

Committee(s)	Dated: 27 January 2016
Markets Committee	
Subject: Markets Committee Risk	Public
Report of: Director of Markets and Consumer Protection	For Information

Summary

This report has been produced to provide the Markets Committee with assurance that risk management procedures in place within the Department of Markets and Consumer Protection are satisfactory and that they meet the requirements of the corporate Risk Management Framework.

Risk is reviewed regularly by the departmental Senior Management Team as part of the on-going management of operations within the Department of Markets and Consumer Protection. In addition to the flexibility for emerging risks to be raised as they are identified, a process exists for in-depth periodic review of the risk register.

The Department of Markets and Consumer Protection have identified a number of departmental risks. Of these, the most significant risks are for this Committee to consider are:

- MCP-NS 001 – Workplace Traffic Management (Current Risk: RED)
- MCP-SM 001 – HGV Unloading Operations (Current Risk: AMBER)
- MCP-SM 002 – Cooling Towers (Current Risk: AMBER)
- MCP-SM 003 – East Poultry Avenue (Current Risk: AMBER)
- MCP-SM 004 – Cooling Water Failure (Current Risk: AMBER)

Recommendation(s)

Members are asked to:

- Note the report and the actions taken in the Department of Markets and Consumer Protection to monitor and manage effectively risks arising from our operations.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Audit and Risk Management Committee has requested that such risks should be reported at a Committee level.

Current Position

2. This report provides an update of the key risks that exist in relation to the operations of the Department of Markets and Consumer Protection. The report also outlines the processes adopted for the on-going review of risk and mitigating actions.

Risk Management Process

3. The Department of Markets and Consumer Protection risk management is a standing agenda item at the monthly Departmental Senior Management Group (SMG) meeting, over and above the suggested quarterly review. SMG receives the risk register for review, together with a briefing note highlighting any changes since the previous review. Consideration is also given as to whether any emerging risks exist for inclusion in the risk register as part of Divisional updates on key issues from each of the Superintendents and Assistant Directors, ensuring that adequate consideration is given to operational risk.
4. Between each SMG meeting, risk and control owners are consulted regarding the risks for which they are responsible, with updates captured accordingly.
5. Regular risk management update reports are provided to this Committee in accordance with the City's Risk Management Framework.

Identification of New Risks

6. New and emerging risks are identified through a number of channels, the main being:
 - Directly by SMG as part of the monthly review process.
 - In response to regular review of delivery of the departmental Business Plan; slippage against key deliverables, for example.
 - Annual, fundamental, risk register review, undertaken by the tier of management below SMG.

The risk register may be refreshed over and above the stated process for review and oversight, in response to emerging issues or changing circumstances.

Summary of Key Risks

7. The Department of Markets and Consumer Protection's risk Register for markets, attached as Appendix 1 to this report, includes two RED risks and Four AMBER risks:

MCP-NS 001 – Workplace Traffic Management (Current Risk: RED)

Over 200 forklift trucks are in operation on the New Spitalfields Market site.

An accident involving a pedestrian and a vehicle which resulted in a serious injury or fatality could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.

MCP-SM 001 – HGV Unloading Operations (Current Risk: AMBER)

A lack of suitable and sufficient training and adequate management controls in relation to Heavy Goods Vehicle banksman activities undertaken by staff employed by Smithfield Market tenants could result in a serious or fatal injury to pedestrians caused by uncontrolled or unguided reversing vehicles.

An accident involving a pedestrian and a vehicle which resulted in a serious injury or fatality could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.

MCP-SM 002 – Cooling Towers (Current Risk: AMBER)

Failure to adequately manage or maintain the cooling towers at Smithfield Market could result in an outbreak of Legionellosis. St Bartholomew's Hospital is within the drift area of these towers which exacerbates the impact of this risk due to the close proximity of susceptible persons.

If this risk were to be realised it would result in prosecution, a fine and reputational damage for the City.

MCP-SM 003 – East Poultry Avenue (Current Risk: AMBER)

Vehicular traffic streams enter East Poultry Avenue at Smithfield Market from opposing directions without physical traffic calming measures in place or a marked pedestrian crossing point. Vehicles speeding through this junction vying for road space could cause an accident resulting in fatality or serious injury to pedestrians crossing between market buildings on East Poultry Avenue.

