

Committee(s):	Date(s):	Item no.
Markets	2 May 2012	
Subject: Markets Department - 3rd Periodic Performance Plan Update	Public	
Report of: Director of Markets & Consumer Protection	For Information	
<u>Summary</u>		
<p>This Report aims to bring Members up to date on progress in achieving the objectives set out in the annual Performance Plan for the 3rd period in 2011/12 (December – March inclusive).</p> <p>The principal subjects covered in this report are:</p> <ul style="list-style-type: none"> • NABMA’s views on the government’s new Planning Policy Framework • Smithfield lease negotiations • Parking during the Olympic and Paralympic Games at Billingsgate <p>Recommendations</p> <p>It is recommended that Members note the content of this Report.</p>		

Main Report

ISSUES AFFECTING THE MARKETS

1. The government has recently announced its new Planning Policy Framework with an emphasis on securing "sustainable development". NABMA, along with the Markets Alliance, has led a successful lobbying campaign to retain specific reference to markets in this Framework as part of maintaining the viability of town centres. The government has confirmed that town centres should be regarded as the heart of their communities. The Framework gives the following encouragement to local planning authorities:

"To recognise and enhance existing markets and, where appropriate, re-introduce or create new ones, ensuring that markets remain attractive and competitive".

2. This government framework, together with the Mary Portas review, has provided an increased recognition of the importance to the economy of markets. The City of London, through the Department of Markets and Consumer Protection, is an active member of NABMA, and will work with the markets' tenants to ensure the best use of this increased profile is made.

CUSTOMER AND STAKEHOLDER FOCUS

Billingsgate

Parking during the Olympic and Paralympic Games

3. An agreement has been completed with the Olympic Delivery Authority (ODA) for a "park and ride" facility for up to 200 cars daily at Billingsgate Market during the Olympics and Paralympics Games, for a total fee of £92,800; the fee was calculated on the basis of 29 days at £3,200 each day. The parking facility, which will be managed by the ODA, will be for disabled spectators and will be located in the trade parking areas each day from 08:00 until 01:00. The agreed hours of operation ensure that Market trade parking requirements are not compromised.

Smithfield

Lease Negotiations

4. A separate report is to be presented at the Committee meeting indicating the current position regarding negotiations. The report will also be going forward to the Finance Committee seeking additional funds for the City's external legal advisors and surveyors to proceed with the High Court Preliminary Hearing set for 12–18 June 2012, and, if necessary, to the Full Hearing from 4–8 March 2013.

Crossrail

5. The main works contract to construct the Eastern Ticket Hall has now been placed with Barn Nuttall Ferrovia Agroman and Kier Construction. The works will include sinking a thirty metre deep shaft to enable the extraction of the two tunnel boring machines which will eventually meet at the Lindsey Street site.

Spitalfields

Olympic Games – Spitalfields

6. One of our key objectives in this area was to help our tenants to capitalise on trade opportunities generated by the Olympic Games. The outgoing Business Development Manager, Tim Williams, was well placed to ensure that opportunities were communicated throughout Spitalfields Market and to encourage tenants to get onto the internet-based tendering process for Olympic Games contracts. It became clear that the first tier contractors for catering would be reserved for national and international sized organisations, although we are aware that one Spitalfields based firm is supplying one of these larger firms and is supplying directly into the Olympic Park.
7. During the year, helped by our colleagues in the City's Transport Planning Department, and in liaison with TfL, ODA and LOCOG, Spitalfields Market has been able to win two major concessions with regard to the original scope of the use of the Olympic Route Network (ORN) on the Olympic Park boundary. These were to remove the restriction of a no-right turn when leaving the market (thereby enabling vehicles to leave the market and access the A12 trunk road directly) and the issuance of up to 100 permits per hour between 20:00 and 24:00 to allow 40 tonne articulated lorries to leave the A12 at the Lea Interchange and gain direct access to the market without using a diversionary route through local London centre high streets.
8. **Spitalfields has also received the help of an** external supply chain consultant for 40 consulting days (more than any other market), paid for by TfL, to help traders prepare and plan for the additional transport and logistical problems at Games time. Throughout, senior Spitalfields management and the City's transport planning officers have attended many meetings and have worked in partnership with the various bodies involved in the Games to ensure all parties are aware of the operational nature of a wholesale market and, more importantly, the potential risks that could impact the successful operation of the ORN at the Olympic Park.

