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| Committee(s) | Dated: 20 July 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 for this Committee to consider are:

- MCP-NS 001 – Workplace Traffic Management (Current Risk: AMBER)
- MCP-SM 001 – HGV Unloading Operations (Current Risk: AMBER)
- MCP-SM 002 – Cooling Towers (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.

Current Position

2. This report provides an update of the key risks that exist in relation to the operations of the wholesale markets within 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, has no red risks, but includes three AMBER risks:

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

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 or life changing injury 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 life changing injury to pedestrians, caused by uncontrolled or unguided reversing vehicles.

An accident involving a pedestrian and a vehicle which resulted in a serious or life changing injury 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 adequately to 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 could result in prosecution, a fine 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

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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 life changing injury 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 or life changing injury 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 | Health and Safety | Approach | Reduce (By appropriate remedial action) |
| Risk Level | Departmental | Risk Owner | Ben Milligan |

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

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| Current Risk Assessment, Score & Trend Comparison | | Target Risk Assessment & Score | |
| Likelihood | Possible | Likelihood | Unlikely |
| Impact | Major | Impact | Major |
| Risk Score | 12 | Risk Score | 8 |
| Review Date | 09-Jun-2016 | Target Date | 02-Jan-2017 |

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| Latest Note | Mitigation works are in progress. The proposed pedestrian segregation barrier has been passed through the projects committee initial stages without issue. A review of the HGV parking area has occurred, and a CAD specialist has been tasked with drawing up the proposed changes. |
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Actions related to this risk:

| Ref No: | Title | Action Description | Action Owner | Due Date | Progress | Latest Note |
|-------------|-----------------------------------|--|--------------|--------------|----------|---|
| MCP-NS 001i | Train Managers In Forklift Safety | A member of staff from all tenants to be nominated and trained in FLT safety procedures. | Ben Milligan | 28-Jul-2016 | 30% | This point is to be revisited at the next NSM health and safety meeting to ascertain if it is still relevant. As such, the deadline has been moved back. |
| MCP-NS 001j | Create Time Segregation | Artic Time Segregation and No Tolerance in market hall. | Ben Milligan | 30-Sep-2016 | 28% | The control of HGV movements and access is largely dependent on there being an entry barrier for the market. The intention is to have authorisation for the entry barrier at the Sept Market Committee. A HGV policy will then be drafted to outline conditions of entry. This will be implemented before the barrier is constructed. |
| MCP-NS 001k | Install Barrier System | Controlled barriers entry system for pedestrians and vehicles. | Ben Milligan | 01-Oct-2018 | 40% | Project, Project Sub, and Markets Committees all passed with no issues. Procurement are now inviting potential installation companies in to show the level of tech they believe should be installed. Once this has occurred, a detailed gateway 5 report will be created for final sign off at the Markets Committee. |
| MCP-NS 001l | Segregate Walkways | Create segregated walkways in crossroads. | Ben Milligan | 31-Aug--2016 | 70% | The project has been passed by Project Sub Committee. The next committee for sign off is the Markets Committee on the 20th July. Once signed off by them the Gateway 5 report will be produced for sign off. Procurement have been asked to provide 3 quotes for installation. |
| MCP-NS 001n | Prohibit Forklifts | No forks lift truck movements in market pavilion during trading hours. | Ben Milligan | 02-Oct-2017 | 5% | This is part of the long term plan and is scheduled for Q4 of 2016. |

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| 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 life changing 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 | Health and Safety |
| Risk Level | Departmental |

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

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| Strategic Aim | SA3 To have a safe and built for purpose loading operation |
| Department | Department of Markets and Consumer Protection |

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| Key Policy Priority | KPP4 |
| Committee | Markets Committee |

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| Current Risk Assessment, Score & Trend Comparison | |
| Likelihood | Possible |
| Impact | Major |
| Risk Score | 12 |
| Review Date | 01-Jul-2016 |

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

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| Latest Note | This risk has been reviewed and reworded |
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Actions related to this risk:

| Ref No: | Title | Action Description | Action Owner | Due Date | Progress | Latest Note |
|-------------|-------------|---------------------------------------|--------------|-------------|----------|---|
| MCP-SM 001c | Action Plan | Develop and implement an action plan. | Matthew Hill | 30-Dec-2016 | 80% | Implementation of the action plan is on schedule. Meetings have been held with DBE and the tenants to update the action plan. |

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| | | | | | | Once the tenants have confirmed the management of the vehicle lock-ons, further training of tenants' staff on the use of physical control measures and equipment around the lock-ons will be arranged. Arrangements are also being made to get the Freight Transport association to visit the site in September 2016 to carry out an audit and review progress against their original recommendations. |
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|-------------|------------|--------------|----------------|
| 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 could result in prosecution, a fine and reputational damage for the City.</p> |
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|-------------------|-------------------|
| Category | Health and Safety |
| Risk Level | Departmental |

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

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| Strategic Aim | SA3 |
| Department | Department of Markets and Consumer Protection |

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|----------------------------|-------------------|
| Key Policy Priority | KPP4 |
| Committee | Markets Committee |

| | |
|--|----------|
| Current Risk Assessment, Score & Trend Comparison | |
| Likelihood | Unlikely |
| Impact | Major |
| Risk Score | 8 |

| | |
|---|----------|
| Target Risk Assessment & Score | |
| Likelihood | Unlikely |
| Impact | Major |
| Risk Score | 8 |

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| Review Date | 01-Jul-2016 |
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| Target Date | 31-Jul-2016 |
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| Latest Note | Target risk updated. |
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Actions related to this risk:

| Ref No: | Title | Action Description | Action Owner | Due Date | Progress | Latest Note |
|----------------|--------------|---------------------------|---------------------|-----------------|-----------------|--------------------|
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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 | Definitions |
|--------------|--|
| Minor (1) | Service delivery/performance: Minor impact on service, typically up to one day. Financial: Financial loss up to 5% of budget. Reputation: Isolated service user/stakeholder complaints. Legal/statutory: Litigation claim or find less than £50,000. Safety/health: Significant injury or illness causing short-term disability to one or more individuals. Objectives: Failure to achieve team plan objectives. |
| Serious (2) | Service delivery/performance: Service disruption 2 to 5 days. Financial: Financial loss up to 10% of budget. Reputation: Adverse local media coverage/multiple service user complaints. Legal/statutory: Litigation claimable fine between £5000 and £50,000. Safety/health: Significant injury or illness causing short-term disability to one or more persons. Objectives: Failure to achieve a strategic plan objective. |
| Major (4) | Service delivery/performance: Service disruption in excess of 4 weeks. Financial: Financial loss in excess of £500,000. Reputation: Adverse national media coverage. Legal/statutory: 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. |
| Extreme (8) | Service delivery/performance: Service disruption > 4 weeks. Financial: Financial loss in excess of £500,000. Reputation: National publicity more than three days. Possible resignation leading member or chief officer. Legal/statutory: Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. Safety/health: Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. Objectives: Failure to achieve a major corporate objective. |

(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

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| 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