This crossing point between market buildings would be considered as part of the workplace under current health & safety legislation which could result in prosecution, a fine and reputational damage for the City following a serious accident or fatality.

MCP-SM 004 – Cooling Water failure (Current Risk: AMBER)

Failure to maintain the required temperature or flow rate of the condenser water supply at Smithfield Market could result in failure of tenants' refrigeration equipment and the City's ability to operate the service corridors due to a lack of temperature control in these areas.

If this risk were to be realised it could result in prosecution, civil litigation for lost produce and reputational damage for the City.

Conclusion

8. Members are asked to note that risk management processes within the Department of Markets and Consumer Protection adhere to the requirements of the City Corporation's Risk Management Framework. Risks identified within the operational and strategic responsibilities of the Department of Markets and Consumer Protection are proactively managed.

Appendices

- Appendix A – Markets Risk Register Summary
- Appendix B – Risk Matrix

Background Papers

Department Business Plan
Department Risk Review
Department Business Plan Progress Report
Risk Management Strategy

MCP Markets Committee Risk Report Appendix A

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Code	MCP-NS 001	Title	Workplace Traffic Management
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Description	<p>Cause: Over 200 forklift trucks operate on the New Spitalfields Market site.</p> <p>Event: There is a serious risk of injury or death of a pedestrian if vehicle movements in this constrained space are not appropriately managed and controlled.</p> <p>Effect: An accident involving a pedestrian and a vehicle which resulted in a serious injury or fatality could result in prosecution, a fine, reputational damage for the City and have an adverse impact on the operation and sustainability of the service.</p>
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Category	Top X H&S
Risk Level	Departmental

Approach	Reduce (By appropriate remedial action)
Risk Owner	Robert Wilson

Strategic Aim	SA3
Department	Department of Markets and Consumer Protection

Key Policy Priority	KPP4
Committee	Markets Committee

Current Risk Assessment, Score & Trend Comparison	
Likelihood	Possible
Impact	Extreme
Risk Score	24
Review Date	11-Jan-2016

Target Risk Assessment & Score	
Likelihood	Unlikely
Impact	Major
Risk Score	8
Target Date	02-Jan-2017

Latest Note	<p>The new Superintendent has reviewed the evidence of incidents since his arrival at the Market and considers that the impact rating should be changed to “extreme” in view of the likelihood of a serious injury or death of a pedestrian from current fork lift truck movements.</p> <p>There have been two recent presentations to all tenants in the Market by Labyrinth Logistics Consulting, an external Health and Safety logistics expert, to present their recommendations on possible methods of segregating pedestrians and fork lift truck movements within the Market. From these presentations and the views expressed we are now in the process of preparing an action plan, to be agreed with the tenants and Tenants’ Association, on how these recommendations can be implemented at the earliest opportunity to significantly reduce the risk to pedestrians from fork lift truck movements.</p>
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Actions related to this risk:

Ref No:	Title	Action Description	Action Owner	Due Date	Progress	Latest Note
MCP-NS 001a	Develop plan	Formulate develop and agree a short, medium and long term plan to improve the management of workplace transport at New Spitalfields Market.	Nigel Shepherd	30-Apr-2015	100%	This action has been completed.
MCP-NS 001b	Mark Forklift Crossing Points	Marked Fork lift truck crossing points on pedestrian walkway from stands to roadways.	Sidney Brewer	30-Sep-2015	100%	N. Shepherd reports: Roadways 1 and 2 written to as of 15/5/2015 to finalise location/number/size.
MCP-NS 001c	Increase Constabulary Targets	Increase in targets for constabulary.	Nigel Shepherd	01-May-2015	100%	This action has been completed.
MCP-NS 001d	Nominate Training Body	To nominate/Appoint one approved induction/training body for all FLT training activities.	Robert Wilson	05-Feb-2016	75%	Expressions of interest have been received and from these four training providers have been selected to 'pitch' to the tenants ant the end of January 2016.
MCP-NS 001e	Ensure Permits are carried	Fork lift truck operators to have their permits to operate readily available at all times.	Nigel Shepherd	01-Jun-2015	100%	N. Shepherd reports that: Implemented and now part of routine operational enforcement activity
MCP-NS 001f	All Visitors in Hi Vis	All staff and customers to wear hi-vis vests.	Nigel Shepherd	01-May-2015	100%	N. Shepherd reports that: Implemented and now part of routine operations. Comment – still selling high number of Hi-Vis to visitors routinely in a high profile campaign