Tenants in the Trade Press

9. One of our most distinguished tenants has been formally recognised for his charitable work in the trade press, the Fresh Produce Journal (FPJ). Mr. Ivor Robins, a past Fruiterers Master, buys fruit from Spitalfields Market after peak trading hours as a gift for four London hostels for homeless people.

OPERATIONS AND FINANCE

Billingsgate

Billingsgate Market Wholesale Trade Parking

10.Changes to the daily management of the trade parking area at Billingsgate have now been implemented. The self-employed cartminder arrangements were terminated on 23rd March and part time Parking Marshalls, directly employed by the City, have been recruited instead. Charges at £2 per vehicle per day will be introduced in May. The net income from trade parking will benefit the service charge and help to offset the imminent loss of commercial parking/advertising hoarding incomes from the service charge. These latter incomes will be retained in full by the City once the £2.5 million porters' buyout completes and new leases are then put in place.

Health and Safety

11.There was a 60% decrease in the number of health and safety incidents from 2010/11 to 2011/12 and there were no “notifiable to HSE” accidents in 2011/12.

Billingsgate Satellite Unit

12.Discussions have commenced with the Administrator of the John Koch business at Billingsgate regarding the compensation they are due when they enact the break clause of the lease at the 10 year point on 25th December 2012. In essence the City provided the land and the tenant constructed the buildings. The lease has clauses within it which on exercising the “break” entitles the tenant to compensation, including the value of the buildings. It is estimated that the City could have to pay between £1.5 to £2million in compensation. The City would then own the premises as well as the land for future lettings.

Smithfield

Events at the Market

13.Since the last periodic performance update report, the James Bond film crew returned for a second day of filming on the Rotunda ramp earning a further £12,000 income for the Market. This brought the total revenue generated from filming and events for the financial year 2011/12 to over £34,500.

Cupola Refurbishment

14. The works to the south east cupola have now been completed with no adverse effects on the Market's operations. Works has already started on the north east cupola with scaffolding having been erected, and is currently on programme.

Spitalfields

Olympic Games Preparedness

15. A number of initiatives have been implemented throughout the year to ensure the Market is prepared as best it can ahead of the Olympic Games. The staff numbers of the Constabulary were reviewed to ensure that good value (minimising numbers) and effective manning of issues/areas were maintained. In consultation with the SpMTA, it was resolved to remain one person short of the full complement of 17 constabulary staff.
16. A roster review was also carried out that changed operations and the nature of the staff complement. The constabulary now comprises 12 Constables and 3 Sergeants, whilst prior to the review the balance was 11 Constables and 4 Sergeants, resulting in a modest cost saving. The new roster ensures that senior staff are more frequently on site to provide supervision during the market's peak operating hours.
17. In order to reduce the impact on the service charge of additional security during the Olympic Games, plans have been developed to add maintenance staff to the constabulary roster on a temporary basis to bolster numbers. This will provide better cover of the increased risks of Spitalfields being used as parking for the Games whilst adding an increased security presence at our entrance. Local plans have been developed to allow for some leave whilst keeping staff in reserve as contingency.

Health & Safety

18. The new policy for Fork Lift Truck (FLT) safety and pedestrian safety issues went live in February 2011, with much of the implementation rolled out during 2011/12. The enforcement of the new rules led to a number of difficult encounters with tenants, which usefully led to a very productive Health & Safety oriented meeting at the market that was particularly well represented by 36 traders/tenants. Oli Sanandres (City of London's Health & Safety Manager) and others from the department portrayed the need for the changes to policies and plans from a Health & Safety at Work Act perspective i.e. not City of London's own rules, but national legislation. Much physical engineering work was also required to change the Spitalfields infrastructure (Armco barriers, white lining to roadways, painting of signs, zebra crossings, hatched no-go areas etc). The result of good, sensible enforcement, guided by the Head of Security

and his Constabulary team and the introduction of a new “Over Trading Notice” at the market, has made the walkways produce/Fork Lift Truck free and the road ways much more free flowing. Despite having the worst accident known at Spitalfields Market during July 2011, accident statistics are at an all-time low with much co-operation from traders and the SpMTA alike.

