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FILE TITLE: <i>Policy</i>		SERIES <i>LONDON</i>
ANNEX 1: COMMUNITIES PLAN GROWTH AREAS ANNEX 2: REVIEW OF LONDON WHOLESALE MARKETS		
		PART: <i>3</i>
PART BEGINS: <i>24 JULY 2002</i>	PART ENDS: <i>24 MARCH 2003</i>	CAB ONE:

LABOUR ADMINISTRATION

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PART
3
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DATE CLOSED	24.3.03
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Series : LONDON
File Title : POLICY
Part : 3

Date	From	To	Subject	Class	Secret
30/01/2002	PD(MH)	PM	Strategy Unit Project on London	R	
24/07/2002		PPS	From the Remembrancer: Lord Mayor's Banquet	U	
06/08/2002	MS/DPMO	CH/EX	Mayor's Draft London Plan	U	
30/08/2002	MS/MOD	MS/DPMO	Mayor's Draft London Plan	C	
05/09/2002	ss/dfes	ms/ODPM	Mayor's Draft London Plan	U	
19/09/2002	SS/DoT	CH/EX	Mayor's Draft London Plan	U	
27/09/2002	ms/ODPM	ss/dfes	Mayor's Draft London Plan	U	
02/10/2002	CST	SS/DoH	London Choice Pilot	U	
29/10/2002	MS/DEFRA	DPM	Review of London Markets (report in annex)	U	
04/11/2002	CDL	DPM	Review of London Markets	C	
05/11/2002	ss/dti	MS/DEFRA	Review of London Markets	C	
07/11/2002	SS/DoT	DPM	Review of London Wholesale Markets	U	
08/11/2002	PPS	dpmo	Thames Gateway	C	
08/11/2002	PD(MH)	PM	Thames Gateway	C	
11/11/2002	pus/ODPM	MS/DEFRA	Review of London Markets	U	
11/12/2002		FA/PS	From Adrian Barnes Hon Secretary, Lord Mayor & Sheriffs' Committee	U	
12/12/2002	FA/PS		To Adrian Barnes: Thank you for kind letter of 11 December	U	
13/12/2002	PD(MH)	PM	Thames Gateway	R	
18/12/2002	PD(MH)	PM	Thames Gateway	C	
18/12/2002	DEFRA	PPS	Thames gateway	U	
19/12/2002	ss/dti	PM	Communities plan Thames Gateway	C	
20/12/2002	PD(MH)	dpmo	(M) Prime Minister's meeting on the Thames Gateway	R	
23/12/2002	ms/ODPM	PM	Meridian Delta Ltd submission of planning application for a creation o	C	
27/12/2002	PD(MEL)	PM	Congestion in London - Weekly Update	R	
10/01/2003	PD(MH)	PM	Thames Gateway: Progress to Date: Your Meeting on Tuesday	R	
17/01/2003	pus/ODPM	LP	Great London Authority Act 1999 Repeal Bill	U	
21/01/2003	SS/DoT	DPM	Draft communities plan Thames Gateway	C	
10/02/2003	DoT	PPS	SU project on gov policy towards London	C	
12/02/2003	PS/SOC	PPS	Strategy Unit London Project	R	
17/02/2003	PD(SV)	PS/SOC	Strategy Unit - London Project	R	
17/02/2003	PD(NB)	PM	London Congestion Charging - Day One Report	R	
28/02/2003	PD(NB)	PM	London Roads Update 28 February 2003	R	
04/03/2003	dpmo	dpmo	Meeting with John Birt - Monday 3 March 03	U	
07/03/2003	PD(MEL)	PM	Crossrail Proposal Meeting Tuesday 11 March	C	
07/03/2003	PD(MH)	PM	Funding London Infrastructure	C	
24/03/2003	dpmo		London First	U	



Tony McNulty MP
Parliamentary Under Secretary
of State

Private Secretaries of all
Cabinet Ministers

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cc: JH
SV
OJ
GN

Fiona Rodrigo APS/Tony McNulty MP

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24 MAR 2003

London First - a business membership organisation which aims to engage the business community in promoting and improving London - has just embarked upon a "Review of London Governance" and have invited a number of senior officials (including Permanent Secretaries) to a series of one-to-one discussions; they also plan to invite a number of Ministers.

As Minister for London, Tony McNulty feels that in the first instance it would be most appropriate for him to meet London First to give the Government's views on the issues raised by the review and co-ordinate any input necessary from across Government after that.

The Government's position is that it is premature to seek any fundamental change to the arrangements for London governance. However, given London First's prominence in the London business community Mr McNulty's view is that Government should co-operate with the review without giving any undertakings to endorse its findings.

I would be grateful if you would draw this letter to the attention of your Ministers and Permanent Secretaries, and take Mr McNulty's advice into account when considering any invitations from London First relating to their study.

We will of course inform you of any significant progress as it occurs on this matter.

Fiona Rodrigo
Assistant Private Secretary/Tony McNulty

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From: Martin Hurst

Date: 7 March 2003

PRIME MINISTER

cc: Jeremy Heywood

Andrew Adonis

Matthew Elson

Sarah Hunter

Ahnab Banerjee

Joanna Key

FUNDING LONDON INFRASTRUCTURE

You have a meeting on Crossrail with Gordon, Alasdair and JP on Tuesday. You have a note on the case for and against from Matthew.

But you will be aware that we cannot take this decision in isolation. Each of the three big London projects – Olympics (£4.6bn capital cost), Crossrail (£10-15bn) and the Gateway (£1-10bn depending on scope) – make claims on some of the same funding sources: in particular council tax and business rates. So too will essential flood defence work (£4bn). We are rapidly, with Treasury, investigating the totality of funding available, and the mechanisms for delivering this and extracting any betterment produced. Some further details are attached.

Some funding for the Gateway and Crossrail can, however, be genuinely additional – based on extracting the betterment (windfall gain to the value of land/property) these projects will create. And all projects will yield some fare/ticket income. Finally, I believe Ken may be willing to use some congestion charging income for the Gateway.

We could well, therefore, be able to deliver the infrastructure to underpin the 'mid scenario' Gateway (120k new homes by 2016) without a call on council tax or business rates, using instruments controlled by the local authorities/UDCs, plus help from Ken.

Over the next two months ministers will need to decide whether we can proceed with all three projects, and if so, the priority order for funding where conflicts arise. We will be working with HMT to provide you with an assessment of how the money might be raised, and the feasibility of securing the full funds needed. (I guess that a successful Olympics bid would inevitably require some delay to Crossrail).

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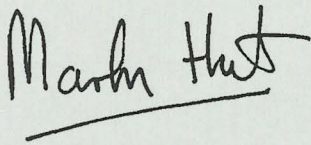
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The difficulty of course is that we will need to decide on the Olympics bid first. If that were to include the option of a supplementary business rate we would need to consult on that in April, something which would look odd, if we were subsequently to choose the same route for Crossrail and had not mentioned it then.

You and Gordon will, I suspect, differ on the extent to which we can proceed on the basis of loose funding commitments rather than worked up plans for new instruments. **For the timing being, we think it would be sensible:**

- a) to stress that the decision and the availability of funding will need to be judged alongside other calls from London infrastructure projects – notably the Olympics and the Gateway – and perhaps to find a way to bring the discussions together. You may want quickly to run through these at the meeting;
- b) to press the point that officials need to be really innovative in looking at how the funding could be secured.

A handwritten signature in dark ink, reading "Martin Hurst". The signature is written in a cursive style with a horizontal line underneath the name.

MARTIN HURST

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Annex

Calls on funding

Hosting the Olympics, were a bid to be successful, would cost the public sector 2.6b net. The only tangible long term benefits are the refurbishment of national sports training facilities and the reclamation of currently derelict land in east London Ticket receipts aside, there will be relatively little future income. The claims of wider benefits or 'betterment' are hard to quantify or pin down.

Crossrail will cost up to £15bn. There will be a future income stream from ticket revenue, and very significant betterment to properties in the vicinity of stations.

The Gateway is a little more fluid. We guess that moving to the mid growth scenario of 120k houses (compare under 80k houses if we do nothing) might cost £1bn. Moving to the 'high growth scenario' of 180k houses is very much our ambition, but would be much more costly. But we need to avoid double counting, the eastern part of Crossrail would provide much of the necessary underpinning for this second tier of work. Some of the infrastructure for the Gateway will provide fares/tolling revenue. The infrastructure spending will also provide very significant and potentially quite widespread betterment for developers, and for existing property.

Sources of funding

There are four kinds of funding instrument:

- General London taxation – non domestic rates/council tax. These would be the mainstay of any Olympics funding, but are also high on the list for Crossrail. It is a fairly crude way of capturing 'betterment' but is simple. The other big advantage of this route is that it yields funds in advance of the infrastructure spending, hence removing the need for bridging finance. Ken may also be happy to use some congestion charging revenue – particularly if charging extends East of the City.
- Premium fares for Crossrail, and for some of the Gateway transport projects, taking them outside the customary Zone 1,2,3 pricing structure.

- Ways of extracting betterment from existing properties. When a new rail line such as the DLR extension to Lewisham is built, property and land values shoot up. This 'windfall gain' can be tapped – e.g. through [].
- Extracting betterment from developers/vacant land values. The best known, is the highly imperfect route of 'planning gain'. But past failures with a development land tax (which always used to be seen as a socialist redistributive measure) should not rule this out.

Both the last two mechanisms could in principle be offered to local authorities and /or UDCs, thus making it clear that there is no new national tax raising power being conferred.

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From: Matthew Elson

Date: 7 March 2003

PRIME MINISTER

cc:

Jonathan Powell
Jeremy Heywood
Sally Morgan
Alastair Campbell
Martin Hurst

Andrew Adonis
Nick Bisson
Pat McFadden
Clare Sumner
Sarah Hunter

CROSSRAIL PROPOSAL: MEETING TUESDAY 11 MARCH, 11:00am

You are meeting with Alistair Darling, Gordon Brown and John Prescott to discuss whether and how to take forward Crossrail. The project is vital for London's development and status as a world city. But it will cost £11.5bn. Despite your previous requests, Treasury have not completed the assessment of alternative funding solutions – this must be progressed urgently and Martin Hurst has provided separate advice. Advice from AD is attached at B on Crossrail, and at C on other London transport projects.

Context

London's population is projected to grow by 738,000 and employment by 636,000 by 2016. Public transport demand in peak periods will increase by 25%. Over the next 10 years, the PPP will increase Tube capacity by around 15% on existing lines, but this will provide little relief to heavy rail lines, and provide limited support to new growth in East London. Although there are some initiatives to provide marginal capacity increases on heavy rail commuter lines, the scope without huge expense is limited. **London desperately needs Crossrail if future growth is not to be put at risk.**

Proposed scheme

A new central tunnel carrying 24 trains per hour will run from Paddington to Liverpool Street with interchange stations at Marble Arch, Tottenham Court Road and Farringdon. Four branches will feed into the tunnel (see map at A):

- (a) Shenfield and Stratford
- (b) Ebbsfleet, Royal Docks (City Airport) and Canary Wharf

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(c) Heathrow and Ealing

(d) Richmond and Kingston

Crossrail will carry 170,000 passengers in the morning peak by 2016 (cp. 465,000 rail journeys and 578,000 tube journeys in 2000). This will relieve pressure on Great Eastern lines into Liverpool Street, North Kent lines into London Bridge, Richmond and Wimbledon lines into Waterloo, and the Piccadilly, Central, Jubilee and District lines in the central area. It will also provide a number of knock-on benefits. For example, capacity freed up at Liverpool Street would enable more services to Stansted – much needed if we build new runways there. The Richmond/Kingston link would allow some of the District Line Richmond trains to be used to bolster the Wimbledon service instead.

The project cannot be broken down into smaller pieces as the bulk of the cost is in the central tunnel, and the bulk of the benefit is in extending the connections. Any smaller scale “core scheme” with optional extensions to be decided later simply would not represent value for money. Crossrail would open in 2013/14.

The key questions you will want to consider with AD and GB are:

- Is Crossrail value for money?
- Is it affordable?
- How can we ensure that it is delivered efficiently?

Is Crossrail value for money?

The project will cost £11bn in 2002 prices (including a large but prudent 66% allowance for cost overruns), or £15bn in cash prices including financing costs. Notwithstanding its high cost, the project has a respectable 1.3:1 benefit to cost ratio – based purely on the value of reductions in overcrowding, journey times, and highway congestion.

Of course there are potentially wider economic and regeneration benefits. Work led by HMT suggests that Crossrail can overcome transport constraints that would otherwise preclude the creation of between 35,000 and 62,000 additional jobs in the Central London business services cluster. The increase in productivity versus alternative employment opportunities could be worth up to

£10bn in 2002 prices. And of course Crossrail could accelerate and expand the potential to develop the Thames Gateway.

Is Crossrail affordable?

Most of the expenditure could be privately financed during construction, limiting the cost to the Exchequer before 2012 to the (relatively) small sums allowed for in the 10YP for project development. Beyond that point, revenue support declining slowly from £1.1bn per annum would be required. Additional fares would rise from £250m to £500m per annum, leaving a large funding gap.

We need urgently to know the potential from alternative funding mechanisms. ODPM have estimated that the development of the Thames Gateway could produce a £20bn increase in land and property values, part of which could be captured through various mechanisms (development land tax, section 106). Equally, a business rate surcharge could be applied to the £4bn base across London. You may want to ask GB how Treasury work in this area is progressing – particularly in relation to other calls for funding from the Thames Gateway and the Olympics (see advice from MH).

Can Crossrail be delivered efficiently?

If we do decide to proceed with Crossrail we must be sure that the UK has the capacity to deliver and that the right delivery structure is put in place.

The three major potential capacity constraints on delivery are construction programme management expertise, signalling engineers, and construction labour, and none is likely to be critical. The main construction phase for Crossrail would begin just as the Channel Tunnel Rail Link is completed – and ideally, the same programme management team would join the new project. Work on the West Coast Mainline will also tail off at the same time, providing signalling engineers. DTI is making a general assessment of the capacity of the construction industry – it seems unlikely construction labour will be a constraint, but it may be worthwhile to pay a small premium in order to reduce turnover of casual labour.

The existing proposal has been brought forward as a 50/50 joint venture between TfL and the SRA. This arrangement has created tensions even during the development phase, and will certainly not stand up to the pressures of delivery. We need a strong, empowered public sector sponsor team to define the detailed scope of the project and reporting to the Secretary of State, combined with a private sector project management team responsible for delivery. With their huge agenda, it is not clear that the SRA have the resources to be the public sector sponsor. On the other hand, unlike the Channel Tunnel Rail Link (which has an entirely separate management structure), there are considerable integration issues with the existing network. DfT officials are developing options. You may want to emphasise to AD the importance of getting this right.

Possible timetable

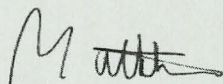
- March 2003: Continue with detailed design work
- Spring 2004: Introduce Hybrid Bill to Parliament. (AD notes that there could be other transport demands for Hybrid Bills, for example, the Thames Gateway Bridge connecting Thamesmead with Barking)
- Early 2006: Royal Assent
- Late 2006: Construction begins
- 2013/2014: Scheme opens

Other London transport projects

Crossrail is not the only major London transport project. AD summarises the status of three others at C.