MCP-NS 001g	Increase Forklift Sanctions	Increase specified breaches of non-compliance with H&S policies	Nigel Shepherd	01-Jun-2015	100%	This action has been completed.
MCP-NS 001h	Impose Financial Penalties	Impose financial penalty on tenants when FLT operators are suspended/allocated points	Robert Wilson	29-Jan-2016	10%	N. Shepherd reports that: Agreement is reached on the principle, but this will need to be included in the lease to enable the market to act upon. Needs new lease in place with a working manual clause and the work manual itself agreed and signed off.
MCP-NS 001i	Train Managers In Forklift Safety	A member of staff from all tenants to be nominated and trained in FLT safety procedures.	Robert Wilson	29-Jan-2016	10%	N. Shepherd stated that: Agreement is reached on the principle, but this needs to be in the lease to be meaningful. C&CS have said this should be possible to achieve under renewal process
MCP-NS 001j	Create Time Segregation	Artic Time Segregation and No Tolerance in market hall.	Robert Wilson	01-Feb-2016	5%	This is part of the longer term plan which will be implemented in 2016.
MCP-NS 001k	Install Barrier System	Controlled barriers entry system for pedestrians and vehicles.	Robert Wilson	01-Oct-2018	5%	This is part of the long term plan to be implemented in 2018.
MCP-NS 001l	Segregate Walkways	Create segregated walkways in crossroads.	Robert Wilson	01-Feb-2016	5%	N. Shepherd has stated that: Consultant engaged for study into all areas as preamble to long term actions.
MCP-NS 001m	Segregate Main Walkways	Segregated walkways outside tenants stands.	Robert Wilson	01-Mar-2016	5%	N. Shepherd has stated that: Consultant engaged for study into all areas as preamble to long term actions.
MCP-NS 001n	Prohibit Forklifts	No fork lift truck movements in market pavilion during trading hours.	Robert Wilson	02-Oct-2017	5%	N. Shepherd has stated that: Consultant engaged for study into all areas as preamble to long term actions.

Code	MCP-SM 001	Title	HGV Unloading Operations
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Description	<p>Cause: A lack of suitable and sufficient training and adequate management controls in relation to Heavy Goods Vehicle banksman activities undertaken by staff employed by Smithfield Market tenants.</p> <p>Event: Serious or fatal injury to members of the public, market staff and other service users caused by uncontrolled or unguided reversing vehicles.</p> <p>Effect: Realisation of this risk could result in a prosecution, fine and reputational damage for the City.</p>		
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Category	Top X H&S	Approach	Reduce (By appropriate remedial action)
Risk Level	Departmental	Risk Owner	Matthew Hill

Strategic Aim	SA3	Key Policy Priority	KPP4
Department	Department of Markets and Consumer Protection	Committee	Markets Committee

Current Risk Assessment, Score & Trend Comparison		12	↔	No change
Likelihood	Possible			
Impact	Major			
Risk Score	12			
Review Date	08-Jan-2016			

Target Risk Assessment & Score		4		
Likelihood	Rare			
Impact	Major			
Risk Score	4			
Target Date	31-Dec-2015			

Latest Note	Reviewed by M. Hill 26/10/15 The market constabulary are currently monitoring these areas as part of their routine patrols and are halting any unsafe acts they observe.
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Actions related to this risk:

Ref No:	Title	Action Description	Action Owner	Due Date	Progress	Latest Note
MCP-SM 001a	Traffic management audit	Commission Freight Transport Association to conduct audit and	Matthew Hill	15-Dec-2015	100%	The FTA have now completed their work and delivered the

		prepare a risk assessment relating to whole site traffic management and unloading issues.				findings which were broadly accepted and understood by the SMTA.
MCP-SM 001b	Loading bay risk assessment	Loading bay risk assessment to be reviewed and issued to market tenants.	Robert Wilson	02-Mar-2015	100%	P. Spooner reports: All risk assessments have been revised and updated. The tenants have been provided with the H&S report finalized in June 2014.
MCP-SM 001c	Action Plan	Develop and implement an action plan.		30-Dec-2016	75%	An action plan has been developed and the SMTA have agreed to finalise this by the end of January 2016. It is envisaged that the plan will be fully implemented by the end of December 2016.