19. The Health & Safety Executive (HSE) met with the Director and other senior Officers of Markets & Consumer Protection, the City’s H&S Manager and the SpMTA to give feedback from the above mentioned serious accident which was investigated by both the HSE and the Metropolitan Police. This took place on 2nd April 2012. We can report that the FLT driver was successfully prosecuted for driving without due care and attention under the Road Traffic Act resulting in points on his driver’s licence and a fine plus court costs. The meeting was cordial and resulted in a series of lessons learned from the accident which were passed on and duly re-communicated to all tenants at the market. The HSE will complete an unannounced follow up visit to the market, most likely within the next six months, and may write to us more formally at that stage.

New Covent Garden Market (NCGM)

20. Senior staff from “The Garden” visited New Spitalfields Market on 8 February 2012 to jointly discuss Health and Safety issues relating to Fork Lift Trucks (FLT), general traffic management issues and pedestrian safety in our mixed use environment. Together with a full complement of SpMTA members, we showed Covent Garden management our recent developments in policy, practice and infrastructure during a tour of the market and detailed discussions afterwards in light of their own discussions with local Health & Safety enforcement officers in the London Borough of Wandsworth. The NCGM staff were most appreciative of New Spitalfields staff and tenants sharing our recent experience and have kindly offered a repeat reciprocal visit to continue sharing knowledge and best practice.

21. Progress has been made on the capital project to increase the square footage of the rental space at Spitalfields market, known as the Chiswick Gap. A marketing exercise has been completed soliciting bids for rents payable for an additional 2,000 square feet of space such that the construction costs could be matched with the rental income to bring a business case to the Chamberlains Department under the Capital Bid Project Process. A full report will be presented to Markets Committee in due course.

22. Spitalfields has an area of parking, which is available for HGV lorry drivers to rest if they run out of hours on their tachygraphs. We have

recently completed a review of this area, in conjunction with our permitted lorry parking scheme, resulting in an implementation plan for 2012/13 to corral these vehicles into a space better suited for them; to help us manage their movement better; and ensure that they do not encroach on staff parking areas.

SUSTAINABILITY

Billingsgate

23. The Market now has no waste being sent to landfill, all waste is either being recycled or sent to an energy plant. Not only is this a benefit to the environment, in monetary terms, but also represents a saving of £15,000 per year.
24. Water consumption has decreased by 42%, which is equivalent to £29,000. This significant drop is largely due to pay as you go meters being installed, which has meant that people are thinking more carefully about the water they use.
25. Gas consumption has decreased by 30%, which is equivalent to £13,000. An initiative of installing thermostatic controls to all main radiators has been the main contributing factor to the drop.
26. Electricity consumption has increased by 1.6%, which is equivalent to £3,000. In order to bring this down, better analysis of consumption by area needs to be undertaken and this will be a priority in the new financial year.

Spitalfields

Energy/Resource Efficiency

27. Electricity use for the market at the end of the financial year 2011/12 shows that the market continues to use more power. Tenants continue to expand their infrastructure by constructing mezzanine floors (requiring additional lighting measures) and additional/larger cold storage facilities. The total amount of power consumed during 2011/12 increased by 6.3% on the previous year.
28. As previously reported, Spitalfields staff have proactively managed the power consumed in the common parts under our direct control by changing lighting regime and by replacing older light fittings with newer,

more efficient, systems. This has led to year on year decreases in electricity use in the common parts since 2008.