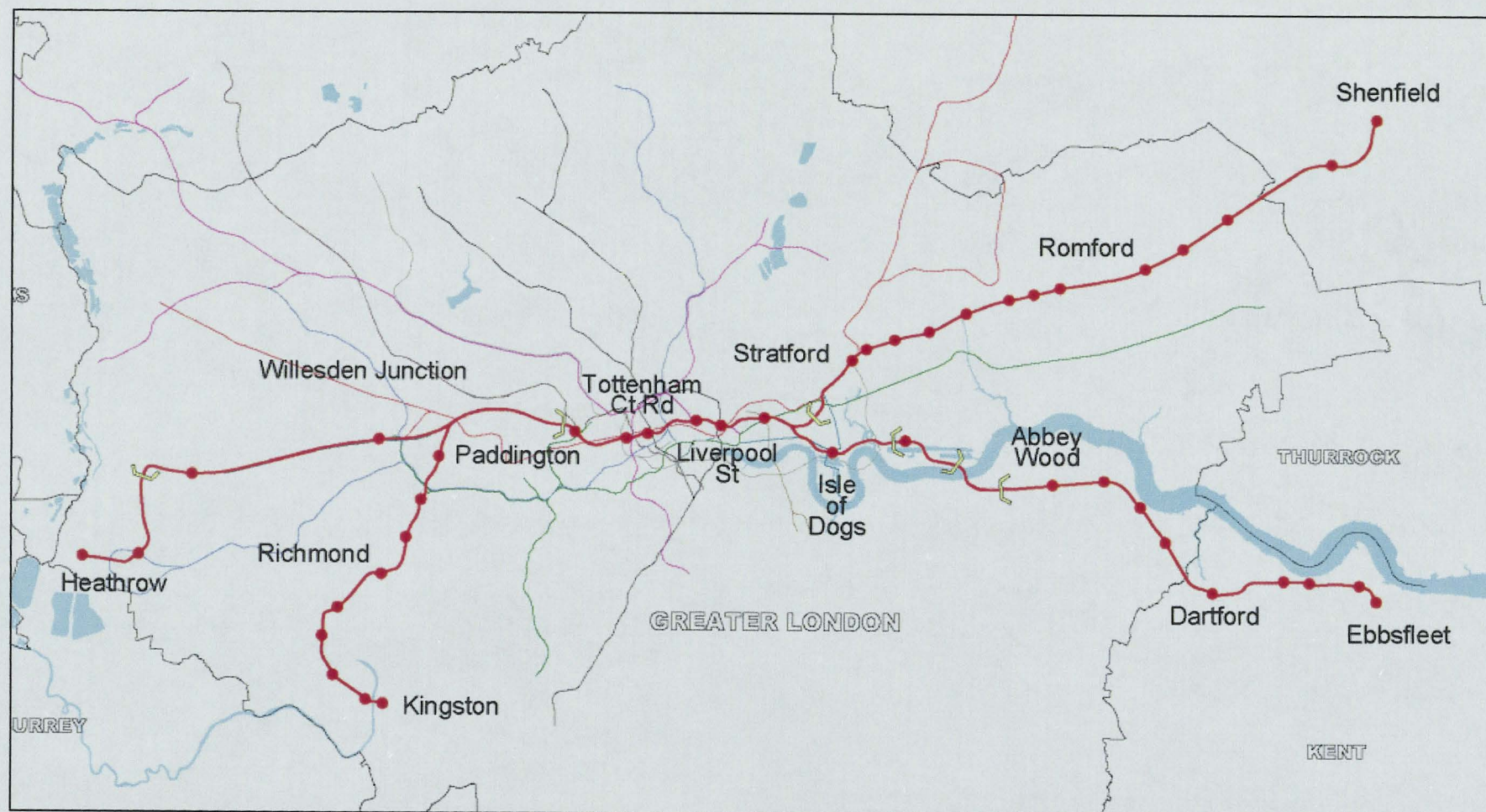
1. **Thameslink 2000.** You know the status. This is effectively a north/south Crossrail to upgrade the existing line through Central London from Kings Cross to Blackfriars and London Bridge. The cost of the project (£3bn) is included in the 10YP, and the benefit to cost ratio is 1.7:1. The start of construction has been delayed by the recent planning decision. DfT say this will add 2-4 years, but JP is keen to find a way to shorten this. JP may feel it excessive if you were to raise the delay in the meeting as he is already trying to address it.

2. **East London Line Extension.** This would provide a new heavy rail link from Dalston/Islington to Clapham and Croydon partly by upgrading existing lines. The cost is £1.1bn, and the benefit to cost ratio 1.1:1. Although marginal in purely transport terms, it has significant regeneration potential in East London, and has the advantage that it is approved and ready to go.
3. **Thames Gateway Bridge.** This new bridge would link Barking and Thamesmead filling the gap between the congested Blackwall and Dartford crossings, and supporting development of the Thames Gateway. It would cost £425m (not allowed for in the 10YP) and has a benefit to cost ratio of 1.3:1. Half the cost can be met from tolling. The Mayor would like to employ a Hybrid Bill, but we need to understand the potential to use traditional highways powers.



MATTHEW ELSON

The proposed Crossrail route





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Department for
Transport

From the Secretary of State

Prime Minister,

CROSSRAIL

We need to decide whether, and if so how, to take forward the Crossrail East-West London rail link project. This is a major strategic decision which will have a significant effect on the development of London and the South East over the next decades. If we want to proceed, we need to look critically at the options for funding the project, for managing it, and for seeking powers. We are due to meet shortly to discuss the way ahead.

SRA and TfL have completed work on the first phase of the business case. While there is further refinement to do on the detail of the costings and appraisal, the analysis shows that the project is likely to have a positive economic case, with potential to provide substantial wider benefits for sustaining London's growth, and for supporting regeneration, particularly in the inner Thames Gateway area. Without Crossrail, central London's transport networks will become increasingly subject to severe overcrowding and congestion.

But the project is a massive one, with estimated capital costs of some £7bn, which with operating and financing costs and risk would rise to a total of the order of £15bn. Beyond the next year or so, we have no provision for funding the project's development, and there is no provision for its implementation within the 10 Year Plan framework.

While we could and should look to the private sector to raise much of the initial finance, there is clearly going to be a substantial impact on the public sector in the longer term. We should need to cast the net widely for other contributions, both to reduce the cost to the taxpayer and to ensure that those who would benefit from the project are seen to make a contribution. This is likely to involve direct contributions from developers, but more importantly some input both from the business taxation system to reflect the resulting uplift in property values, and from fares to reflect the benefits to users of the system.

So if we want to take the project forward, we need to explain to business and other key interest groups what they would gain from the project, and

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at least in broad terms how we would expect them to contribute. With HMT and ODPM, officials need to do some further urgent work on the options here, building on the more general work already under way on alternative funding mechanisms.

We also need to strengthen the present project management framework. First, to establish a stronger more coherent project client which more effectively reflects the public sector's interests – not just those of SRA and TfL - and keeps the project tightly specified. And second, to build a much stronger private sector team to manage delivery of the project itself. Officials are examining this urgently.

If we agree that the project is to be a priority, we need to consider the options for seeking powers. Given the strategic importance of the project, I believe there is a strong case for the Hybrid Bill approach rather than a Transport and Works Act order. A Bill could be ready for introduction in the spring of 2004, but we should not underestimate the complexity of a project of this kind. In handling terms, we can expect opposition from a range of private interests and environmental lobby groups. I have not yet submitted a bid for the 2003/04 Session, and this would of course need to be considered by LP. With this timetable, the first stages of the project might – all being well – be open by 2013 or 2014.

I should record here that this is not the only such potential pressure on the Parliamentary programme. We are also being asked by the Mayor to support a hybrid Bill in the next Session for the Thames Gateway Bridge, which though more local in nature than Crossrail also has important benefits for supporting the regeneration of the area. It is also likely to form an important component of the package of transport schemes needed to deliver accelerated development of the Thames Gateway. We are aiming to reach conclusions on this, through MISC22, in May.

I am sending you a separate note on other major rail and road infrastructure projects in London which are relevant to consideration of Crossrail.

I am copying this letter to Gordon Brown and John Prescott, and to Sir Andrew Turnbull.

p.p. 
AD

(APPROVED BY SECRETARY OF STATE &
SIGNED IN HIS ABSENCE).

CROSSRAIL – BUSINESS CASE

Note by DfT officials

Summary

1. The first phase of work on developing the business case for the Crossrail project is complete. It suggests that the project is likely to have a marginally positive economic case, with potentially substantial wider benefits for London and for regeneration. However, we are not yet able to demonstrate with confidence that it will offer value for money.

2. The most promising option in economic terms would have four branches radiating from the Paddington-Liverpool Street cross-London tunnel: to Shenfield, Ebbsfleet, Kingston and Heathrow. But with a total cost of the order of £15bn this would pose serious challenges in terms of the construction industry's ability to deliver, and the financial market's ability to fund. Some phasing of construction would almost certainly be needed. Even taking account of the likely potential for raising funds from businesses and users who would benefit, the long term impact on the national taxpayer would be large.

3. Ministers will need to decide, once the business case has been digested, whether the project is likely to be sufficiently worthwhile to justify the cost, and if so what further work would be needed to support a firm decision to proceed. In the meantime, there is the issue of what might be said about the Government's thinking on whether it is likely to commit to the project, how it might be funded, and how powers might be sought.

Consideration

4. There is a substantial range of options for the Crossrail project, for how it might be managed, procured and funded, and for how statutory powers might be sought. Cross London Rail Links (CLRL), with their shareholders SRA and TfL, submitted to DfT Ministers on 21 February a document setting out the Interim Business Case for the Crossrail project. This gives a broad indication of the case for the project, and the most promising way forward if Ministers want to pursue it, but further analysis would be needed over the coming months to firm up on these proposals to the point at which a firm decision to seek powers could be justified.

5. Key issues to be determined include:

- routes and services
- business case and benefits
- funding and affordability
- procurement and management
- statutory powers
- timetable

6. The main messages from the interim business case document are as follows:

Routes and services

7. The proposal which appears likely to offer best vfm (see next section) is CLRL's "benchmark option", which involves the central tunnel from Paddington to Liverpool Street, plus four branches to:

- Stratford and Shenfield (taking over some existing Liverpool St services);
- Isle of Dogs through the Royals to Abbey Wood, with some services through to Ebbsfleet;
- Richmond and Kingston (taking over some existing Waterloo suburban services); and
- Heathrow (replacing Heathrow Express).

The Annex includes a map showing the benchmark route option and tables, drawn from CLRL's document, outlining the proposed service pattern, breakdown of capital costs, and preliminary benefit:cost ratios.

8. As the tables illustrate, a scheme which omitted the four branches would not offer value for money, as it would not generate enough benefits to justify the cost of building the central tunnel section. (An option which omitted one of the western branches might still have a marginally positive economic case, but would be significantly worse than the benchmark option.)

9. However, the benchmark option is an ambitious and costly scheme, with a point capital cost of some £7bn, increasing to nearer £15bn once risk, operating costs, inflation and financing costs have been factored in. This would pose a very substantial challenge in terms of the capacity of the construction industry and private finance markets. Some phasing of delivery would be likely to be required. Development of the Kingston branch is at a substantially earlier stage than the rest, with further work needed to confirm its technical and operational feasibility, and initial consultations also suggest there is a significant degree of local opposition to be overcome.

Business case and benefits

10. Based on the conventional economic appraisal, the benchmark option has, provisionally, a benefit:cost ratio of around 1.3:1, on the basis of the Treasury's new Green Book appraisal methodology, including an allowance for "optimism bias". However, the validity of some of the assumptions underpinning the appraisal needs to be probed further. Some of the costings are at a relatively early stage, and there are concerns that the central case demand growth assumptions may be too optimistic. There are also technical issues over the application of the new Green Book which have yet to be resolved. At this stage, therefore, we cannot be confident that the project will definitely demonstrate value for money.

11. There are also, though, arguments that Crossrail would deliver very substantial wider benefits for London by providing additional transport capacity and quality to support the continued growth and success of the capital, notably in the City and in Docklands. This view is strongly held by the GLA and TfL. However, it is not yet

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certain whether, and if so how far, such benefits can be demonstrated to be additional to those already captured in the normal appraisal. Further work would be required to produce a technically robust assessment. In addition, the project may increase the scope for longer term expansion and regeneration of Thames Gateway (principally towards the London end), although these benefits are more distributional in nature and the jobs may not be additional to the UK economy.

Funding and affordability

12. The benchmark project would involve a total nominal cost, including risk, inflation and financing costs, of the order of £15 billion. CLRL have undertaken preliminary modelling of a range of financing options, and have shown that it might, in principle, be possible to build the project with only a relatively small cost to the Exchequer up to the point of completion. This assumes that private sector borrowing and a range of other funding mechanisms are deployed to the maximum practicable extent. This would aim to extract a substantial contribution from those in London and the South East who would benefit from the project. Potential measures include raising funds from the business rate system, eg through the Tax Increment Funding mechanism, and increasing central London fares. These would pose tricky policy and legislative issues, and their feasibility has yet to be tested in detail.

13. However, the resulting costs to the public sector after construction would still be formidable, running at perhaps £900m a year from 2013 to 2020, then slowly declining to £300-400m a year by around 2030. Whether this could be afforded, and if so whether it would represent the most appropriate priority for such expenditure, needs to be examined further. There may in any case be a value for money case for providing at least some up-front public sector support to reduce the cost of stretching private sector borrowing capacity to such a degree. In addition, it will be necessary to consider the regional and distributional impacts.

Procurement and management

14. It appears likely that the benchmark project proposal would be too big for a single consortium to handle (it would be represent some 25% of total UK infrastructure development by turnover for the duration of construction). CLRL are therefore developing proposals for a multi-pronged procurement process involving several concessionaires carrying out separate elements of the project in order to make them digestible by the supply industry. This does though leave the project integration risk with the public sector, although it should be feasible to reduce the Government's exposure by incentivising the (private sector-led) project manager.

15. In the meantime, there are concerns that the present CLRL structure is not adequate for the next stage of development of the project. There is a need to provide a clearer line of control and accountability in place of the current framework which leaves responsibility split uncomfortably between SRA and TfL. There is also a need to establish a clearer separation between the sponsor and project manager roles, and to beef up the project management expertise. There may be some benefit in taking on board some of the hard-won expertise gained from the CTRL project. Developing and implementing a structure which delivers these improvements,

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without disrupting the momentum which has already been gained and/or alienating key stakeholders will not be easy.

Statutory powers

16. The project promoters are strongly in favour of adopting a hybrid Bill to seek powers for the project. Compared to the usual Transport and Works Act process this would offer clear timing advantages, and would be distinctly less risky. CLRL are working to be able to introduce a Bill in November this year, but this looks unfeasibly tight, given the amount of work to do to develop the technical details of the scheme, and to undertake the necessarily thorough public consultation process. Introduction in spring 2004 looks to be much more realistic, were Ministers to agree to this approach. Leaving it until the 2004/05 Session is not an attractive option, since this would involve a high risk that the Select Committee process in the first House would be interrupted by the next election, and hence have to be completely re-started.

17. No bid has yet been tabled for a Crossrail Bill in the legislative programme, so this would need to be considered by LP in the usual way.

Project timetable

18. CLRL are still asserting that with a November 2003 Bill introduction the first part of the line could be open by mid-2012. However, as indicated above the Bill is unlikely to be ready so soon, and the CLRL timetable makes no allowance for any planning or other difficulties which may cause slippage. In DfT's view it cannot be safely relied on. A more realistic completion date for the first section(s) might be 2013 or 2014, with the whole project finished possibly by 2018.

19. There is also a more immediate issue over the funding needed to support CLRL's timetable. Some additional funding would be needed in 2003/04 and beyond, beyond that already committed, to enable powers and procurement to proceed in parallel to meet this programme.