Code	MCP-SM 002	Title	Cooling Towers
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Description	<p>Cause: Inadequate management and maintenance of the cooling towers at Smithfield Market.</p> <p>Event: An outbreak of Legionellosis associated with these towers. St Bartholomew's Hospital is within the drift area of these towers which exacerbates the impact of this risk due to the close proximity of susceptible persons.</p> <p>Effect: If this risk were to be realised it would result in prosecution, a fine and reputational damage for the City.</p>
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Category	Financial
Risk Level	Departmental

Approach	Reduce (By appropriate remedial action)
Risk Owner	David Smith

Strategic Aim	SA3
Department	Department of Markets and Consumer Protection

Key Policy Priority	KPP4
Committee	Markets Committee

Current Risk Assessment, Score & Trend Comparison	
Likelihood	Unlikely
Impact	Major
Risk Score	8
Review Date	08-Jan-2016

Target Risk Assessment & Score	
Likelihood	Rare
Impact	Major
Risk Score	4
Target Date	31-Dec-2015

Latest Note	Actions are currently being formulated for this risk.
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Actions related to this risk:

Ref No:	Title	Action Description	Action Owner	Due Date	Progress	Latest Note

Code	MCP-SM 003	Title	East Poultry Avenue
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Description	<p>Cause: Vehicular traffic streams enter East Poultry Avenue at Smithfield Market from opposing directions without physical traffic calming measures in place or a marked pedestrian crossing point. This forces vehicles to speed through this junction vying for road space.</p> <p>Event: Road Traffic Accident resulting in fatality or serious injury to pedestrians crossing between market buildings on East Poultry Avenue.</p> <p>Effect: This crossing point between market buildings would be considered as part of the workplace under current health & safety legislation which could result in prosecution, a fine and reputational damage for the City following a serious accident or fatality.</p>
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Category	Health and Safety
Risk Level	Departmental

Approach	Transfer (To a third party or insurer)
Risk Owner	Matthew Hill

Strategic Aim	SA3
Department	Department of Markets and Consumer Protection

Key Policy Priority	KPP4
Committee	Markets Committee

Current Risk Assessment, Score & Trend Comparison	<p>12 ↔ No change</p>
Likelihood	Possible
Impact	Major
Risk Score	12
Review Date	08-Jan-2016

Target Risk Assessment & Score	<p>2</p>
Likelihood	Rare
Impact	Serious
Risk Score	2
Target Date	31-Dec-2015

Latest Note	Superintendent will progress this with DBE
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Actions related to this risk:

Ref No:	Title	Action Description	Action Owner	Due Date	Progress	Latest Note
MCP-SM 003a	Traffic Calming	The Director of the Built Environment has been tasked by	Robert Wilson	30-Dec-2016	50%	The Superintendent has asked whether CIL money could be

		the Town Clerk to take the appropriate action on this issue and consequently the Transportation & Public Realm department have agreed to examine the viability of a 'step' traffic calming road installation. This action is to be followed up by Robert Wilson.				made available for these improvements and will chase DBE for an update to get this moving.
MCP-SM 003b	Repaint road markings	Repaint road markings in East Poultry Avenue.	Robert Wilson	31-Dec-2014	100%	
MCP-SM 003c	Improve signage	Improve traffic signage.	Robert Wilson	30-Jun-2015	100%	P. Spooner reports: The Transportation & Public Realm department have installed 'Give Way' signs at this junction as an interim measure.