29. The local project to install a small batch of four smart electricity meters at Spitalfields has stalled due to procurement/contractual negotiations with negotiations with the supplier. The intention was to use extensive smart meter data to influence tenants use and to encourage the take up of more efficient technologies or to change their behaviour and save on electricity use.
30. The procurement of a Rainwater Harvesting System is currently out to tender. Due to the engineering works that will be required to construct a firm foundation pad on which to rest the large water tanks (275,000 litres), construction is planned to be moved the other side of the Olympic Games period and in the latter half of 2012/13. This system will allow us to make great strides in the reduction of water used on site for cleaning the market.

Reduce landfill waste and increase recycling

31. At handover of the outsourced cleaning and waste management contract in 2010, the recycling rate was at 62% with a contractual requirement to increase this by 2% per year. By July 2012 a recycling level of 66% should have been regularly achieved on this monthly measured metric. This target is being regularly exceeded, with a current level of performance of 72% recycling averaged over six months. Within the coming year it is also hoped that 100% diversion from landfill may be achieved.

PEOPLE MANAGEMENT

Billingsgate

32. At the end of the year sickness absence levels were high at an overall 10.1 days per employee. Long-term absences that included a small number of employees who had planned hospital operations as well as an employee who has now retired due to ill health, accounted for 7.7 days per employee of the total.

Smithfield

33. Unfortunately, a number of long-term sickness cases earlier in the year have adversely affected the sickness absence figures over the year at Smithfield. However, every case was positively managed to ensure members of staff returned to work at the earliest opportunity.

34. Following four vacancies being created for General Duties Cleaners, three new members of staff have been appointed with a fourth due to start shortly.
35. Training in safe working practices remains a focus at Smithfield; all Maintenance staff have completed COSHH Awareness training, with two members of the maintenance team being appointed as COSHH risk assessors, following successful completion of the IOSH Training course in March 2012. The Smithfield Market Local Induction is also being updated, so that a record is kept of the training that all new starters have on equipment that they use in their daily work.

Spitalfields

36. The performance of sickness absence at Spitalfields is still proactively managed, however, in the last three months we have had three cases of individuals that required operations which required extensive time off for recuperation (38, 40 and 47 days). All three individual cases were managed, ensuring they returned to work as soon as possible, on light or restricted duties with the involvement of the Occupational Health Service and Central HR staff acting as advisors. Despite a positive trend to meet the target of a 15% reduction from last year's level, this has been negatively impacted to the extent that we have missed our end of year target (226 days) with 323 days being recorded. On a positive note, whilst the total sickness target was missed (due to long term cases) the short term self-certificated target (59 days), which was set at 15% less than last year's actual rate, was exceeded with 54 days being recorded.

FINANCIAL AND RISK IMPLICATIONS

37. The end of period 11 (February) monitoring position for the Markets Committee is provided at Appendix B. This reveals a net underspend to date of £712k (21.5%) against the overall local risk budget to date of £3.319m for 2011/12.
38. Overall the Markets Committee is currently forecasting an underspend position of £139k (3.6%), the majority of which relates to savings on employment costs for constables and cleaners due to vacancies and various underspends on premise related expenditure costs. The table below details the summary position by Fund.

Local Risk Summary by Fund	Latest Approved Budget £'000	Forecast Outturn £'000	Variance from Budget +Deficit/(Surplus)	
			£'000	%
City Fund	48	32	(16)	(33.3%)
City Cash	3,823	3,700	(123)	(3.2%)
Total Markets Committee Local Risk	3,871	3,732	(139)	(3.6%)

39. The reasons for the significant budget variations are detailed in Appendix B, which sets out a detailed financial analysis of each individual Market within the Department of Markets & Consumer Protection.

40. The better than budget position of £712k at the end of period 11 for the Markets Committee is due mainly to a timing issue for delays in the payment of legal fees at Smithfield Market in relation to the new leases, staff vacancies for constables and cleaners and lower than expected Citigen water supply costs at Smithfield Market. Other underspends to date relate to lower than expected employment costs and delays in expected retail price index (RPI) increases from the waste contract supplier that are yet to be invoiced at Spitalfields Market. As a result, the Director is forecasting an overall year end better than budget position of £139k for the Markets Committee.