Next steps – issues for Ministers

20. Ministers will need to consider the interim business case presented by CLRL, which will flag up some of the main issues for Ministers, though it will not provide all the answers. These will include the aspects touched on in this note. Key issues will include:

- whether there is sufficient evidence that the project is likely to be worth taking forward, affordable and deliverable to enable some form of positive announcement to be made in the next month or so;
- whether there is sufficient confidence to be able to indicate at least some measure of support for a particular route option;
- what line to take on funding – it will be important not to play down the likely need for developers, business generally, and fare-payers to make a contribution;

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- whether to commit to a hybrid Bill, and if so whether provisionally to earmark (but probably not announce) a slot in 2003/04 and 2004/05;
- what to say about the future management of the project – and in particular what if any role the SRA, TfL and/or GLA/the Mayor might have;
- what further analysis is going to be needed by when to enable Ministers to commit firmly to proceeding.

REMP, DfT
February 2003

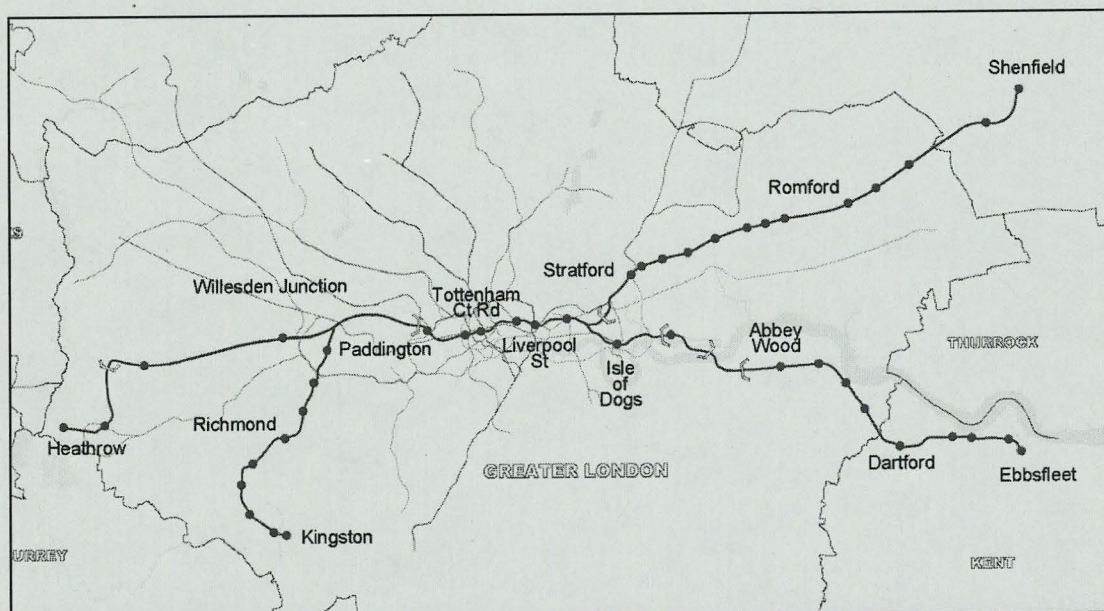
Map showing CLRL's Benchmark Option

Table 1:
Benchmark Option Crossrail service frequencies in peak periods:

Area	Frequency (trains per hour)
Shenfield corridor	12 tph
Ebbsfleet (or Northfleet/Gravesend)	4 tph
<i>forming extensions of some of:</i>	
Abbey Wood via Isle of Dogs	12 tph
Central Area	24 tph
Richmond/Kingston	8 tph
Heathrow (with the balancing 10tph turning back west of Paddington)	6 tph

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Table 2:
Core section and route increments capital costs

Increment	Description	Capital Cost
Core	Shenfield and Isle of Dogs to Paddington	£5.4 bn
Increment 1	As Core Option with additional trains per hour on 'E' lines to Liverpool Street and additional trains on West Anglia route to Liverpool Street	£5.6 bn
Increment 2	As Increment 1 with extension to Abbey Wood and Ebbsfleet;	£6.2 bn
Increment 3	As Increment 2 with extension to Kingston	£6.7 bn
Increment 4	As Increment 3 with extension to Heathrow	£7.0 bn

Nb: these are CLRL's undiscounted point estimates at 2002 Prices, excluding allowance for risk, operating costs, inflation and financing costs

Table 3:
Incremental appraisal

Increment	Benefit-Cost Ratio	Incremental BCR
Core Shenfield/Isle of Dogs	0.59:1	
1 Additional Liverpool Street	0.75:1	6.3:1
2 Abbey Wood/Ebbsfleet	1.05:1	3.6:1
3 Richmond/Kingston	1.17:1	2.2:1
4 Heathrow	1.30:1	4.1:1

Nb. these are CLRL's estimates, not yet vetted by DfT

Thameslink 2000

The Thameslink 2000 project is intended to provide a major increase in capacity on the present north-south route across London. This is one of London's most congested commuter routes. An enhanced Thameslink is also key to efficient dispersal of passengers from the CTRL at St Pancras, scheduled to open in 2007. There would be a large interchange station at Farringdon, providing links to the prospective east-west Crossrail line and three Underground lines

Currently the project is estimated to cost £2.75-3 billion, with a healthy cost/benefit ratio of 1:1.6/1.8.

SRA and Network Rail had planned a phased implementation that would have delivered most of the benefits from 2007. The core route between Kings Cross and Blackfriars would have been upgraded by then, with works at and east of London Bridge following, with full completion and the final service pattern from around 2012.

However, the recent failure to secure planning consents is likely to add 2-4 years to those dates. Implementation of the project is subject to securing the necessary powers under the Transport and Works Act. Following a lengthy public inquiry, the inspector recommended that powers should not be granted until specific concerns, primarily over works at London Bridge station, were fully resolved. ODPM concurred. The SRA are currently examining options to satisfy these concerns prior to submitting revised applications.

East London Line Extension

The project will convert the existing Underground line (Whitechapel-New Cross) to a high-capacity railway allowing through-running on to the main network, with extended services to Clapham and Croydon in the south, and Dalston/Islington in the north. There would be an interface with the prospective new Crossrail line at Whitechapel, and significant interchanges with existing rail and underground services in south and east London.

The project is estimated to cost £1.13 billion and has a cost:benefit ratio of 1:1.11. Additionally, it is seen as a regeneration catalyst in parts of East London. There is very strong support for it from local authorities and business in east and south London, where poor public transport links to central London are seen to be a major hurdle to longer-term development. The project figured in the Manifesto.

The project is not reliant on securing powers. Preliminary works on the northern extension have begun, though they have been halted pending resolution of a legal challenge on heritage matters. Subject to a successful conclusion on that (which is expected shortly), and government approval for the project, scheme completion would be in 2008.

Thames Gateway Bridge

The bridge is a new road link over the Thames between Barking and Thamesmead – filling the gap between the congested Blackwall and Dartford crossings. It would have two lanes each way of general traffic and one lane each way dedicated to public transport. It links into the A13/North Circular junction to the North and the A2016 to the South. It would be tolled.

It is seen as one of the key projects to support economic growth and regeneration in the Thames Gateway, encouraging businesses to locate there and developers to build higher quality, higher density housing in the area. Accessibility would increase substantially. The bridge is intended as a local scheme, unlike the earlier Highways Agency scheme which involved a direct link to the A2 via Oxleas Wood (cancelled in 1993). Long distance through traffic would be discouraged by use of differential tolls.

Transport for London, which is developing the project, estimates the cost at £425m. Of this broadly £200m might be financed through toll income – assuming £1 per car as at Dartford. The Mayor is seeking help from Government to meet the funding gap, eg to help subsidise a 30-year PFI concession. The BCR is put at 1:1.3.

Business, the boroughs and local people strongly support the scheme. But there is some active opposition on local environmental grounds and from those opposed in principle to new road schemes. A hybrid bill could allow opening by 2010; this compares with a probable delay until 2014 using the Mayor's highways powers, partly because the risks of procedural delay and judicial review by objectors would be much greater.

TfL plan a public consultation in May and aim to have their final environmental and business case ready by end-September. However, we think Spring 2004 would be the earliest credible date for introducing a Bill.

Other projects in the Thames Gateway

A range of other important infrastructure projects in the Thames Gateway are being actively considered by the Department in the context of MISC 22 and the above is 'without prejudice' to those considerations.



DEPUTY PRIME MINISTER

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DEPUTY PRIME MINISTER
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Tel: 020 7944 8606
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Mavis McDonald

cc

PS/Barbara Roche

PS/Tony McNulty

Liz Meek (GOL)

Joe Montgomery

Claire Tyler

Peter Unwin

Jeremy Heywood

PS/Special Advisers

CM/RC

1. SV
2. AA
3. (F)

4 March 2003

MEETING WITH JOHN BIRT – MONDAY 3 MARCH 2003

The Deputy Prime Minister met Lord Birt yesterday. You and Joan Hammell were also present.

The DPM and Lord Birt discussed Lord Birt's Transport Report and the Strategy Unit's ongoing work on London. Lord Birt said the London project was going well. It had been inspired by separate pieces of work on health, transport and education where the recurring question had come up: "What about London?". What were London's particular problems? What drove the London economy? How did it relate to the rest of the UK? What skills did London need? How did it get them? Did we have the right infrastructure? Did we have the right form of governance? And how did all that affect health, education, crime, transport and so on?

The team was still at the information gathering stage. But Lord Birt's initial take, focussing particularly on the economy, was that there was no shortage of skills in London. At both the top and bottom of the market, London was a powerful magnet which drew in migrants from both at home and abroad. The problem was a large indigenous population which had failed to adapt to new economic circumstances and which found itself stranded in large social housing estates and without the will or the means to free themselves from a benefit dependent culture. That created all sorts of problems, not just for the individuals, but for London as a whole.

That led the conversation on to social exclusion. Lord Birt asked if the DPM wanted to take a strategic look at social exclusion issues. The DPM said he would be interested to hear Lord Birt's views. The SEU had done some good work, but the time had come to sit down and look at what had been achieved on the ground. Had the SEU had any impact in the real world? The DPM's view was that it had, but that we had not worked hard enough to prove the case. We had launched two new projects on mental health and barriers to employment, but we were also planning to undertake a new strand on impacts and trends. The DPM said it

Website: www.odpm.gov.uk

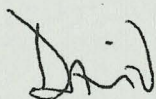
Email: john.prescott@odpm.gsi.gov.uk

would be useful to take some case studies, for example on the New Deal or Sure Start, to show what had been achieved on social exclusion.

Lord Birt asked if there was a delivery focus on social exclusion. On education he had noticed that although average results had improved there was a long tail of failure which in turn led to crime and health problems as well. Targets were all very well, but as they stood there was no incentive to reduce the tail.

You said that floor targets were a major way to focus efforts to tackle social exclusion. Lord Birt thought that a delivery focus on social exclusion with a big political push behind it could have an impact. What was needed was an agreed strategy which the whole of Government signed up to.

The DPM said he would be interested to have Lord Birt's more considered views. He was interested in the recommendations that the Social Exclusion Unit had made to date and how far they had been implemented. It was particularly important to demonstrate success in tackling social exclusion in new deal areas. Lord Birt was welcome to speak to Claire Tyler about this. The DPM asked you to facilitate that.



DAVID PROUT
Principal Private Secretary

From: Nick Bisson
Date: 28 February 2003

PRIME MINISTER

cc: Jonathan Powell
Jeremy Heywood
Sally Morgan
Michael Barber
Alastair Campbell
Andrew Adonis
Peter Hyman
Pat McFadden
Geoffrey Norris
Ed Richards
Simon Virley
Lucy Chadwick
Emily Hands
William Perrin

LONDON ROADS UPDATE 28 FEBRUARY 2003

John Spellar's weekly update is attached at A-C. JS has now called in Transco (who have agreed to provide details of all their major planned works) and Thames Water (who appear to be less co-operative). TfL have carried out initial interviews for the London Traffic Manager, but do not expect to make a final choice for another two weeks. Meanwhile, congestion charging is still going well – traffic rose slightly this week with the end of half term in London but is still 20% down on normal levels. The number of penalty notices being issued each day for non-payment is down to 6,000. And on the central line, formal approval has been reached on fitting the new bolts and brackets – we are promised further advice on the likely timetable for re-opening the line on Monday.

Roadworks

Management of the current crop of roadworks appears to be going well; some clear improvements have been made in eg. reducing the number of lanes blocked at particular sites. TfL have finished identifying the “endemic pinch points” where eg. traffic light rephasing may be needed to improve traffic flow – but this is still not moving quickly enough. Co-ordination of the forward programme also remains a concern; in particular Thames Water still do not appear to be co-operating fully – and nor is there any evidence that their plans to dig up half of Wandsworth starting in April have been reconsidered. But this seems to be more a question of them not knowing what their forward work programme is (in itself unacceptable), rather than deliberate non-co-operation.

Robert Devereux is now gripping the agenda, and seeking to press forward on the following issues:

- Collection of robust data about actual congestion (rather than relying on personal experience / anecdote)
- Enforcement action against road blockages (including illegal works, abandoned cars, delivery vehicles etc)
- Relative priority for pedestrians and cars at traffic lights and junctions
- Delivery patterns (eg. more night-time deliveries)

This looks like the right agenda, and Robert is doing the right things. But the slow progress in appointing a traffic manager is very frustrating – even once a candidate has been identified, someone with a senior position in business will need to give 3 months notice to their current employer. We have been promised further advice on this next week, but if we really are looking at another 3½ months to get someone in post, we need to press DfT to look again at interim options eg. seconding in a senior civil servant or retired military officer.

Congestion charging

Around 150,000 vehicles per day are being captured on camera in the charging zone (Capita believe this is 93-95% of the total). In the first few days, around 10,000 people/day were failing to pay, though this has now dropped to 6,000. Around 38% of people are still paying the charge in shops/car parks; 22% by text message; 8% by phone; 20% on the internet and 1% by post. The average wait to be answered by the call centre is 20 seconds.

There have inevitably been some errors in the penalty notices issued, some due to number plates being incorrectly given/recorded when people pay, others down to the inaccuracies of the DVLA database or illegal vehicles (eg. some have been spotted with cloned number plates matching the same model and colour of car; details have been passed to the police). But around 50% of those receiving a charge are paying within a day or two. The real test will come in around a month's time, when the deadline for payment expires and we start to see how many persistent offenders are systematically seeking to evade payment.

We think you should now write to the Thames Water chairman unless, by the end of next week, they provide a detailed forward work programme and engage in detailed discussion about the Wandsworth works planned for April. Do you agree?

Nick Bisson

NICK BISSON

A

RESTRICTED

To: Matthew Elson

From: Deborah Heenan

Location: 5/21 GMH

Tel: 3533 4483

Date: 28 February 03

Copies See end

London Roads Management

Papers and general progress

1. Attached are:-

Action plan progress report from Ben for 28 February: - Flag 1

Action plan annex A: pinch-points listing action being taken: - Flag 2

You have also had a note of last Monday's meeting.

Traffic lights

2. JS raised the issue of a project plan for traffic signal work at Monday's meeting. TfL have agreed to table this at next Monday's meeting. Work is ongoing as you know.

Transco and Thames Water

3. JS has seen both Thames Water and Transco. As expected he exerted pressure on them to deliver a usable project plan of upcoming works. I am preparing a further detailed note and will forward it shortly.

The new Director of Traffic Management

4. JS spoke to Bob Kiley again this morning on the recruitment of the new DTM. As I have indicated in previous notes, BK was positive that the right choice was for the DTM to report directly to himself.
5. BK said it might take a couple more weeks to find the right person but the delay was worthwhile to ensure that TfL got the recruitment right. JS agreed but pressed him to speed up the process where possible. I will write to you separately next week.