Code	MCP-SM 004	Title	Cooling water failure.
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Description	cause: Failed condenser water supply. Event: Shutdown of essential water supply to market. Impact: Realisation of this risk could result in a prosecution, fine and reputational damage for the City.
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Category	Reputation
Risk Level	Departmental

Approach	Reduce (By appropriate remedial action)
Risk Owner	Matthew Hill

Strategic Aim	SA3
Department	Department of Markets and Consumer Protection

Key Policy Priority	KPP4
Committee	Markets Committee

Current Risk Assessment, Score & Trend Comparison	
Likelihood	Possible
Impact	Major
Risk Score	12
Review Date	08-Jan-2016

Target Risk Assessment & Score	
Likelihood	Unlikely
Impact	Major
Risk Score	8
Target Date	30-Sep-2016

Latest Note	Reviewed by M. Hill
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Actions related to this risk:

Ref No:	Title	Action Description	Action Owner	Due Date	Progress	Latest Note
MCP-SM 004a	Replace valves.	Replace non return valves East & West Market.	Robert Wilson	01-Jul-2015	100%	S. Groves reports: Non return valves now replaced on condenser water pumps.
MCP-SM 004b	Renew filters.	Renew filters, apply scheduled maintenance.	Robert Wilson	01-Jul-2015	100%	S. Groves reports: Filters changed and on maintenance

						schedule.
MCP-SM 004c	Replace East pumps.	Replace East Market Condenser Pumps.	Matthew Hill	01-Sep-2016	0%	Replacement schedule added to additional works programme (AWP) for financial year 2016/17.
MCP-SM 004d	Replace West pumps.	Replace West Market Condenser Pumps.	Matthew Hill	01-Sep-2016	0%	Replacement schedule added to additional works programme (AWP) for financial year 2016/17.

City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom left (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

MCP Markets Committee Risk Report Appendix B

(A) Likelihood criteria

	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%
Probability	Has happened rarely/never before	Unlikely to occur	Fairly likely to occur	More likely to occur than not
Time period	Unlikely to occur in a 10 year period	Likely to occur within a 10 year period	Likely to occur once within a one year period	Likely to occur once within three months
Numerical	Less than one chance in a hundred thousand (<10-5)	Less than one chance in ten thousand (<10-4)	Less than one chance in a thousand (<10-3)	Less than one chance in a hundred (<10-2)

(B) Impact criteria

Impact title	Impact title	Definitions
Minor (1)	Minor (1)	<p>Service delivery/performance: Minor impact on service, typically up to one day. Financial: Financial loss up to 5% of budget. Reputation: Adverse national or international coverage between £500 and £50,000. Legal/statutory: Litigation claim or fine contained within business unit/division of £5000. Safety/health: Minor incident including injury to one or more individuals. Objectives: Failure to achieve team plan objectives.</p>
Serious (2)	Serious (2)	<p>Service delivery/performance: Service disruption 2 to 5 days. Financial: Financial loss up to 10% of budget. Reputation: Adverse national or international coverage between £5000 and £50,000. Legal/statutory: Litigation claim or fine between £5000 and £50,000. Safety/health: Significant injury or illness/disease causing short-term disability to one or more people. Objectives: Failure to achieve one or more service plan objectives.</p>
Major (4)	Major (4)	<p>Service delivery/performance: Service disruption > 1 - 4 weeks. Financial: Financial loss up to 20% of budget. Reputation: Adverse national or international coverage > £50,000. Legal/statutory: Major litigation claimable fine between £50,000 and £500,000. Safety/health: Major injury or illness/disease causing long-term disability to one or more people. Objectives: Failure to achieve a strategic plan objective.</p>
Extreme (8)	Extreme (8)	<p>Service delivery/performance: Service disruption > 4 weeks. Financial: Financial loss up to 35% of budget. Reputation: National or international coverage more than three days. Possible national or international media coverage. Legal/statutory: Multiple civil or criminal suits. Safety/health: Real or threatening illness/disease or find in excess of £500,000. Safety/health: Fatality or life threatening illness (e.g. mesothelioma) to one or more persons. Objectives: Failure to achieve a major corporate objective.</p>

(C) Risk scoring grid

Likelihood	X	Impact			
		Minor (1)	Serious (2)	Major (4)	Extreme (8)
Likely (4)	4 Green	8 Amber	16 Red	32 Red	
Possible (3)	3 Green	6 Amber	12 Amber	24 Red	
Unlikely (2)	2 Green	4 Green	8 Amber	16 Red	
Rare (1)	1 Green	2 Green	4 Green	8 Amber	

(D) Risk score definitions

RED	Urgent action required to reduce rating
AMBER	Action required to maintain or reduce rating
GREEN	Action required to maintain rating

This is an extract from the City of London Corporate Risk Management Strategy, published in May 2014. Contact the Corporate Risk Advisor for further information. Ext 1297 Version date: December 2015