

DRAFT – 16 Nov 16 – For Committee Approval

City of London Wholesale Markets

Review of Future Options

Specification

Summary of Review Objectives

The review will examine the potential options and feasibility for the future of the City's wholesale markets to:

- a. Test the scale and nature of current and future demand for wholesale market facilities;
- b. Produce a set of potential options for the future that could meet the projected capacity requirements;
- c. Undertake an outline development appraisal of potential options arising from this assessment and consider transport and environmental implications;
- d. Provide broad financial appraisals for a shortlist of potential options;
- e. Make Recommendations for the Way Ahead

Background and Policy Context

1. The City of London Corporation (the City) owns and operates three wholesale food markets: Billingsgate (fish); New Spitalfields (fruit, vegetables, and flowers); and Smithfield (meat). Smithfield remains within the City but Billingsgate relocated to Canary Wharf in 1982 and Spitalfields to Leyton in 1991. To different degrees all have 'value added' functions involving pre-preparation of their products which is becoming increasingly important.

2. The status and location of the markets is a result of historic practice and protective legislation. Supermarkets and more efficient direct distribution systems have diminished the historic role of the markets but their turnover has been reasonably stable for the past decade and the previous decline has been partly offset by increases in the restaurant/hospitality sector, demand from small

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catering businesses, and, to a lesser extent, demand from specialist and ethnic food outlets. Demand from retail and street markets remains strong.

3. Over the past 14 years, two reviews of London's wholesale markets have been undertaken. A further review is now needed to look forward, as far as is practicable, for the next 25 years, to 2041.

4. In 2002, DEFRA and the City commissioned an independent review to consider the future of all London's wholesale markets by Nicholas Saphir. The report maintained that the legislation governing London's wholesale markets protected some existing wholesaler activities at the expense of the future prosperity of markets, creating inefficiency, uneconomic distribution, and waste. The report also argued that, if London's wholesale markets were to survive, they would have to be more responsive and offer a wider, more integrated range of services. Saphir recommended that markets should consolidate to composite sites to provide all the services customers require.

5. The GLA commissioned a further Wholesale Markets Review in 2006/7 which identified that market trends had placed intense competitive pressure on the wholesale markets and, in the next 15-20 years, the wholesale markets would need to be flexible, innovative and efficient if they were to be commercially viable. That review also concluded that consolidation offered the best opportunity to sustain London's wholesale market function to meet the anticipated need.

6. The Mayor's overall London Plan (Policy 4.4 and paragraph 4.24) recognizes that wholesale markets will continue to play an important role in London and sets out the Mayor's objective to retain an efficient wholesale market function to meet London's requirements.

Purpose of the City's Strategic Review

7. There is growing pressure both internally and externally to consider the possibility of relocating Billingsgate Market, including pressure from the London Fish Merchants Association.

8. The City has therefore commissioned a Strategic Review of all of its three wholesale markets, which should provide a more detailed assessment of the

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feasibility of potential future market configuration options including development, transport, environmental and broad financial appraisals of the options, to enable the City to decide on the future organisation and location of the City's Wholesale Markets.

9. This review will be expected to take into account developments in other successful wholesale Markets in UK and within the EU, such as at Rungis near Paris.

PROJECT OBJECTIVES AND STAGES

10. The Review will be undertaken within the wider context to:

- Secure competitive and efficient wholesale food distribution to meet London's future requirements;
- Ensure that market sites can be used effectively and contribute to wider strategic policy and planning objectives;
- Ensure that delivery to and from the markets is carried out in the most sustainable manner.

11. The specific objectives and stages of the Review are to:

- Test and review the scale and nature of demand for wholesale market facilities to 2041;
- Produce a set of potential options (market configurations) that could meet the projected future capacity requirement;
- Undertake a land use/development appraisal of potential options arising from this assessment and provide inputs for a transport and environmental appraisal;
- Provide broad financial appraisals for a shortlist of potential options.
- Make Recommendations on the Way Ahead

TASKS

12. To address these objectives, the project will have four linked stages.

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Stage 1: Test and review the scale and nature of demand for wholesale market facilities to 2041.

13. The main output of this stage will be estimates of demand expressed as a capacity requirement in terms of wholesale market floor-space and land requirements.

14. It should draw on analysis by Saphir (2002) and URS (2007) and check, update and, where necessary, revise this to take account of the range of factors likely to influence demand for wholesale market facilities over the period to 2041.

15. These are likely to include consumer requirements, technological changes, productivity and the importance of critical mass/clustering of wholesaling activities and changes in transportation, such as the introduction of the Ultra Low Emission Zone (ULEZ) in central London.

16. This stage will require an authoritative appreciation of

- trends, issues and data sources in sectors relevant to the current and future functions of the wholesale markets. The issues will include a summary of the legislative background relevant to individual markets;
- the relationships between growers (regional, national and overseas), wholesalers and importers, retailers and consumers
- transport access and policy requirements, such as relative future roles of rail, HGV, and vans, and changes in delivery operations and logistics, just in time delivery, and wider use of consolidation centres;
- turnover (value and volumes);
- catchment area of customers;
- the way in which changes in the demand for wholesale market functions may be modified by emerging new demands, such as eating out, requirements for 'whole'/organic food, Black, Asian and minority ethnic communities, and other dietary demands.
- the space requirements for each market, land that can be released for alternative uses, and a broad indication of land values which could be achieved for released land.
- any relevant plans or activities in other London wholesale markets

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Stage 2: Produce a set of potential options (market configurations) that could meet the projected future capacity requirement.