Central Line

6. JS went out to one of the Central Line repair depots at Ruislip this afternoon to see the engineering work for himself. He spoke to both the engineers and the service manager about the work to be done on the repairs and gradual reintroduction of service.
7. LU have been testing the revised procedures for modifying trains. Some final adjustments were made and I just found out that formal approval has been granted for the quality plan of the processes. Work has started to on the traction motors to get the brackets and bolts fitted.

Deborah Heenan
PS/JS

RESTRICTED

Copies:

PS/SoS
PS/David Jamieson
PS/Rachel Lomax
Robert Devereux
Alan Davis
Liz Meek
Bronwyn Hill

Mike Talbot
Jonathan Tillson
Ben Stafford
Tim Barrow
Peter Lee
Charlotte Morgan
Special advisors

London Roads Action Plan Progress Report 28 February 2003

This note sets out progress this week on London roads issues.

Headlines

- Identification of endemic pinch-points now complete- work is in hand to identify options for substantive improvements
- Called in Thames Water on 24 Feb and Transco on 27 Feb to discuss concerns over their major works programmes. Steps are being taken to get better information on their planned major works.
- You are updating the Lord Mayor of London on progress on 3 March
- Successful week 2 of congestion charging scheme

Operational & Management Issues

Endemic pinch-points

An updated list of works-related pinch-points is attached.

Work on identifying endemic pinch-points is now complete. TfL are identifying options for making substantive improvements at these locations. These options will include both short-term improvements which can be made, and longer term works which might be needed. This work will include a review of the traffic light phasing at these pinch-points.

Recruitment of Director of Traffic Management

TfL are making good progress in recruitment of a new Director of Traffic Management. Headhunters have been engaged and TfL have also received around 40 applications from other routes. Candidates have been drawn from both the Local Government and private sectors. Initial interviews have already been carried out.

It may take a couple more weeks to find the right person for the job, but it is hoped that the recruitment process will be complete by around the beginning of April.

Congestion Charging

The second week of congestion charging proceeded relatively smoothly. There was an increase in the number of cars travelling into the congestion-charging zone as the majority of London schools returned from half term. Early estimates

suggest that traffic was about 20% down on the normal level, compared to around 25% down in the previous week.

The next test for the scheme will be Monday 3 March when all of the schools in London and the South East have returned.

A21 Footway works in Lewisham

TfL have reported back on the recent problems on the A21 Lewisham High Street, partly caused by pavement works on the A21 in Lewisham. Delays on the A21 should now be at a minimum.

The footway renewal works along the A21 started in early December 2002 and are due to be completed by 11th April 03. There are no further footway works programmed for 2003/04.

The problems were caused by a combination of overrunning works by Thames Water on the A205 (a Local authority road) and TfL's own footway works.

The Thames Water works should have been completed in one day- on Sunday 23rd February. However, they overran until the 25th and their traffic management had insufficient capacity to meet demand, causing traffic to tail back onto the A21 Bromley Road.

At the time and at this location TfL contractors were working along Bromley Road near the traffic signals at Southend Lane and had taken out one of the three lanes at the signals. This reduced capacity and with traffic tailing back from Beckenham Hill Road into the vicinity of the works, this soon caused traffic to build up and queues to tail back to Downham.

The TfL contractors have again been reminded not to start before 10 am in the am peak and be clear of the carriageway by 4 pm in the evening peak in the predominant direction of flow.

Legislation

Good progress continues to be made on instructions to lawyers.

Utilities & Boroughs

You called in Guy Chant from Thames Water on Monday 24 February to discuss the impact of their works on traffic, and in particular how to ensure that the works are notified to highways authorities in good time and what steps they are taking to coordinate their works with other utilities.

You also met with Rob Verron and Ed Bannock from Transco on 27 February. These meeting highlighted, among other things, the clear lack of coordination between the utilities and highway authorities. As a first step to overcoming this Transco agreed to provide maps showing their planned major works over next four six month periods, as they will affect major roads in London. These maps will also be updated to include details of other utilities' works and Highway authority works.

Officials held their regular stocktake meeting with TfL the ALG and Met Police on 20 February.

Plan Co-ordinator
28 February 2003

Progress Report on Works-Related Pinch Points: as at 27 February 2003

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Nick Atkinson 020 7941 7057	A41 Hendon Way Major Carriageway maintenance between Finchley Road and Cricklewood Lane	Lane closures to facilitate resurfacing work and central reserve.	Resurfacing work started on 10 February 2003 for 6 weeks (to be completed by end of March)	Leaflets have been distributed to MP's. Councillors (Barnet and Camden) plus local residents informing them details of the works and times. Most works will be carried out during the night with one lane open to traffic. During the daytime interpeak there will be one lane (lane 3) closed to enable central reserve safety fencing and lighting works.
Nick Atkinson	A406 Safety Fencing work between Brent Cross and Staples Corner Flyover	Renewal of substandard safety fencing	This work started on 10 February 2003. There will be single outside lane closure of the westbound carriageway at all times for two weeks followed by another two weeks closure of outside lane of the eastbound carriageway.	Safety barrier is being removed and replaced. The lane closure is to protect the section exposed. Provided no unforeseen issues arise the works should be completed for each direction in less than two weeks. The effective width of the road at this point is 5 lanes in each direction as there are also merging lanes for the M1 and A41. The single offside lane loss is not considered to be problematical in terms of network operation.

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Nick Atkinson	A406 westbound near Pinkham Way	Repairs to water main by Thames Water	Work starts on Friday, 28 February until Monday 3 March 2003.	<p>NEW: There should be moderate delays. All three lanes will be open by 06.00 Monday 3 March 2003.</p> <p>From 21.00 on Friday until 06.00 Saturday – Lanes 1 & 2 will be closed.</p> <p>From 06:00 Saturday 1 March 2003 until 06:00 Monday 3 March 2003 only Lane 1 will be closed.</p>
Nick Atkinson	A30 Staines Road resurfacing and lighting	Lane closures to facilitate resurfacing work and central reserve.	Works started on 17 February 2003. Programmed for completion in 6 weeks.	<p>Leaflets have been distributed to local residents informing them about the details of the works and times. The emergency services, bus companies and police have also been contacted.</p> <p>Most of the works will be carried out during the night with only one lane open to traffic between 21:00 and 06:00 hrs. Re-lighting will take place during the off-peak periods 10:00 to 16:00 hrs.</p>
Dave Johnson 020 7941 7065	A23 Brixton Hill	Footway reconstruction	Mid March	Loss of part of one nearside lane to accommodate safety zone and pedestrians. The scale and nature of the works does not allow only "out of hours" working
Dave Johnson	Vauxhall Cross	Improved transport interchange	31 March (Phase 1)	Signals now operational. Footway works progressing – concentrating on pedestrian crossing points and central area
Dave Johnson	Vauxhall Cross	Paving work	31 March (Phase 1)	NEW: Discrete, localised and limited paving work interpeak on the gyratory, anticipated minimal impact for network and Congestion Charging. Work subject to close supervision and review.

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Dave Johnson	A21, Bromley Road	Street paving works	March 2003	NEW: Congestion occurred in this area earlier this week due to Thames Water works in Beckenham Hill Road overrunning. These works should by now be complete - the Area Team's street paving works are ongoing.
Dave Johnson	A2, New Cross Gate	Bridge strengthening	June 2003	Southern section of bridge deck now complete and open to traffic. Strengthening taking place to central and northern sections of the bridge. All on programme.
Dave Johnson	A23 Streatham Station	Under-strength railway bridge	Provisionally October 2003	Some general traffic congestion may remain after completion as bus lanes will be introduced.
Dana Skelley 020 7941 7061	A503 Finsbury Park, Islington	Signal installation for Traffic Management Scheme	28 March 2003	Four linked sets of signals to be installed – temporary signals will be used throughout the duration of the works, inevitably causing some congestion.
Richard Williams Hyder Consulting 020 7316 6138	A4 Piccadilly Underpass – Westminster.	Westminster City Council is carrying out night-time closures of the underpass for routine maintenance, Monday to Thursday nights, 22:00 – 06:00 and also some weekends, 08:00 Saturday – 16:00 Sunday, to be confirmed.	31 March 2003	Night-time works is having a minimal effect on traffic. No reported problems with weekend closures.

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Dana Skelley	Old Street Roundabout, Islington	Works to Central island on Eastern arm of the roundabout (Great Eastern Street) require lane closures to provide safe working area.	Works have slipped past scheduled end date – new estimated completion date is 5 March.	Completion of works was delayed by snow and ice, and as a result of poor workmanship by the term maintenance contractor. Area Team is urgently addressing the latter issue. Works are during the night and in interpeak periods, and are only causing very slight delays to traffic.
LUL Mike Crabtree 0207 222 5600	Euston Rd / Marylebone Rd / Kings Cross one-way system	Lane closures and other disruptions due to major LUL / CTRL works.	2004 / 2005	Advance signage advising motorists to avoid the area. Two lanes kept open in each direction during the day. Bus lanes have been provided along Marylebone and Euston roads to minimise delays to buses. New temporary layout from 1 March to mid June 2003, will be no more disruptive than the previous .
A13 DBFO Brian Thomas 020 7941 7051	A13 Movers Lane junction	Construction of new central reserve and junction.	Completion of major scheme scheduled for July 2003.	All A13 DBFO major schemes are the subject of extensive advance planning and public information.
A13 DBFO Brian Thomas	A13 Roding Bridge	Bridge Reconstruction	Completion of major scheme scheduled for July 2003.	All A13 DBFO major schemes are the subject of extensive advance planning and public information.
A13 DBFO Brian Thomas	A13 Woolwich Manor Way	Grade separated junction improvement scheme	Scheme completion scheduled for April 2004	All A13 DBFO major schemes are the subject of extensive advance planning and public information.
A13 DBFO Brian Thomas	A13 Prince Regent Lane	Grade separated junction improvement scheme	Scheme completion scheduled for March 2004	All A13 DBFO major schemes are the subject of extensive advance planning and public information.

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
A13 DBFO Brian Thomas	A13 Ironbridge to Canning Town	Grade separated junction improvement scheme	Scheme completion scheduled for June 2004	All A13 DBFO major schemes are the subject of extensive advance planning and public information.
Thames Water Scott Cambell 01923 898 084	SW London approaches, Battersea to Roehampton, including U. Rich'd Rd, W'worth town centre, York Rd, etc.	Reduced traffic capacity due to Thames Water main refurbishment	November 2004	Some works currently on site, but main works having greatest impact will commence after April 03.

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Godwin Fernandes 020 7941 7053	A406 Southend Road (Waterworks Corner to Charlie Brown's Roundabout) - westbound	The following closures will be implemented to facilitate various safety measures (East and West Bound Carriageways) and loop detections installation on westbound carriageway: 1. Various lane closures interpeak and overnight within this section 2. Closure of A406 beneath Waterworks Corner interchange	1. 24 March 03 2. 1 March – 6 March 03	All these works are programmed to be carried out overnight and during less disruptive time including weekends. Traffic Management will constantly be reviewed and may change at short notice to improve travelling times.
Godwin Fernandes	A12 eastbound between Preston Drive and Redbridge Roundabout	Lane one closed for footway diversion during works to replace the bridge parapet over the river Roding	Works to commence 3 March 2003 and expected to last for 5 weeks. (7 April 2003)	NEW: Moderate delays expected
Godwin Fernandes	A102 Kenworthy Road	Essential Lighting Column Replacement Works	18 th February – 21 st March	Intermittent "Stop – Go board" control for lighting column installation, supply transfer and removal. London Buses report disruption as not significant.

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Trevor Williams 020 7941 7071	A2975 St. Hellier Avenue	Resurfacing northbound carriageway due to start 17.3.03 for 4 nights, 21:30 – 05.30	21 March 2003	NEW: Long diversion will affect Bus Services. LB services have been consulted.
Trevor Williams	A22 Godstone Road, Purley Cross to Dale Road	Carriageway resurfacing due to start w/c 23.3.03, 22:00 to 05:30 for 7 days.	30 March 2003	Overnight diversions will affect bus service route (every 30 minutes). London Buses aware.
Trevor Williams	A24 London Road and Crown Road, Morden	Resurfacing due to commence w/c 15.03.03, 21:30 to 06:00 for up to 10 nights	25 March 2003	Long overnight diversion due to low height bridge. However, buses will be able to use shorter diversion.
Trevor Williams	A20 Sidcup Road – National Grid water-cooled mains repairs at Fiveways junction	Lane restrictions at junction London-bound commenced 22 February	2 March 2003	Severe delays expected at peak times. Contractor will work 24 hours a day. National Grid have agreed to vary the temporary traffic management arrangement to provide extra lane capacity thereby reducing the potential am queues

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Trevor Williams 020 7941 7071	A2 Blackheath Hill	Local carriageway settlement repairs 28 February 2003, 21:00 to 24:00 with alternate one way operation.	28 February 2003	NEW: Works programmed for periods of lowest traffic flows while respecting the needs of local residents. Some affect on night bus service.
		Completion of retaining wall repairs 1 March 2003, 08:00 to 10:00 with short periods (20 mins) of alternate one way operation.	1 March 2003	
Trevor Williams 020 7941 7071	A24 London Road/Langley Avenue central refuge	Central Reserve works	Construction works on Sunday 9 and 16 March, 08:00 to 16:00, one way alternate one way operation.	NEW Planned on Sunday when no bus services run and nearby school closed. Further discussions taking place on avoiding peak period 11:00 – 14:00.

File

From: Nick Bisson
Date: 17 February 2003

PRIME MINISTER

cc: Jonathan Powell Peter Hyman
Jeremy Heywood Philip Bassett
Sally Morgan Matthew Elson
Alastair Campbell Geoffrey Norris
Andrew Adonis Emily Hands

LONDON CONGESTION CHARGING - DAY ONE REPORT

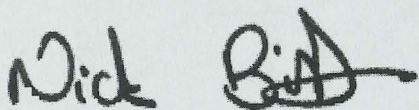
The introduction of London congestion charging has gone very smoothly. It is too early to declare it a complete success – but traffic levels in the charged zone are down by 25% (partly due to the start of half-term). According to the RAC, there was no early rush of motorists attempting to get in before the charge began at 0700, and no traffic problems outside the zone. So far around 70,000 people have successfully paid the charge (the BBC claim the total number who need to pay is only 80,000), and all the payment channels are working well.

According to TfL, traffic is normally down 14% in school holidays; today it is down 25%. They say there are no signs of rat-running or extra traffic outside the zone, and no major traffic problems – although there were queues at the Blackwall Tunnel this morning. The bus service is running well (with more people using it) and there are no reported problems on the trains. London Underground say they have seen "no significant difference" in passenger numbers, although the Evening Standard claims that London Bridge, Kings Cross, and Liverpool St stations were busier than usual.

A few hundred people protested over the start of charging. Smithfield market traders are some of the most upset (and still threatening another judicial review) – they start work at 4am, but by the time they drive out of the zone, they have to pay the charge. Iain Duncan Smith joined them outside City Hall, and is reported in the Standard as denouncing the charge as "nonsense it's classic Ken. It's cost huge amounts of money to implement and it's going to hit people who have no other way of getting in to work. It's only going to hit the people on low incomes who can least afford it". Again according to the Standard, Steven Norris

- now chosen as Conservative Mayoral candidate - has "pledged to scrap the charge if elected even though he supports road user charging and may reintroduce it later in a different form".

It is too early to decide the scheme is a success - much will depend on what happens next week when half-term ends. But day one has gone very smoothly indeed. We will alert you if anything changes.

A handwritten signature in black ink, appearing to read 'Nick Bisson'. The signature is stylized, with 'Nick' written in a cursive-like font and 'Bisson' in a more blocky, capital-heavy style.

NICK BISSON

RESTRICTED - POLICY

filed in DCJ Inbox

LA
17/2.

