015/16 should be sufficient to complete all the hardstanding renewal works.
20. Although aesthetically tarmacadam would be a more pleasing solution and also provide the manual handling equipment in use on site with a smoother ride, tarmacadam would frequently need renewing and taking a whole life long term costs view, the advice from the City Surveyors is that it would be more economical to renew the concrete slabs like for like. It is the like for like renewals that are being progressed.
21. **Multiple Small Works.** The works listed in Appendix 2 have been agreed with the LFMA and are being progressed, starting in 2014/15. These works are being integrated within the 20 year plan produced by the City Surveyor in consultation with local staff. It is important that the 20 year plan comprehensively covers the whole site and that the agreed cyclical work time frames are adhered to. Equally, it is important that the plant & machinery, equipment and vehicles in use at Billingsgate with renewals being locally managed, are replaced when required. The annual service charge that is set needs to fully allow for all such cyclical expenditure, which in the short to medium term is likely to lead to annual above inflation service charge increases.
22. **Tenant Development Space.** The land towards the eastern boundary of the site next to the satellite unit currently used for retail customers overflow parking was identified several years ago as the area where individual tenants could have building facilities constructed. This land, which measures some 1500 square metres in total, has an electricity sub-station nearby; in addition to electricity, water connections to that area are relatively straightforward.

Having the space available for parking is useful but, on balance of need, it is felt that the space can be freed up for tenant development.

23. The land currently in use for the Crossrail works will not be returned to the City until 2018 and in due course that land could possibly be made available for tenant developments. The need to retain sufficient trade customer parking spaces at the Market Hall upper ground level is a vital part of being able to easily deliver product to customers and is of paramount importance in attracting and retaining trade customers. As a result, no other land for tenant development is available.
24. **Market Hall.** A small number of tenants have suggested that the Market Hall stands should be made larger or be converted into shop type premises. A further idea was to separate retail tenants from wholesale tenants by having separate buildings or separate trading areas within the Market Hall. With 39 tenants and full occupation in the Market Hall and with almost every wholesale tenant also having some retail business, it is difficult to see how any re-design of the Market hall is possible or how there could ever be any consensus amongst tenants for a re – design. Therefore, a re-design of the Market Hall is not being considered.
25. The Additional Facilities project will free up many of the internal chiller units that are sited past the west end of the Market Hall. It may be possible to make alternative use of the freed up chiller space. Potential alternative uses for the chiller area will become clearer by the completion of the Gateway 4 Additional Facilities project stage. At the evaluation stage of the roof renewal projects, the possibility of installing a ceiling into the Market Hall was examined but, as the roof structure was incapable of supporting a ceiling, it was discounted as a viable option.
26. **Market Hall Venting & Cooling Phase 2.** In 2007, in order to address high summertime temperatures and to enable Billingsgate to achieve Food Hygiene Regulations approval, a phase 1 project was completed which removed some heat from the Market Hall. In 2009, at the request of the LFMA, a phase 2 project was evaluated which would provide a Market Hall temperature cap of 16 degrees centigrade at an estimated capital cost of £586,000 and annual operating costs of £13,000. Further discussions with the LFMA concluded that, given the relatively short time each year an early morning temperature would exceed 16 degrees centigrade, it would not be good value to progress with the phase 2 project. The majority of fresh fish product is held in the temperature controlled North and East Canopy buildings and the LFMA request is that the focus needs to be on delivering the Additional Facilities project. Ice continues to be an acceptable method for maintaining fresh fish product at temperature. It is proposed that the Venting & Cooling Phase 2 project be cancelled and the LFMA have agreed with this proposal.
27. **Tenanted Premises.** As well as the need for the City to improve the material state of the common parts, it is equally important that tenants' premises are kept in good order and up to date. Compliance with the Billingsgate Code of

Practice is a requirement under the tenants lease. The Code can be reviewed and updated at any time in consultation with the LFMA or at least as an annual exercise. If tenants do not voluntarily improve the standards of their premises and operations within the Market, the Code could be a useful tool to compel them to do so.

28. **Common Area Cleaning Standards.** Unreliable old cleaning vehicles or equipment such as the Johnston Sweeper and Market Hall Scrubber are being replaced in spring 2015. Although the vast majority of tenants never complain about common area cleaning standards, cleaning standards achieved each day are variable and need to be on a more consistent and higher level standard. Tenants, their staff and customers could assist by using the bins provided instead of throwing plastic cups, lids, cigarette butts and all types of other rubbish on the ground.
29. **The waste holding and processing area** is in a highly visible location next to the trade parking area. With no alternative location possible, prices were received some time ago for shielding the waste area off from the remainder of site. Although budgets available at the time deterred any further progress, proposals to fence off the waste area from the remainder of site will be revisited in 2015/16.

Proposals

30. The following are the options that are being progressed:
 - Completion of the Roof and Balcony Renewal Projects including (if economically viable) photo voltaic panels.
 - The Additional Facilities Project.
 - Completion of hardstanding renewals programme.
 - Multiple Small Works per Appendix 2.
 - Waste Holding Area Partitioning.
 - Actions arising from the Fishmongers Company Review.
 - City Surveyors 20 year plan – cyclical works.
 - Plant, Machinery, Vehicle, Equipment - Renewal Programme.
 - Improving Cleaning Standards.
 - Tenant Development Area.
 - Billingsgate Code of Practice.

Corporate & Strategic Implications

31. The proposed options support those Markets Department Business Plan objectives that relate to customer and stakeholder focus, operations and finance and sustainability and site optimisation.

Financial Implications

32. The Additional Facilities project can be funded by the Sinking Fund and matched EU fishing industry grant funding. The further roofing works are also to be funded from the same sources. The Sinking Fund has some £1.7 million of funds; with matched grant funding there is approximately £3.4 million of funding available which will be sufficient for both these projects. The Sinking Fund is no longer receiving contributions and it is highly likely that, once these two projects are complete, there will be little if any Sinking Fund balances remaining.
33. Although there is no reason to be pessimistic there are no absolute guarantees that grant applications for EU fishing industry grant funding will be successful. Although the Marine Management Organisation (MMO) who oversee EU grants funds for England are aware of the proposed Billingsgate projects and Billingsgate has succeeded with previous applications, EU funds are limited and the MMO may receive more and better applications than there are funds available. Grant applications are only submitted following works tenders being received.
34. The remaining works and staffing needs are to be funded by the Service Charge. The annual Service Charge budget discussions with the LFMA will include ensuring there is adequate funding to address the issues identified.
35. Once the Sinking Fund monies have been fully spent the only available source of funds will be from the service charge in accordance with tenants lease terms or from the City.

Conclusion

36. This report is concerned with identifying and rectifying deficiencies within the Billingsgate facilities. It is proposed that all the headline issues in paragraph 29 are progressed with.

Appendices

- Appendix 1 – LFMA letter re Additional Facilities Project
- Appendix 2 – Multiple Small Works

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