17. Drawing on the future capacity requirements for land/floor-space derived in Stage 1, this stage of the study should work with the City Surveyor's department and their advisers to identify potential sites and combinations of sites (existing and/or new) that could meet the detailed future capacity requirement to meet the needs in Stage 1.

18. Consultants should take into account strategic and local planning objectives and development capacity of potential sites, market catchment areas and operational requirements, local access, labour market, environmental impacts and other relevant factors. This stage should produce a short list of potential options to form the basis of the land use/development, transport and environmental assessment (Stage 3).

19. For each option proposed at Stage 2, the consultants should set out the space requirements of each option, setting out the benefits in terms of land use and land release, approximate land values associated with these, and an outline timeline for the implementation of each option.

Stage 3: Undertake an appraisal of potential options arising from this assessment.

20. This stage will test the land use, transport and environmental implications of the potential options for a revised wholesale market or network of markets.

21. The consultants should take account of:

- relevant national and international heavy goods vehicle movements;
- more local light goods vehicle movements;
- potential for any road capacity or traffic constraints, market areas and communities to be served, local access and environmental issues and broader transport and sustainability objectives;
- intended and likely changes to environmental restrictions to improve Air Quality, such as the imposition of the Ultra Low

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Emission Zone in central London, and the creation of consolidation and distribution centres.

Stage 4 Provide broad financial appraisals for potential options and Recommendations on the Way Ahead.

22. This stage will provide broad financial appraisals to test the viability of a shortlist of options for market configuration to meet London's wholesale market needs.

23. It should conclude by making Recommendations for the Way Ahead.

METHODOLOGY

24. Within the budget, it is for the consultants to suggest the most effective methodology for achieving the objectives, addressing the issues, engaging with stakeholders and providing the outputs outlined in this brief. However, in responding to the brief, the consultants should address the following points, demonstrating that:

- the data, analysis and recommendations will be sufficiently robust to support practical implementation;
- it will draw on published GLA demographic, employment, and economic growth projections and market-based, quantified and referenced data;
- literature and other reviews are comprehensive and/or transparently representative. A full bibliography cross referenced to the text is required.

25. In addition to City Corporation departments and Members of Common Council, it is anticipated that the consultants will engage with the following stakeholders during the project:

- Market Tenants' Associations;
- Other UK and EU Markets
- London boroughs where the wholesale markets are located
- London boroughs where there may be scope for a new consolidated market
- Greater London Authority
- Transport for London

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PROJECT MANAGEMENT

26. The project will be steered by an internal City management group, to be chaired by the Chairman of the Markets Committee, comprising senior representatives of the City departments most closely involved. The management group will be expected to meet about monthly and/or at the completion of each stage to receive progress briefings from the Consultants and to give guidance or make decisions as necessary.

27. The City will nominate one officer to be the focal point for liaison with the Consultants. This officer will be a member of the management group.

28. The Consultants will be expected to produce a comprehensive project plan for agreement by the management group at its first meeting.

29. Regular progress reports will be made to the City's Markets Committee and other Committees as appropriate and necessary. The ultimate recommendations from the review are likely to be presented to the Court of Common Council.

PROJECT OUTPUTS

30. The following outputs will be required:

- Interim, draft final and final reports in electronic format;
- Executive summaries to each of these reports;
- Data/tables/figures/diagrams to be provided in an appropriate format (eg. Excel spreadsheets, JPEGs)
- Full referencing of sources in draft final and final reports according to agreed conventions;
- Up to three presentations of the final results to audiences selected by the City.

31. The final report should be presented in five bound copies and one unbound copy. An electronic copy of the report on CD in Microsoft Word and all tabulated outputs in Excel should also be provided.

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32. The consultants will be required to present the report findings at up to three seminars, to be arranged by the City.

PROCESS AND TIMETABLE

Tenderers should devise a programme of work and resourcing to reflect the following key stages.

To be confirmed

ITT issued	
Tenders received	
Consultants appointed	
Interim report received	
Draft final report received	
Final report sign-off	

EVALUATION

A preliminary evaluation of quotations will be undertaken and consultants may be invited to attend an interview to clarify their written bid. The final evaluation will take into account information provided at interview.

Response to Specification	Evidence	Weight
Quality of proposals	<ul style="list-style-type: none"> Realistic, concise achievable and sustainable project methodology. Suitability of the timetable and ability to meet it 	50%
Experience in relation to the contract requirements	<ul style="list-style-type: none"> Demonstrable experience and track record of carrying out similar project(s) Evidence of projects delivered on time Experience of staff allocated to the project, with CV's to be included with the responses. 	15%
Management and quality assurance arrangements	<ul style="list-style-type: none"> Evidence of programme and project management Evidence of quality assurance processes and arrangements. 	5%

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Response to Specification	Evidence	Weight
Price	<ul style="list-style-type: none"> • Evidence provided in pricing schedule 	30%

The marks for each question in the technical section will be given in the range of 0-5, where 5 is the highest mark and 0 is the lowest mark achievable (see below).

0 - Unacceptable.	Demonstrates lack of evidence of understanding of the requirement.
1 - Poor	Does not completely meet the minimum requirement and acceptability is doubtful.
2 - Fair	Shows some evidence of understanding of the requirement but provides a limited or inadequate response.
3 - Good	Demonstrates satisfactory understanding of the requirement – meets minimum requirement.
4 - Very Good	Demonstrates good understanding of the requirement above minimum requirement.
5 - Excellent	Full and accurate understanding of the requirement with some innovation/added value.

Upon award of contract, the City will hold an inception meeting as soon as practicable and finalise the brief and other details of the project, including the timetable.