From: Simon Virley
Date: 17 February 2003

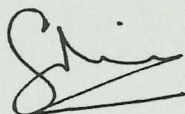
SALLY WARREN
(PS/Sir Andrew Turnbull)

cc: File

STRATEGY UNIT - LONDON PROJECT

Thank you for your minute to Jeremy Heywood of 12 February.

The Prime Minister is content with the proposed Ministerial group to help steer the Strategy Unit's project on London.



SIMON VIRLEY

RESTRICTED - POLICY



Secretary of the Cabinet and Head of the Home Civil Service

From the Private Secretary

JEREMY HEYWOOD

SV
Frcg.

STRATEGY UNIT LONDON PROJECT

Following discussion with the Strategy Unit and ODPM, Sir Andrew proposes that the Prime Minister should establish a Ministerial group to help steer the Strategy Unit's project on London. This project has been jointly commissioned by No.10 and the Office of the Deputy Prime Minister. The Deputy Prime Minister has overview and has asked Tony McNulty to take the day-to-day lead.

2. The Ministerial Group will ensure the necessary input from the relevant departments. Sir Andrew proposes that it should be an ad hoc Ministerial Group and that its terms of reference should be:

"To review work on the Strategy Unit's London project and the links with the Government's input to the Examination in Public of the Mayor's Spatial Development Strategy."

3. The membership should be:

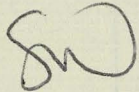
Tony McNulty (Chairman)
Ruth Kelly
Kim Howells
Stephen Twigg
Lord Whitty
David Jamieson
Malcolm Wicks
Hazel Blears
Nigel Griffiths
Hilary Benn
Mike O'Brien

4. Mike O'Brien's interest may be in "world city" issues, as well as organised crime and drug trafficking.

5. Liz Meek, Regional Director of the Government Office for London, would be invited to all the meetings.

6. The *ad hoc* Group will have a joint Strategy Unit/Economic and Domestic Secretariat.

7. If the Prime Minister is content with these arrangements, Sir Andrew will write to colleagues to let them know and we will aim for a first meeting later this month



SALLY WARREN

12 February 2003



12/12 received already

file

Department for
Transport

From the Secretary of State

Jeremy Heywood
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Web site: www.dft.gov.uk

10 FEB 2003

Dear Jeremy

Thank you for copying to me your letter of 3 February to David Prout about the Strategy Unit's project on government policy towards London.

Transport clearly has a key role to play both in meeting existing needs and in the future development of London. We are already engaged with the Government Office on work on the Government's response to the Mayor's London Plan, as well as more generally on transport improvements to support the future growth of the capital. We are keen to engage actively with the Strategy Unit in this new project.

Alistair Darling has asked that John Spellar should represent the Department on the ad hoc Ministerial Group and that Robert Devereux, Director General, Roads, Regional and Local Transport Group should be on the inter-Departmental official group. Officials have already been in touch with the unit and will be meeting next week to discuss further.

I am copying my reply to Private Secretaries of members of the Cabinet, Sir Andrew Turnbull and to Geoff Mulgan in the Strategy Unit.

Yours

Andrew

ANDREW CAMPBELL
PRINCIPAL PRIVATE SECRETARY

HM Treasury
Head of Housing &
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Martin Hurst Esq
Policy Adviser
No10
Downing Street
London SW1

reply - it is not a matter

file.

10 February 2003

THAMES GATEWAY

I said I would drop you a line about the issues we think need to be bottomed out analytically as a basis for Ministers taking decisions about the Gateway.

Our starting point is that in principle the Gateway looks like a plausible bet for accommodating a very significant part of an upward push in South East housing numbers.

However, like you, we think Ministers will want to know substantially more about delivery and affordability before they can make decisions. The key issues for us are:

- (i) the overall delivery model. How will the private sector approach the decisions which will ultimately determine whether the bulk of housing and other development takes place? What are the means by which Government can promote, constrain and influence these decisions? How far does this model vary according to location, allowing for issues including the extent to which large blocks of land are in single ownership, existing patterns of development etc;
- (ii) where the public investment (transport, flood defences etc) seems to be a plausible precondition for development taking place in line with the Government's ambitions for quantum and sustainability, how much would be required, and what would be the opportunity costs of spending available resource in the Gateway as opposed to elsewhere. What are realistic timetables for planning and delivering infrastructure and for its consequences for private sector behaviour to work through?
- (iii) how (other than conventional public sector investment) could the cost of infrastructure be financed?



- (iv) what structures need to be put in place to manage the Government's interest in the area over 15-30 years? What are the preconditions for them gaining the confidence of other stakeholders, namely local government and the variety of private sector interests.

I hope much of (ii) and (iii) will be elucidated by the already planned DfT-led and Treasury-led streams. I am less clear currently how (i) and (iv) are going to be addressed. Since there is considerable overlap between the analysis which needs to be done on these issues and gaps we perceive in delivery planning for ODPM's PSA target 5, PMDU and we are talking to ODPM later this week to talk about whether we can work with them on an intensive phase of analysis using some model like the PMDU's priority review process. There would be no problem from my point of view if you wanted to take part in that discussion.

I am copying this to Paul Britton, Sarah Tyerman, and Kieran Brett and to Nick Macpherson, Lucy de Groot, Jonathan Stephens, Lewis Atter, Gerry Friell, James Steel and Philippa Murray here.

MARTIN WHEATLEY

RESTRICTED

From: Martin Hurst / Alasdair McGowan; David Roe (SU)
Date: 30 January 2003

PRIME MINISTER

cc: Jeremy Heywood
Andrew Adonis
Geoff Mulgan
Patricia Greer (SU)
Lord Birt
SPAs

STRATEGY UNIT PROJECT ON LONDON

Last year you asked the Strategy Unit to undertake a review of London's future prospects and of government policy towards it. You identified a number of key issues including: the prospects for London's economy, including financial services; housing for key public sector workers; the performance of public services, especially education; infrastructure and planning; and the future roles and powers of the GLA.

During the autumn the SU put together a team and held a number of discussions with the DPM, who agreed before Christmas that the project should go ahead.

The purpose of this note is to update you on progress; to check that you are comfortable with the developing scope of the project; and to inform you of the Deputy Prime Minister's reservations about governance issues.

Timing

A public announcement of the project has been held back to avoid possible clashes with the Olympics decision and the publication of the Community Plan. We now expect to announce the project on 7 February. We are aiming for an interim analytical report for you and JP by Easter and a final report in June.

Background

No systematic review of London's prospects, and of central government's impact on London, has been undertaken in recent years. A more coherent central government view of London's needs might have helped:

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- 2 -

- Inform specific decisions such as the tube PPP
- Address variable performance by key public services;
- Rationalise weak governance structures;
- Tackle underlying problems (for example of infrastructure).

The goal of the SU project is to provide a clearer sense of where London is going, based on hard-headed analysis; a shared understanding of what needs to be done for national government, GLA and boroughs to collaborate; and specific solutions to some of London's more pressing problems. The study will, of course, run alongside (and in some cases inform) key decisions that need to be taken over the next 6 months, including whether to bid for the Olympics (by June), the overall approach to the Thames Gateway (May) and decisions about transport links including Cross Rail (from February).

Scope

At this stage the scope of the project is deliberately broad. The following list summarises the main issues being looked at in the first analytical phase. The second phase will focus in on a smaller number of key policy issues.

Key issues:

- The relationship between London, the rest of the South East and the UK economy.
- Reliance on financial and business services – how is this sector broken down and how robust is London's competitive advantage?
- London's strengths and weaknesses as a world city.
- The coexistence of wealth and poverty, and its implications for social cohesion.
- London as a magnet for international migration – the impact on jobs markets, public services and social cohesion.
- The impact of drugs and other aspects of the informal economy.
- The existence of higher than average unemployment alongside skills shortages.
- Londoners' high propensity to exercise choice in and to opt out of public services.
- The variability of performance/delivery of public services.
- The long term implications of London's ageing physical infrastructure (including housing and transport).
- Quality of life in London, and desirability of living and investing in London.

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- London's reliance on complex national funding arrangements.

The Policy Directorate has collectively discussed the project with the Strategy Unit team. Points made in that discussion include:

- a) London has a highly disfunctional labour market – with significant unemployment, and very considerable non-participation, alongside job shortages, and a requirement for migrant labour.
- b) London has perhaps more than its fair share of delivery problems – job centre plus; Hackney; transport; certain schools. It also has very high middle class private provision for some services. This is linked to, but not solely a function of, shortages of key workers – particularly in the second or third stage of the career structure (young people want to live and work in London – families want to move out).
- c) London is not only a positive force for the UK economy, it can also be a negative influence. Its house prices arguably dominate monetary policy, and its wage rises can set the trend for other areas with lower costs of living. Serious disruption to London (e.g. through natural or terrorist disasters) has potential systemic implications for the UK.
- d) There are some powerful statistics on the disparity of income and opportunity. London is the centre of wealth in the UK, yet over 50% of its inner city children are classified as being in poverty.

Is there anything you would like to add to the SU list of key issues? Are there any steers you want to give at this stage?

Governance of London

You asked that the project should look at governance issues, albeit as a private strand of work. Initially JP was also keen – not least because forthcoming legislation on regional assemblies could leave the GLA looking anomalous.

However, JP has since asked that governance issues should be explicitly excluded – in part because of the imminent Mayoral elections, and in part because the Regional Government White Paper said that we would only review the GLA's powers once we had 'some years' of experience of both the GLA and the first elected regional assemblies.

The SU have therefore agreed to a public statement that the study is not a review of the arrangements for devolved governance, whilst making clear to the DPM that the phase 1 work will include an analysis of the role of government departments

RESTRICTED

- 4 -

and other agencies in relation to public services and the economy. This provides some cover for now in looking at institutions, and for making an assessment of what is and isn't working.

We may well need to look at governance in more detail in due course – indeed you may explicitly require it. The GLA is only one part of the picture. Power in London is scattered across a wide range of bodies - for example on transport there are half a dozen bodies with strategic responsibilities for different modes, in addition to the GLA and 33 boroughs. The GLA settlement already looks anachronistic to some and there may be a case, in which the Treasury would be interested, for a new deal for the locally-elected London bodies, with greater tax raising powers and responsibilities.

On balance, it may be best not to force this issue with JP now - a further debate about the final shape of the study is premature and could delay progress. If the initial, analytical phase of the project shows up the need for further work focused specifically on improving the governance structure for London, you will have the option in April of either persuading JP to endorse it or commissioning some separate, wholly private work. However there might also be advantage in being up-front about this now (JP might resent being 'bounced' later on). **Do you wish to raise governance issues with JP now - or wait until later in the project?**

Later.

MARTIN HURST ALASDAIR MCGOWAN DAVID ROE

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Department for
Transport

From the Secretary of State

Great Minster House
76 Marsham Street
London SW1P 4DR

The Rt Hon John Prescott MP
Deputy Prime Minister
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Our Ref: AD/000357/03

27 JAN 2003

I have seen a copy of Lord Rooker's letter to you of 10 January enclosing a copy of the draft Communities Plan for clearance. I welcome the latest draft of the Plan and the opportunity afforded to my Department to contribute to the drafting. Subject to the points below I am happy for this to be published as planned.

I recognise the importance of developing solutions to tackle the shortage of housing in London and the South-East. To this end, I look forward to working with you and colleagues on taking forward the proposals for accelerated development in the Thames Gateway through MISC 22. It is important however, to ensure that anything we say now in the Communities Plan does not pre-empt the work of that Committee, or the planned announcement in May on the scale and timing of development in Thames Gateway. In relation to the other growth areas, we also need to clearly distinguish between transport improvements that are already in hand or committed, and those identified by interested bodies or various studies where decisions have yet to be taken.

I would therefore like to suggest the following amendments to the text of the Communities Plan:

In the *Overview* in paragraph 21 and in *Part 5: Growth*, in paragraphs 5 and 8, given the further work of MISC 22 on the Thames Gateway, we should not be committing ourselves now to a target of 200,000 additional homes in growth areas in the South-East by 2016, especially as this will depend heavily on the contribution of Thames Gateway which has yet to be decided.

This date should be consistent with dates given for the specific growth areas, ie. 2031.

I should also stress that although the review of the 10 Year Plan for Transport will consider the longer-term transport infrastructure needs of the four growth areas, this is only one of a number of issues which the review will need to take account of. Therefore in Part 5 the second sentence of paragraph 14 should be reworded to say "*As part of that review, DfT will consider, alongside other priorities...*". Similarly, the first sentence of paragraph 22 should instead read: "*Improving access to the Gateway will be considered, alongside other priorities as part of the review of the 10 Year Plan for Transport.*"

In the boxes on the other growth areas, the second paragraph on Milton Keynes – South Midlands should be re-worded to read "*The study identified that more could be achieved through considering the options for improving East-West links....*". We must avoid any suggestion that the Government has reached a view on the case for such improvements.

Similarly, on the London-Stansted-Cambridge growth area, the second sentence of the third paragraph should begin with "*The study identified that achieving this growth over time may require considering the options for improvements to transport infrastructure and road and rail connections.*"

In *Part 3: A Step Change In Housing Supply*, I am concerned that the proposal in paragraph 9 for a significant increase in the supply of new affordable homes for key workers implies that these will be only for those in the public sector. Transport industry workers are largely employed by the private sector, yet they perform a key function and one which requires residence in particular areas where affording accommodation can be a real problem. The bus industry, for example, is experiencing serious driver shortages in many areas and the cost of housing is quoted as a major problem in filling the vacancies.

Subject to these changes, I am happy to support the publication of the Communities Plan.

I am copying this to the Prime Minister, members of DA Committee and to Sir Andrew Turnbull.


ALISTAIR DARLING



Tony McNulty MP
Parliamentary Under Secretary
of State

Leader of the House of Commons
and the Preseident of the Council
The Rt. Hon Robin Cook
2 Carlton Gardens
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Dear RShir

17 JAN 2003

I am writing to seek agreement on the handling of the Greater London Authority Act 1999 (Repeal) Bill.

This Private Members Bill was introduced by Lord Ampthill (a crossbencher) and had its first reading in the Lords on 10 December. The date for second reading has not yet been fixed.

The Greater London Authority Act 1999 created the Greater London Authority, including the London Mayor and Assembly and its four functional bodies (Transport for London, the London Development Agency, London Fire and Emergency Planning Authority and the Metropolitan Police Authority). This Bill would repeal that Act and abolish the Greater London Authority. A copy of the Bill is attached.

The Greater London Authority Act 1999 (Repeal) Bill is likely to be opposed by the London Mayor and most Assembly Members, including those Assembly Members who are members of the House of Lords (Baroness Hamwee, Lord Harris and Lord Tope). The Liberal Democrats are also likely to oppose the Bill as they support the existence of a strategic authority governing London. The position of the Conservatives is more difficult to predict – some see no need for a Greater London Authority, but others support it.

I recommend that the Government opposes the Greater London Authority Act 1999 (Repeal) Bill, for the following reasons

- Government set up the Greater London Authority in May 2000. The objective was to create a democratic and accountable organisation, which would deliver strategic direction and leadership for London as a whole. Government remains committed to this objective and to the Greater London Authority as the right framework for delivering it.

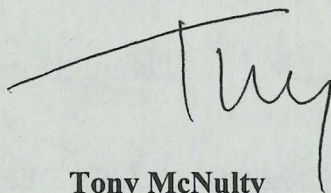
- Londoners supported the creation of the Greater London Authority. At the referendum held in London on 7 May 1998, 72% of voters (1,230,759 people) voted in favour of the Government's proposals for a Greater London Authority. 28% (478,413 people) voted against.