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MATTERS OF GENERAL INTEREST TO THE COMMITTEE

BILLINGSGATE MARKET

Use of the Market for Broadcasts, Filming, Photography and Charity Collections:

January 2012

Tuesday 17 – Pappas Restaurant taking photographs of owner at the Market. Fee £150+VAT

Thursday 19 – Clive Totman (CoL) taking photographs of the Market with the Directorate. No fee

Friday 20 – Warp Records, press shots for an artist. Fee £150+VAT

Saturday 21 – Conde Nast Traveller Magazine (Russia) Taking photographs for a travel guide. Fee £150+VAT

Friday 27 – Nigel Crump, taking photographs for a competition. No fee

16 visits for Student/ Non Commercial Photography also took place in the month of January

February 2012

Wednesday 1 – Ogilvy Agency (Bupa) Filming for an advert. Fee £150+VAT

Saturday 4 – Broadgate Mainland, photographing a yacht on the back of a lorry. Fee £1000+VAT

Tuesday 7 – BBC (Horizon) Filming with Feng Sushi. Fee £300+VAT

Tuesday 7 – Radio 4, broadcast CJ about her cookery book. No Fee

Thursday 9 – Jan Matthews (LOCOG) Short video interview. No fee

Thursday 23 – Presentable Ltd, Filming Rhod Gilbert in the Market. No fee

Tuesday 28 – Blue Peter (BBC) filming. Fee £100+VAT

28 visits for student/ non-commercial photography also took place in the month of February

March 2012

Tuesday 20 – Lucinda Terryere, French radio broadcast about the Market

6 visits for student/ non-commercial photography also took place in the month of March

Visitors to the Market

January 2012

Friday 27 – Professor Kugino (lecturer) & 3 delegates. Tour of the Market. No fee

February 2012

No visits

March 2012

Wednesday 7 – Frankie Salton Cox. Visit CJ & MM

Wednesday 28 – Seafish Industry Authority + Peter Stagg & 35-40 people. Presentation & meeting

SMITHFIELD MARKET

Visitors to the Market

January

Monday 23 – Phoebe Hunt, student photography project

Saturday 28 - “Bond 23” filming for feature film in Grand Avenue and Rotunda Car Park

Monday 30 – Chris Culligan, student photography project

February

Monday 6 – Alexi Williams, photography project

Monday 6 – Chris Culligan, student photography project

Friday 10 – Phoebe Hunt, student photography project

Tuesday 14 – Pierre Rives, student photography project

Thursday 16 – Gail Atkinson, student photography project

Friday 24 – Jessica Folan, student photography project

March

Friday 2 – Grace Frazer, student photography project

Friday 23 – Pauline Guo, photography project

April

Friday 13 – Georgina Watson, student photography project

NEW SPITALFIELDS MARKET

Visitors to Market

January

Tuesday 17 - Jose Benedito a journalist from Brazil on a fact finding visit to the market

February

Thursday 9 - Newham Chamber of Commerce visited the market following an invitation from the Chief Executive of the Spitalfields Market Tenants Association

March

Thursday 8 - visit by a group of Commercial Attaché's and 1st Secretaries from the following Embassies, Spanish, Kenyan, USA, Jamaican and Chilean and HR Dr Frederico Cuello an Ambassador from the Dominican Republic arranged and headed by the Fresh Produce Consortium

Friday 9 - visit by a group of students and chaperones headed by Dr Barbara Kirby, the Director of the Agricultural Institute from the Department of Agricultural and Resource Economics, North Carolina State University