I suggest that we follow the usual practice where a Lords Private Members Bill is unacceptable to the Government and express reservations during the Bill's passage in the Lords, but do not attempt to stop it. The Government should block the Bill in the Commons if it progresses that far.

I would be grateful if you could confirm, by 6 February, whether you are content with this approach to handling the Greater London Authority Act 1999 (Repeal) Bill.

I am copying this letter to the members of LP Committee, Jeff Rooker, Nick Raynsford and to First Parliamentary Counsel.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony', with a long horizontal stroke extending to the left.

Tony McNulty

Greater London Authority Act 1999 (Repeal) Bill [HL]

Greater London Authority Act 1999 (Repeal) Bill [HL]

1

A Bill To Repeal the Greater London Authority Act 1999.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and

consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Repeal of Greater London Authority Act 1999

(1) The Greater London Authority Act 1999 (c. 29) is hereby repealed.

(2) The Secretary of State may by order make such consequential provision in

connection with subsection (1) as he considers appropriate.

(3) A statutory instrument containing an order under subsection (2) is not to be 5

made unless a draft of the instrument has been laid before and approved by a

resolution of each House of Parliament.

2 Short title

This Act may be cited as the Greater London Authority Act 1999 (Repeal) Act

2002.

HL Bill 16

10

53/2

RESTRICTED

From: Martin Hurst
Date: 10 January 2003

PRIME MINISTER

Cc: Jonathan Powell
Jeremy Heywood
Andrew Turnbull
Michael Barber
Andrew Adonis
Matthew Elson
Sarah Hunter
Joanna Key

THAMES GATEWAY: PROGRESS TO DATE; YOUR MEETING ON TUESDAY

Following your meeting in December, and your steer over Christmas that you viewed the Gateway as a project on a par with the Channel tunnel as something we had to do, we have been pushing departments to firm up the areas where further work is needed.

In short, it seems clear to me that the case for the Gateway is every bit as strong as ever. The costs of moving significantly forward are eminently bearable. Around £500 million of new money would secure the infrastructure to underpin nearly all the development – 120,000 new homes – we could reasonably hope for over the period to 2010. And this money can potentially be extracted from the very considerable betterment (a lot more than £500m I would guess) which the development will create.

But it is also clear that there is quite a lot of work still to be done to refine exactly which projects we might back, and to ensure the private sector development does indeed follow. We need to know how much development gain in each area we might create and how best to unlock this, and bring it forward (the gain will often accrue after the development it needs to finance). And we need reassurance on issues such as the supply of construction skills and flood defences (most of the Gateway is on a flood plain).

We also need to decide how much we say now about the longer term. Moving to full delivery – 180,000 new homes – over the period to 2016 will require the promise of something like Crossrail, and I cannot say that the case for this in analytical terms is yet unambiguous (although there is enough to justify a political

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COLONGLOI

PRGM 49/3221/1

Letter
dated
10 Jan 03

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push, should you want to do it). But deferring statements to await more analysis runs the risk of not generating the commitment from the housebuilders.

It is clear that your urgency has not fully communicated itself to departments. Many in DfT and Treasury in particular would rather widen the agenda and delay decisions (although Alistair has told his officials that they must not stall). ODPM by contrast are not temperamentally inclined to put the hard work into the analysis which is needed to underpin responsible decisions, and to mount a case which Treasury – and the developers – have to answer. But we are starting to make progress, and will keep pushing hard.

You are chairing the first meeting of the new cabinet Committee on the Gateway – MISC22 – at 9am on Tuesday. A steering brief is attached. As with other such initiatives, street crime is an obvious example, the main benefit in this early meeting may be in its very existence – which serves to bring ministers' attention back to the subject, and give further momentum. You will need to judge the mood: it may be necessary for you to be fairly gung ho, so as to keep Gordon and Alistair fully on board: neither the DfT nor (particularly) the Treasury papers for the meeting suggest much real commitment.

The main output from the meeting should be an agreement on the key areas where we need rapid further work, and on a timetable – a final decision in May seems reasonable, and whatever we do, it would seem sensible to link the timing of the Crossrail announcement. Before the meeting you might consider:

- a) how much we can say now/in the DPM's communities plan (for launch on January 30) about our aspirations. JP wants to say something fairly firm, Alistair is nervous. One option would be to let it be publicly known now that you are chairing this group, and to say in the plan that we will make our intentions known quickly – by the Summer at the latest. **Is this OK, or would you rather be more circumspect/ bolder?**
- b) How you want to take forward the idea of an outside 'champion': either to be appointed now or to take things forward after May. Andrew Turnbull will advise separately on what a champion might do. **I strongly advise you to talk again to JP before saying much about this to colleagues** – he is nervous. I pointed out to him that there is a difference between someone with an executive role (which would upset the LAS and the UDCs, and might not be the best way of getting particular local developments up and running) and a 'champion', selling the projects to the city and the housebuilders. Jeremy's

RESTRICTED

COUCHINGOL

PRem 49/322.1/1

letter
dated
10 Jan 03

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- 3 -

vision is of someone, reporting to JP or Jeff, who ensures that there is proper project management within Government. This vision might well appeal more to JP. You could suggest asking Peter Gershon to advise on how the project management might best be conducted within ODPM.

Temporarily Retained

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RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

Martin Hurst

MARTIN HURST

RESTRICTED

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (A)
OF THE PUBLIC RECORDS ACT

PREM 49/322.1/1

letter
dated
10 Jan 03

Steering brief.

There are four papers for the meeting:

1. Issues and timescales (from JP). This suggests four central areas for further work. I suggest you seek to frame agreement around these. The four areas are:
 - What development is likely to take place without additional infrastructure;
 - What more the government would need to do to support higher levels of development;
 - The options for funding infrastructure;
 - A framework and timetable for taking the decisions.
2. Thames Gateway and the Growth areas strategy (from JP). For information, this paper contains most of the necessary background material.
3. Thames gateway and Transport (from AD). Slightly grudging, but no more than one would expect given that this is the opening shot in a bidding battle for SR2004. Annex A to the paper (attached) sets out the main transport schemes and their costs.
4. Transport infrastructure funding (from PB). A slightly odd paper, which we and OGDs were not shown in draft. In part it represents HMT's attempts to get DfT to do some proper analysis for SR2004. The positive side is that HMT commit to bringing forward work on alternative funding routes, but are rather dubious they are the whole answer. The main candidates for alternative funding routes are set out in an annex, attached.

We have suggested that the meeting might start with a brief introduction from JP, followed by short, map based, presentations from Jeff (or a dep) and Alistair. Paul might then say something about financing.

You might make the following points:

- a) this matters. We all need to seize the issues and run with them.
- b) and we need to generate momentum. Believe we should aim for decision in May. And believe we should say publicly now/in communities Plan that we are pushing ahead with this work.
- c) but there is a lot to do to underpin any decision. Want from this meeting to get commitment to put the work in, and agreement on the areas we need to work up.

By way of closure, you can sum up saying:

- a) we have agreed the key issues that we need to address, from the ODPM issues paper, and the detailed issues in the DfT and HMT papers. We also need to look at the other possible constraints: construction skills and flood defences for example.
- b) we should aim for decision by May, which means we need to come back to this group with as much as possible in two months or so.
- c) we will say now/in JP's communities plan, that we think the Gateway is potentially extremely important, and that we are giving a high political priority to working up plans.

ANNEX A from DfT paper

COSTS OF PLANNED AND PROPOSED TRANSPORT IMPROVEMENTS
IN THE THAMES GATEWAY

<u>Committed Transport Schemes for Thames Gateway</u>		
DfT have made public commitments to deliver 9 schemes (some subject to statutory processes) costed at		£342m *
In addition, TfL (subject to available funding and statutory processes) are planning to progress 5 schemes costed at		£556m (some PFI)
Following outcome of Orbit Multi-Modal Study it is likely that DfT will also progress schemes (widening M25 Jct 27 – 30)		[£270m]
<u>Total</u>		<u>[£1,168m]</u>
<u>Additional Transport Schemes identified by TG Strategic Partnership</u>		
Immediate Key schemes	DLR to Barking	£140m
	C2c Metro upgrade	£20m
	Thames Gateway Bridge	£425m
	CTRL(D) to Medway	£50m (plus subsidy)
	<u>Total</u>	<u>£635m</u>
The full transport scenario would require a further 27 schemes costed at		<u>£2,357m</u>
<u>Total Required Transport Investment in Thames Gateway</u> <u>(Committed and Additional)</u>		<u>£4,160m</u>

* For specific major projects, where departmental approval is needed. In addition, TG has received significant increases in general resources via the LTP and TfL settlements.

All costs are based on the best estimates of the relevant delivery agencies. The figures do not include the estimated **£10bn** + cost of Crossrail.

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Annex A from HMT paper

MECHANISM	Operation
Road user charging (with associated changes to other transport pricing)	Pricing based on external costs imposed, so prices highest in congested areas but greatest traffic and (if revenues locally recycled) economic benefits also in those areas
Local congestion charging and parking levies	As above, with more local visibility to revenues raised and related spending
Planning obligations	Captures some development gain from planning permission for new development, but already in use and net gains to be identified
Development tax	Captures gains from new development more widely and transparently than planning obligations, with consequently wider impacts
Greenfield tax	Captures some of gains from new development on Greenfield sites
Business rates	Business only, with complex local/central government issues over rates and spend
Business improvement districts	Complex local coalitions of interest, mainly capturing limited values after development
Council tax	Regressive structure, with infrequent adjustments to capture value
Private procurement	Good cost management and up front capital provision by private sector, with revenue support and vfm issues for government



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From the Secretary of State's Private Office

Direct Line 020 7238 5500
Fax 020 7238 5727

18 December 2002

Jeremy Heywood
Principal Private Secretary
10 Downing Street
London
SW1A 2AA

JDA (F)
cc: MH
MEL
SH
NB
JK
OJ

Dear Jeremy

THAMES GATEWAY

I am writing to register my Secretary of State's regret that neither she nor any member of the Defra ministerial team is able to attend the Prime Minister's meeting on the Thames Gateway on 19 December, and to highlight Defra's interest in how the development of the Thames Gateway area is managed.

Defra has a significant interest in the Thames Gateway project and my Secretary of State was therefore surprised not to have been included in the initial invitation to the meeting. A clash with Commons oral questions unfortunately precludes her attendance. She would be grateful if Defra could be fully involved with the developing policy.

My Secretary of State is particularly concerned to ensure that the development proceeds in line with Government initiatives and agreed policy on sustainable development. Decisions should be taken forward within the context of the agreed community strategies and the developing Regional Sustainable Development Framework. It is essential that appropriate sustainability appraisals are made at each stage of the development. Developers will need to employ effective energy efficiency measures and renewable energy technologies to contribute to the low carbon economy which Government has agreed.

RESTRICTED - POLICY

From: Matthew Elson
Date: 27 December 2002

PRIME MINISTER

cc: Jonathan Powell Andrew Adonis
Jeremy Heywood Nick Bisson
Sally Morgan Pat McFadden
Michael Barber Lucy Chadwick

CONGESTION IN LONDON - WEEKLY UPDATE

London's roads have been quiet over the Christmas break. Progress has been made particularly in completing major works. An update from John Speller is attached at A. He is now focused on two things: ensuring that adequate measures are in place to manage those significant works that remain; and working through the network pinchpoint by pinchpoint to ensure that traffic light settings are optimised.

Managing existing works

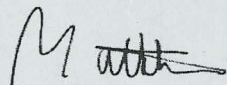
- The three biggest works have now been completed (at least in terms of their impact on traffic). Shoreditch is reported to be providing much improved flows. At Trafalgar Square, the traffic lights have now been reset and traffic is reported to be flowing well (although it has not of course over the holidays been exposed to full traffic pressure). The works at Vauxhall Cross were completed as scheduled on Christmas Eve.
- The A2 at Blackheath has now been reopened. It had been closed for 9 months following the collapse of a disused (and unmapped) mineshaft. TfL are meeting weekly with representatives from local police and boroughs while further works including a revised road layout are completed.
- Smaller scale works have also been completed at Victoria Embankment/ Northumberland Avenue, and at the A127 Southend Arterial Road
- Works at the following sites are now only happening offpeak and/or at night: A23 at Brixton Hill; A100 on Tower Bridge Road; Victoria Embankment; A4 at Scotch House Corner

RESTRICTED - POLICY

- Regular meetings with Railtrack and the police are instituted on the A2 at New Cross Gate Bridge in Lewisham where a railway bridge is being strengthened.
- **Further work is required to ensure that disruption at Kings Cross is minimised** during the construction of the new underground station and CTRL terminal. Although obliged to keep two lanes constantly open, the lanes are too narrow to enable proper traffic flow, and traffic lights are not always adjusted to reflect new road layouts.
- The list of Borough works is growing as more information becomes available. **A complete log of works planned over the next 12 months must be developed. Further checks are needed to ensure that every possible mitigation measure for these works is in place.** JS is also pressing to ensure that sites are left tidy at the end of each shift.

Traffic lights / traffic control centre

The London Traffic Control Centre goes live on 24 hour operation on 6 January, enabling live monitoring and direction of traffic across London – JS will visit shortly to review operations. As well as a wide network of cameras, this centre will gather information on incidents from bus drivers and traffic wardens. The new traffic team will make a systematic assessment of pinchpoints junction by junction in order to ensure that traffic signals are optimised.



MATTHEW ELSON

Progress Report on Pinch points: 27 December 2002

General Actions Taken

- **Communications have improved. Since 2 December, TfL's early shift at LTCC (on duty from 6am) now receive monitoring reports from stewards advising them on network status, activity over the previous night and any anticipated problems. LTCC staff are therefore able to action any problems reported to them before the morning peak.**
- **After the disruption at Vauxhall Cross in late November, TfL put a new management plan in place. Processes elsewhere have been reviewed and refreshed to check that they are sound. TfL is satisfied that the correct procedures are in place.**
- **TfL is actively engaging with utilities at major works sites to minimise disruption, maximise working hours and expedite works. Senior management has refocused teams on the importance of this.**

The list below provides an update on the eighteen sites previously identified by TfL and six further sites identified for inclusion.

Note: Disruptive roadworks at these pinch points shaded in the table are predicted to be complete by Christmas

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Dave Johnson 020 7941 7065	Vauxhall Cross	Improved transport interchange and pedestrian and Highway improvements	Disruptive road works completed as scheduled on 24 Dec. Phase 1 completion –Feb.	New project management was put in place.
Paul Gardner	Trafalgar Square	World Squares for All Phase 1: pedestrianisation of North side of square.	Disruptive works completed as scheduled on 22 Dec.	Lights were reset on 23rd Dec and traffic has been reported as flowing well this week but will need to wait till after the holiday to fully assess the impact.
Dave Johnson	A23 Brixton Hill	Lane closures to facilitate footway reconstruction.	Mid March	Working off peak and close liaison with contractors to minimise road space taken up by works.
Dave Johnson	A100 Tower Bridge Rd	Lane restrictions and temporary signals due to carriageway and footway reconstruction works, and Junction remodelling at junction with Grange Road.	17 January 03	All main works causing disruption completed although there will be localised traffic management fort when anti-skid, road markings and central refuge at Tower Bridge are implemented, off-peak and at night.
Dana Skelley 020 7941 7061	Victoria Embankment / Northumberland Avenue	Junction reconstruction / Remodelling	Completed as scheduled on 19 December 2002	Works were to provide pedestrian facilities and control of right turn towards Trafalgar Square.

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
WCC Gareth Hardwick 0207 641 1985	Victoria Embankment	Various lane / road closures connected with the construction of the new Hungerford footbridge.	Works continue but there should be no further lane or road closures connected with the project.	Night time & weekend works underway.
Dana Skelley	Shoreditch Triangle	Major local improvement / resurfacing scheme.	Disruptive works completed and changeover to new traffic layout as scheduled on 14 Dec.	Traffic signal timings were monitored and changed where necessary. Some street lighting works still to be done but will all be done at night with minimal disruption expected.
LUL Mike Crabtree 0207 222 5600	Euston Rd / Marylebone Rd / Kings Cross one-way system	Lane closures and other disruptions due to major LUL / CTRL works.	2004 / 2005	Advance signage advising motorists to avoid the area. Two lanes kept open in each direction during the day. Bus lanes have been provided along Marylebone and Euston roads to minimise delays to buses.
Dana Skelley	Victoria Embankment	Relighting works - intermittent partial off-peak lane closures	Still on schedule for late Feb 2003	Works carried out between peak hours. Working in non-running (e.g. parking, loading) lanes.
Dana Skelley	A4 Scotch House Corner, Kensington and Chelsea	Junction improvement works.	Physical works now largely complete.	Lane closures at weekends only. Advance signage.
Dave Johnson	A2, New Cross Gate Bridge, Lewisham	Under-strength railway bridge	February – capacity improved (lanes widened); June - scheme complete	Regular three-weekly meetings with Railtrack, police, etc. to monitor progress and impact of works. Substantial area-wide warning signage in place.

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Godwin Fernandes 020 7941 7053	A127 Southend Arterial Rd	Outside lane closures in both directions to replace central reserve safety fence.	Work completed on schedule on 20 Dec.	24 Hour working was used to progress the works.
Godwin Fernandes	A102 Homerton High Street.	Safety Scheme	Still on schedule for Late Feb/early Mar 2003	Agreed Traffic Management plan in advance of regular monitoring. Temporary light control / lane closures.
Godwin Fernandes	A12 Hackney – slip road closed.	Emergency works to repair lighting failure.	Work completed on schedule on 20 Dec.	The slip road closure was essential. Traffic was diverted.
Godwin Fernandes	A10 Northwood Road / Rectory Road	LB Hackney Section 278 works.	Still on schedule for mid-Jan 2003.	Temporary signals. Regularly monitoring scheme and liaising with LB Hackney
Godwin Fernandes	Upper Clapton Road / Northwood Road	Signal modernisation	Still on schedule for late Feb / early Mar 2003	Agree Traffic management plan in advance and regular monitoring.
Brian Thomas 020 7941 7051	A13 Movers Lane junction	Construction of new central reserve and junction.	Still on schedule for late January	
Nick Atkinson 020 7941 7057	A205 Kew Bridge bus lane and A316 Chiswick Bridge Waterproofing	Traffic diverted from Chiswick bridge (currently undergoing waterproofing works) onto Kew Bridge	Carriageway Traffic Management on Chiswick Bridge was removed 20 Dec.	Full Chiswick Bridge works are on schedule to complete by mid January

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Dave Johnson	Kennington Rd / Kennington Lane (Kennington Cross Junction)	Pedestrian / Cycle safety scheme	Still on Schedule for Feb (date to be supplied).	Minimum road space taken to safely facilitate works. Traffic management and signage has been effective with few complaints although we are monitoring regularly as it is a high-profile site.
Dave Johnson	A23 Streatham Station	Ongoing restrictions on under-strength bridge over railway.	Substantial six-month programme of works planned for summer 2003.	Some congestion may remain after completion as bus lanes will be introduced.
Trevor Williams 020 7941 7071	A2 Blackheath Hill	Hole in road due to severe subsidence	Road reopened on schedule on 23 Dec.	Other works including footway reinstatement and revised road layouts will follow in the new year. Utility companies will also complete their works in the new year.
Thames Water – Simon Johnson 0118 923 7316	A2 Blackheath Rd junction with Greenwich High Rd	Thames Water works in carriageway / temporary signals.	Completed 20 December 2002 in line with scheme above.	Repairs to water main are required in connection with the A2 hole – see above.
Thames Water Scott Cambell 01923 898 084	SW London approaches, Battersea to Roehampton, including U. Rich'd Rd, W'worth town centre, York Rd, etc.	reduced traffic capacity due to Thames Water main refurbishment	November 2004	Some works currently on site, but main works having greatest impact will commence after April 03

Area Contact	Location	Cause	Scheduled end date	Notes & Key Actions
Transco Malcolm Russell 07767 754903	A3 Southbound carriageway immediately south of Coombe Lane southbound on- slip	Transco emergency works	Completed on 19th Dec just ahead of schedule.	24-hour working where possible. Southbound carriageway reduced to one lane. Advance signage has been in place warning drivers, but there is no ideal diversion route. SMS has been regularly liaising with the Royal Borough of Kingston and the local police.



Jeff Rooker
Minister of State For Housing,
Planning and Regeneration

**OFFICE OF THE
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PRIME MINISTER

23 DEC 2002

Dear Tony

SH.
MH.
MEL.
WP.

I am pleased to be able to report that Meridian Delta Ltd (MDL) have today submitted their planning application to the London Borough of Greenwich, for the creation of a new 26,000 seat sports and entertainment arena inside the Millennium Dome, and for the regeneration of 190 acres of the Greenwich Peninsula. The application is the largest single development proposal in the UK for many years. It follows some seven months after contracts were signed between MDL and English Partnerships (EP) for the sale of the Dome, and represents another significant milestone towards bringing the Dome back into a worthwhile and successful use, and the regeneration of one of the largest brownfield sites in Europe.

Meridian Delta's planning application envisages the provision of a 26,000 capacity world class arena inside the Dome, with a further 62,000 sq m of entertainment and leisure space around the outside of the arena but still inside the Dome. Outside the Dome Meridian Delta would like to provide around 10,000 homes, of which at least 3,500 are likely to be affordable; 340,000 sq m of commercial space; 33,000 sq m of retail provision; a new 600 bed hotel with conference and banqueting facilities; major areas of public realm and open space; and a new school with additional community facilities.

Subject to securing planning permission, work on both the arena and the wider development could begin in mid-2003. On this timetable, the Anschutz Entertainment Group (AEG) (which will build and operate the arena) would expect to open the arena in 2005. However, much depends on progress made with the planning application itself, and on discussions between Meridian Delta and the planning authorities over the community and other facilities that the developer will be expected to provide. However, everyone involved in the planning process is committed to seeing the application succeed, and coupled with the extensive community consultation that Meridian Delta have already undertaken, there is every prospect that the planning process will proceed relatively smoothly.

MDL believe the development will deliver 24,000 long term jobs. At this level, the project is set to deliver substantial benefits, for Greenwich, for London and for the Thames Gateway. The Peninsula is a key site at the entrance to the Gateway, and early progress on this site will help establish a development momentum for the wider agenda.

A key issue to be resolved through the planning process is the amount and nature of affordable housing. This site has the potential to make a substantial contribution towards increasing the number of affordable homes available in London, and as such to provide an early indication of our ability to deliver against the targets we will be setting ourselves in the Communities Plan. My office will therefore be discussing with the developers, the GLA and the London Borough of Greenwich, how much affordable housing should be provided on the site, against an over-arching objective of providing a balanced and sustainable community on the Greenwich Peninsula.

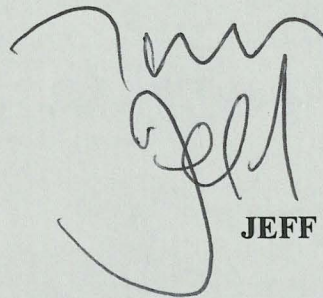
I should emphasise that, under the Ministerial Code and the published Guidance on Propriety Issues in the Handling of Planning Casework in ODPM, I am not taking any part in consideration of the planning application, despite my wider planning responsibilities. As announced to Parliament in July, Chris Leslie is the Minister with responsibility for considering any Dome related planning matters. There is an equivalent separation of roles between officials who advise Chris Leslie on the planning issues and those who support me on other ongoing Dome considerations.

I also took the opportunity this week to clarify to Parliament my position in relation to the Dome and the New Millennium Experience Company. We received Counsel's opinion that it could jeopardise the outcome of some outstanding litigation involving NMEC if the shareholding in NMEC were formally transferred from Charlie Falconer to me, and on that basis he remains the legal shareholder. However, he has given me full power of attorney over all NMEC matters, and as a result I have full Ministerial responsibility for the Company.

Finally, the Dome will, once again host a New Years Eve party for 40,000 people organised by the Ministry of Sound, this year in collaboration with Anschutz Entertainment Group. Last years event was highly successfui and faciilities are already being installed inside the Dome, in preparation.

Overall, the Dome is steadily and quietly transforming itself into something which, subject to successfully obtaining planning permission, could be a major success story.

I am copying this minute to the Deputy Prime Minister, Tessa Jowell and Paul Boateng, and to Mavis McDonald, Sue Street, Gus O'Donnell and Sir Andrew Turnbull.

A handwritten signature in dark ink, appearing to read 'Jeff Rooker', with a stylized, flowing script.

JEFF ROOKER

RESTRICTED



10 DOWNING STREET
LONDON SW1A 2AA

file
DIRECT
MASTER
Filed:

From the Senior Policy Adviser

20 December 2002

Dear David

PRIME MINISTERS MEETING ON THE THAMES GATEWAY

The Prime Minister met the Deputy Prime Minister, the Chancellor, the Secretaries of State for Transport and for Culture Media and Sport, Lord Rooker, Lord Sainsbury, Margaret Hodge and John Hutton. Andrew Turnbull, and other officials were also present.

I attach a note of the discussion. I am very grateful to Ralph Ward for its production.

I am copying this letter to the private secretaries to the Cabinet ministers for those departments present, to PS/Margaret Beckett and to Sir Andrew Turnbull.

Yours ever

MARTIN HURST

David Prout
ODPM

RESTRICTED

Meeting to discuss the approach to tackling demand in the South East and particularly the role of the Thames Gateway - Thursday 19 December 2002

The Prime Minister
Deputy Prime Minister
Chancellor of the Exchequer
Secretary of State for Transport:
Secretary of State for Culture, Media and Sport
Lord Rooker:
John Hutton:
Margaret Hodge:
Lord Sainsbury

The Deputy Prime Minister outlined his proposals for tackling the housing crisis in the South by taking a strategic approach to the development of four growth areas identified in 2000. He intended to follow up his July statement with a document to be published in January that would set out how the supply of housing could be increased over the next few years in a way which was sustainable and made maximum use of land which had already been developed. He emphasised the need to deal with the issue in a comprehensive way and the key role of other Government departments.

Lord Rooker made a presentation (attached) setting out the role of the growth areas in more detail and in particular the strategy underpinning the development and regeneration of the Thames Gateway. The four growth areas were capable of taking a significant amount of the new housing needed in the South. The Thames Gateway presented particular opportunities because there were substantial amounts of brown field land, and planning had been carried out for some years jointly with local political leaders and other players. The Thames Gateway Strategic Partnership which he chaired also included other Government Ministers and the private sector. The past decision to route the Channel Tunnel Rail Link through the Gateway had attracted some private investment. But we would not get the scale or quality of private investment needed nor realise the full potential of the Gateway for jobs, skills and housing without some Government investment.

He outlined how this growth potential could be enhanced in a phased way through a programme of planned investment, new delivery mechanisms and co-operative working between Government Departments. ODPM was already budgeting additional resources to start the process. He emphasised the support which existed among local authority and private sector partners for the strategy.

Notwithstanding its location in the south-east, the Gateway had a major national dimension as the link between UK regions and Europe

Introducing the discussion **The Prime Minister** asked the meeting to address two key questions - was this the right vision in principle and was it practical.

The Secretary of State for Transport said that he thought on balance it was right to face up to the fact that more investment had to be put into the South. But it was an important decision with significant political implications, and had to be taken in knowledge of the regional implications [on which topic it was noted that Patricia Hewitt had written before the meeting]. It would have profound implications for spending and would skew investment. There were real practical problems. The Ten Year Plan was totally taken up by the investment needed to catch up after decades

of under-investment. It would be irresponsible to publish a document which implied that infrastructure would be provided if that infrastructure could not be funded.

The Chancellor said that in his view the project did need to go ahead, but it required a systematic approach which carefully considered the scale of investment required against the timescales involved. He emphasised the pressures on public spending after 2006, just as the major expenditures would be coming on stream. It would therefore be necessary to look at other solutions. There were issues of local government finance and we needed to look at innovative ways of ensuring that the private sector bore some of the costs. Planning gain had to be rethought.

Margaret Hodge declared a constituency interest. She was clear that quality development would not be forthcoming without a strategic approach. The area had one of the poorest rates of progression to post 16 education of anywhere in the country. There was a real opportunity to build the country's skills base. There was already very innovative work going on with the higher education institutions in the Gateway. Her department was prepared to look at the schools needs as though it were a new town, developing approaches to school planning that allowed schools to be put in place alongside new development, rather than after.

Lord Sainsbury commented on the need to underpin the growth areas -particularly Thames Gateway and the Cambridge/Stamsted area with adequate transport infrastructure if private investment were going to be attracted. This did not necessarily mean huge sums. Private investors needed to see a phased programme and to have confidence that the government would deliver. The criteria for appraising transport projects were also very important.

John Hutton noted that the area had relatively poor health provision at present, although it had an above average SR allocation and a number of major health projects were now being pursued. His department would want to work with ODPM as a matter of urgency to understand the service planning needed.

Tessa Jowell outlined the implications of the potential Olympic bid for the meeting. She had had a useful meeting that week with John Prescott and Lord Rooker. There were potential benefits but also risks, relating to blight and accessibility. Further work was being done to see the extent to which the Olympic 'template' and the Gateway regeneration 'template' overlapped.

Summing up the discussion, **the Prime Minister** said that there was general agreement that the approach was right in principle. We had to have more housing provision in the South. The Thames Gateway provided vast amounts of brownfield land and its strategic location as an outlet to Europe gave it significant value. The basic issue was the cost of the transport infrastructure needed and how it should be financed. Investment could certainly be phased but it had to be undertaken within the context of an overall framework, which provided shape and direction but did not imply commitments that could not be delivered. He proposed to set up a Ministerial Committee urgently to determine the framework for taking it forward.

He said that while there were read acrosses to this agenda, the decision on the Olympics bid should be taken forward separately.

Enailed 19.12.03

RESTRICTED-POLICY

PRIME MINISTER

PRIME MINISTERS
SECRET COMMUNICATIONS UNIT

30 DEC 2002



MH

COMMUNITIES PLAN – THAMES GATEWAY

I am sorry that I cannot attend your meeting this morning to discuss the Thames Gateway project – I have to be with Geoff Hoon to discuss BAE Systems. David Sainsbury will be representing me at your meeting.

cc JH
AA
SV.
MEZ

I know that David will be making these points anyway but I would like to underline my concerns about having too much focus on the South East. Of course I recognise the housing problems in and around London ; also that we need, for example, to fulfil our commitment to developing the Cambridge area as a world class centre for research and technological excellence.

However, housing problems cannot be tackled in isolation – they need to be considered in the context of regional economic strategies. We also need to recognise the impact on other budgets and other regions : there needs to be investment in infrastructure, especially transport. Despite the increase in the Spending Review, the pressures on the transport budget are great, and there is a serious risk of pre-empting it and thus of exacerbating the problems of regions other than the South East.

We do of course have a PSA target, shared with the Office of the Deputy Prime Minister and Treasury, aimed at “making sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions...”. My concern is that by focusing unduly on the South East we will make it harder to achieve the second part of that target..

I would like us to take a look at this issue across the whole of Government and across the whole of the country.

I am copying this to John Prescott, Alistair Darling, Paul Boateng and David Sainsbury.