Friday 16 - group of students from Oxford Brookes on a study tour

Markets Key Risks

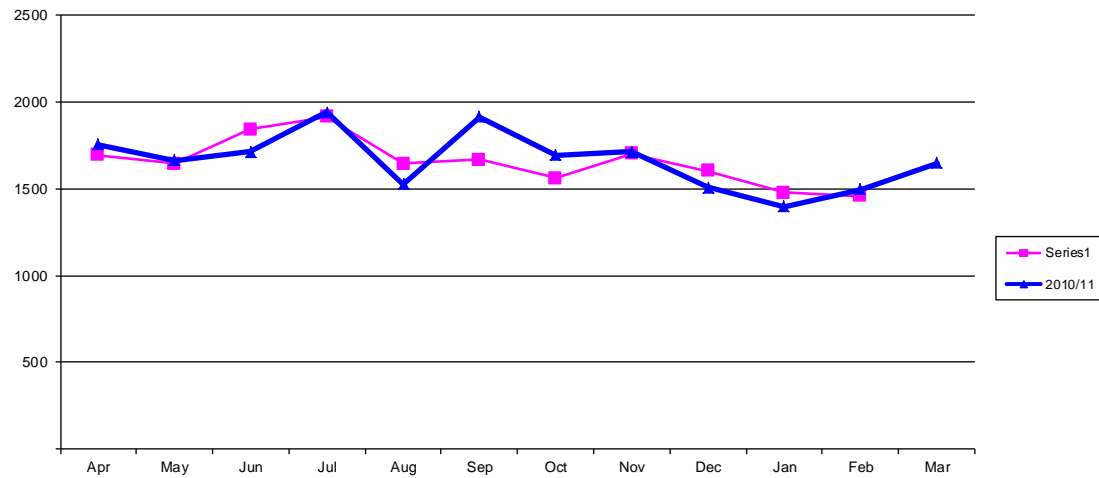
The table below shows a selection of our key risks which form part of our Departmental Risk Register. We will be reporting these to committee as part of the periodic update report from now on.

Our top risks for the Markets are:

Risk Direction	Risk Details	Risk Owner/ Lead Officer	Existing Controls	Likelihood (previous assessment)	Impact (previous assessment)	Status	Further Action
↔	Loss of tenants, and hence income, making markets unsustainable.	Director of Markets and Superintendents	Realising some external factors are beyond our management, we continue to raise the profile of all the markets via attending food fairs, trade shows and using promotional materials.	Possible	Major		No further action at present.
↔	Cost of Regulation becoming too great for tenants to bear.	Director of Markets	Department of M&CP implementing cost saving measures to reduce tenants' costs, including energy & water efficiency, water harvesting and recycling waste. Continue to develop income generation activities and to raise the profile of the Markets.	Possible	Major		No further action at present.
↔	Crossrail activities impact upon market activities at Billingsgate or Smithfield such that Markets are unable to trade.	Market Superintendents	Maintain contacts with Crossrail team and City Engineer to ensure that potential adverse effects of Crossrail project are anticipated and mitigated as it proceeds.	Unlikely	Major		No further action at present.
↔	Terrorist incident resulting in lock-down of areas adjacent to markets.	Director of Markets and Superintendents	Maintain close links with the Metropolitan Police, ODA, Local Authorities and other stakeholders. Ensure good communication is maintained with tenants and suppliers.	Possible	Major		No further action at present.

City of London - Markets Department
Operational Information - 2011/2012
Billingsgate - Tonnage of Throughput

	QRT 1			QRT 2			QRT 3			QRT 4			Year to Date
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Billingsgate	1694	1645	1843	1916	1646	1667	1561	1701	1605	1480	1458	Awaiting data	18216

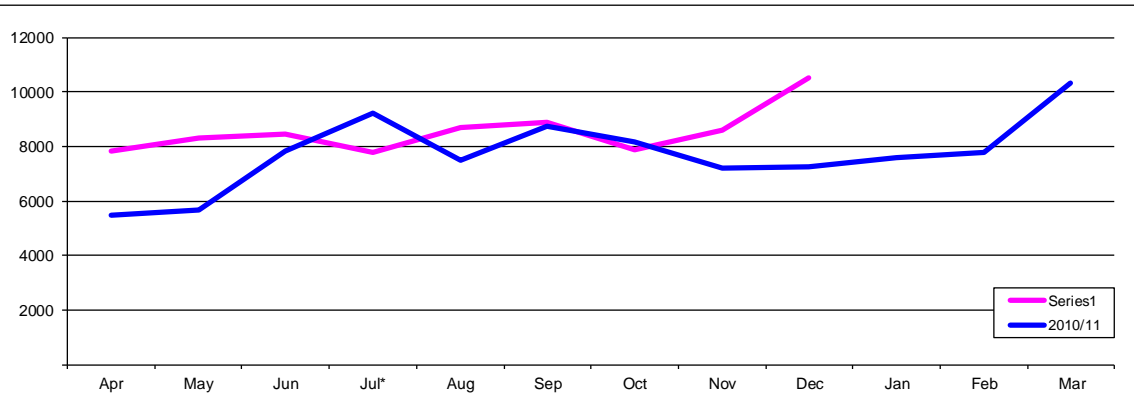


2010/011	1756	1663	1715	1942	1528	1914	1695	1715	1510	1397	1498	1649	
2009/2010	1620	1625	1889	2033	1838	1932	2104	1694	1967	1480	1617	1995	21794
2008/2009	1869	1865	1701	1911	1710	1795	1869	1759	1882	1314	1404	1487	20566
2007/2008	1570	1773	1953	1911	1620	1796	1806	1829	1731	1747	1813	1701	21250
2006/2007	1594	1688	1730	1741	1718	1847	1722	1780	1646	1520	1481	1616	20083
2005/2006	1708	1525	1915	1783	1749	1852	1698	1753	1828	1470	1413	1856	20550
2004/2005	1615	1651	1600	1849	1646	1764	1784	1746	1731	1372	1363	1676	19797
2003/2004	1745	1764	1634	1946	1669	1863	1851	1707	1678	1437	1474	1738	20506

Note: Details of Tonnage of all produce handled at the Market based on returns supplied by individual merchants

City of London - Markets Department
Operational Information - 2011/2012
Smithfield - Tonnage of Throughput

	QRT 1			QRT 2			QRT3			QRT4			Year to Date
	Apr	May	Jun	Jul*	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Smithfield	7836	8321	8432	7800	8677	8886	7895	8588	10526	Awaiting data			76961



2010/2011	5463	5675	7846	9229	7488	8745	8189	7193	7256	7571	7765	10316	92736
2009/2010	7442	6547	6731	7840	7670	9640	8202	7060	6798	6102	7358	9018	90408
2008/2009	9137	10479	8255	10193	8082	8991	11074	7375	6742	7300	7836	5582	101046
2007/2008	10237	10869	9938	10198	9827	9484	9746	11923	10102	9915	9893	8607	120739
2006/2007	7465	8194	8169	8614	7692	9237	8923	11094	9358	9876	9032	9135	106789
2005/2006	11171	7528	9614	9944	8169	10024	9902	8326	11526	8461	8923	9580	113168
2004/2005	10357	9409	8941	9797	8579	5238	6576	10967	15119	9898	9043	9167	113091
2003/2004	7241	9358	7830	9152	7678	5588	6876	8283	9809	7415	16141	12249	107618

Note: Details of Tonnage of all produce handled at the Market based on returns supplied by individual tenants

*Estimated Weight

City of London - Markets Department Attendance Management - 2011/2012

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Year To Date	End of Year Target
Total Staff Strength	126	126	126	126	126	126	126	126	126	126	126	126		
Total Self Certificated days	39	15	33	17	28	24	33	17	24	33	30	24	317	
No of persons that make up self certificated	19	6	14	9	9	11	16	9	13	15	15	9	145	
Total Certificated days	69	111	74	59	41	90	31	41	61	51	50	54	732	
No of persons that make up certificated	7	12	6	4	8	6	3	2	3	5	3	5	64	
Over 20 days	1	2	2	1	0	3	0	1	2	0	2	0		
Total Days Sick	109	237	344	420	489	603	668	726	811	895	976	1,056	1,056	
Target for 2011/12	65	130	195	260	325	390	455	520	585	650	715	780		780

Market Dept Sickness Chart