PH

19 December 2002

dti

Department of Trade and Industry

CONFIDENTIAL

From: Martin Hurst
Date: 18 December 2002

PRIME MINISTER

cc: Jeremy Heywood
Andrew Adonis
Simon Virley
Matthew Elson
Simon Stevens
Sarah Hunter

THAMES GATEWAY

You are holding a meeting on Thursday, with Gordon, JP, Geoff Rooker, AD, John Hutton, Stephen Twigg, Lord Sainsbury and (perhaps) Tessa. JP will start with a few words, and Geoff will then give a presentation on the four key growth areas, majoring on the Gateway. You saw my note over the weekend, and wanted a word in advance of the meeting – we hope to get a few minutes at 10am.

JP having tested the water (hence his robust exchanges with AD – see my previous note, attached) has decided to play the meeting in a non-confrontational way. He will seek to concentrate on getting agreement to the principle of a biggish push on the Gateway, and to joint working (under a possible cabinet subcommittee). Awkward questions on funding would be ducked, to SR2004.

Even this may involve some questioning of: a) the concentration of growth in housing above baseline on four key areas – you can emphasise that there is still a big job to get the other LAs to meet their baseline increases; b) the extent to which we want to build on brownfield land (one of the strongest arguments for the Gateway); and c) the regional balance of housing provision. These have previously been agreed collectively, but it will not stop them being reopened.

What JP would like from you is very positive endorsement of the Gateway, in particular for establishing it as the most important key growth area for building extra homes. (He may well avoid specific figures, but the number of homes would need to exceed the 80,000 already planned for – either the ‘middle way of 125,000 homes or the ‘full whack’ of 180,000.)

You will want to decide how you play the meeting. Your positive endorsement for making the Gateway a centre piece of the Government’s

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CONFIDENTIAL

- 2 -

strategy would be very welcome. But you may want to go further, and press those round the table for some demonstrable movement before SR2004.

This need not involve big resources – for the 125,000 houses option ODPM believe we only need maximum public spending on transport of under £400m most of which would be after this SR anyway, and some at least of which could be financed through innovative routes such as allowing UDCs to extract betterment. But the £400m needs unpicking (the one page annex to my earlier note details the projects).

You will want to decide whether you are, in principle, willing to push AD and other spending ministers a little. We have two weeks in the New Year before we have to finalise the Communities Plan and without picking a fight you could buy time by asking for a report back within that period - asking people to be as positive as they can about what the Plan might say.

You will also want to consider how you play **the relationship of the Gateway to the Olympics bid** (due to be announced the day after the most likely date for the Communities Plan). More work is needed on the relationship between the two projects – you could ask for this in any report back. While some elements (e.g Cross rail) are complementary there are competing claims. Inevitably, if successful, the Olympics' infrastructure would dominate relative priorities.

JP or Gordon may also raise the wider Communities Plan. As expected Gordon is unhappy at the lack of provision for social housing and decent homes – and therefore dislikes the things we have secured from JP, viz good funding for key worker homes and for the growth areas/South east in general.

MARTIN HURST

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CONFIDENTIAL

- 3 -

CONFIDENTIAL

PRIME MINISTER



COMMUNITIES PLAN – THAMES GATEWAY

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I would like us to take a look at this issue across the whole of Government and across the whole of the country.

I am copying this to John Prescott, Alistair Darling, Paul Boateng and David Sainsbury.

PH

19 December 2002



OFFICE OF THE
DEPUTY PRIME MINISTER

Communities Plan Growth Areas

19 December 2002

THAMES GATEWAY STRATEGIC PARTNERSHIP



**OFFICE OF THE
DEPUTY PRIME MINISTER**

**Jeff Rooker
Minister of State for Housing, Planning and Regeneration**

**Right Hon. John Spellar MP
Minister for Transport
Right Hon. Nick Raynsford MP
Minister for Local Government and the Regions
Alan Johnson MP
Minister for Employment Relations and the Regions
Margaret Hodge MBE MP
Minister for Lifelong Learning and Further Education
John Hutton MP
Minister for Health
Tony McNulty
Parliamentary Under Secretary**

**Alan Willett - Chair- SEEDA
Vincent Watts - Chair - EEDA
George Barlow - Chair - LDA**

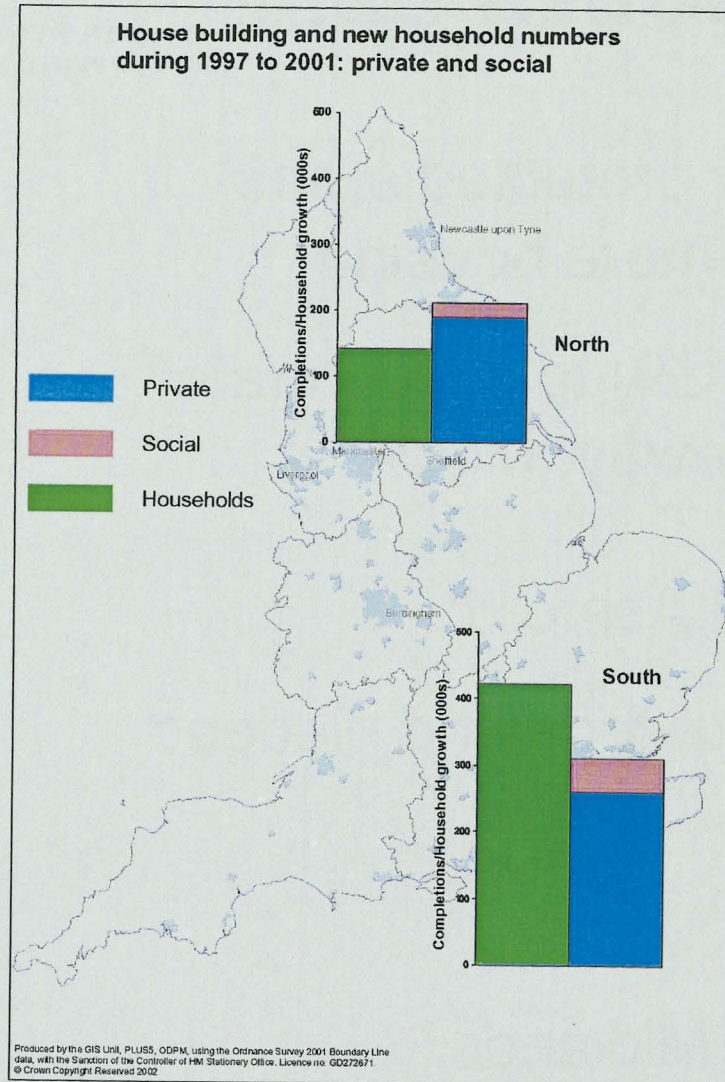
**Robyn Pyle - Chair - TGKP
Councillor Andy Smith - Chair – TGSEP
Councillor Conor McAuley- Vice-Chair - TGLP**

**Len Duvall - GLA
Councillor Sandy Bruce-Lockhart OBE - SEERA
Councillor John Kent - EELGC
Ken Livingstone - Mayor of London**

Communities Plan



OFFICE OF THE
DEPUTY PRIME MINISTER



Source - Housing completions based on information from Local authorities and National Housebuilding Council (NHBC) and ODPM Household projections

- Serious housing shortages in London and South East - risk to public service promises
- Market collapse in parts of Midlands and the North
- Need over 1 million new homes in South East by 2016

Need to build sustainable communities, not just houses

The Strategy for the South East



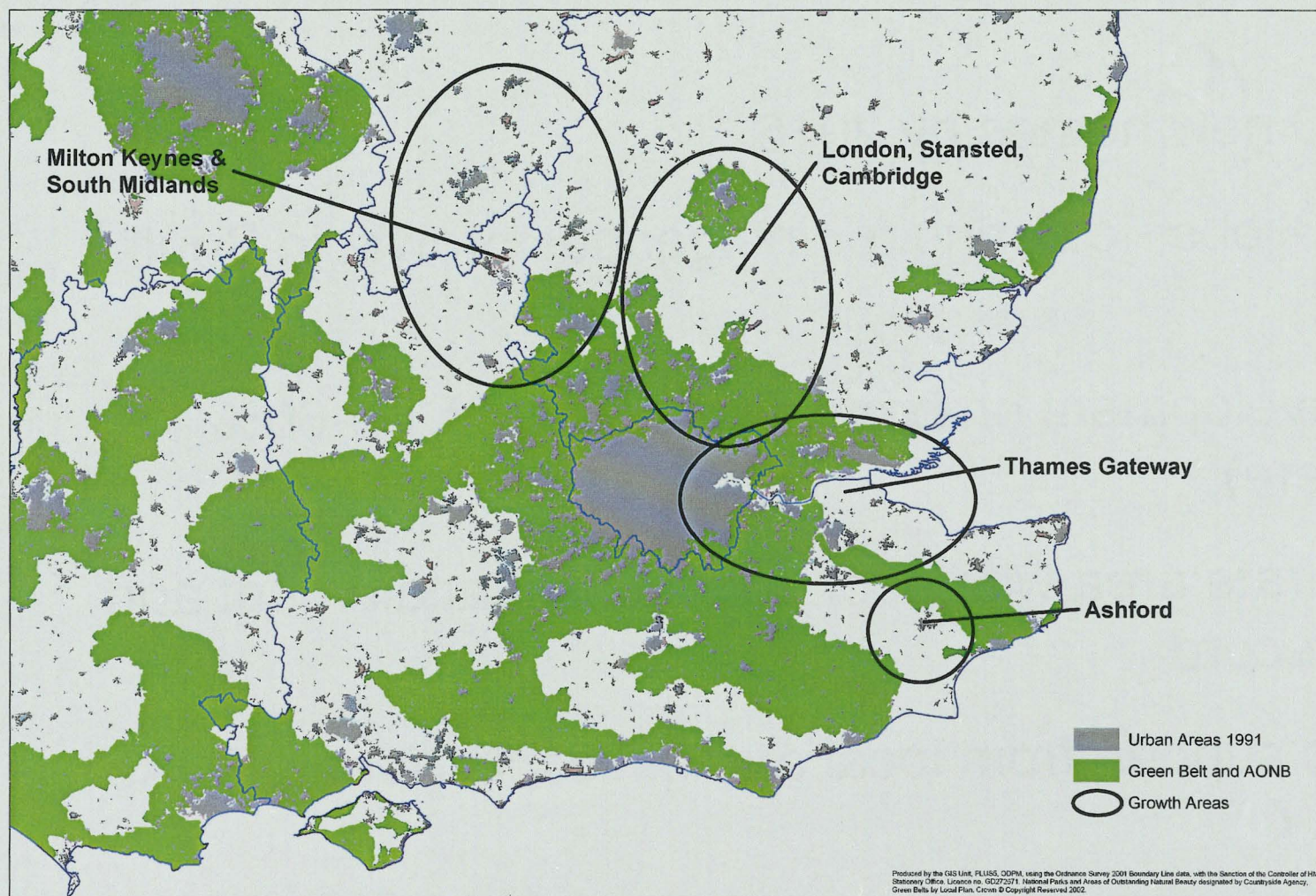
OFFICE OF THE
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- South-East highly constrained by protected areas e.g. green belt and opposition to more housing
- Strategy announced in 2000 (RPG9) to concentrate on 4 growth areas - Thames Gateway, Milton Keynes/South Midlands, London/Stansted/Cambridge and Ashford
- July 2002 statement confirmed strategy and pledged to accelerate growth areas:
 - 50% in Thames Gateway
 - 50% in Milton Keynes/South Midlands, London/Stansted/Cambridge and Ashford

South East - The Growth Areas



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Thames Gateway - The Potential



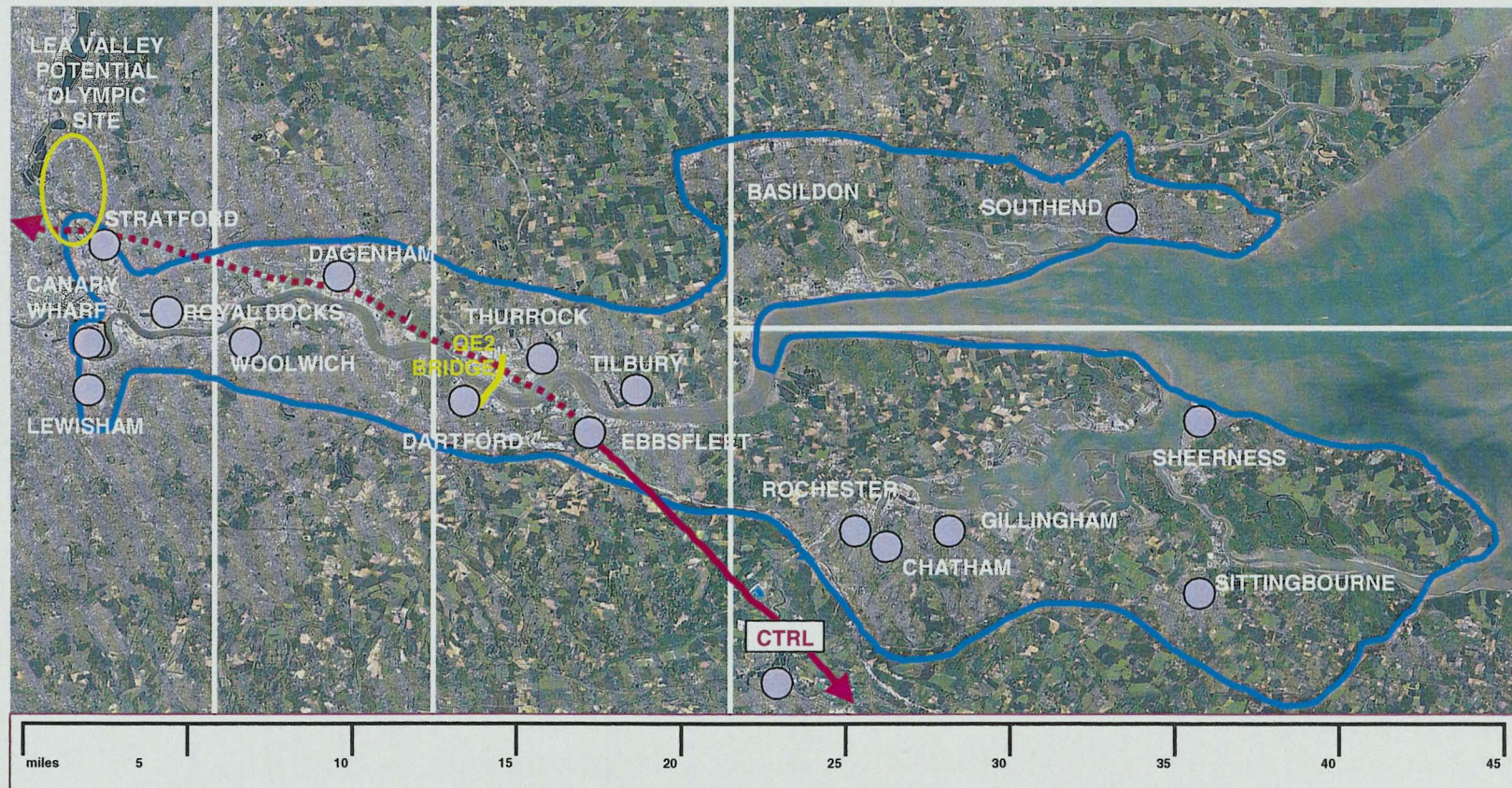
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- 180,000 new homes by 2016
- 330,000 jobs - catering for indigenous growth in South East
- 80% development on brownfield sites (c.f. 50-60% elsewhere)
- Regenerate area with poor educational attainment and health record
- Build on support from local authorities, GLA and RDAs

Thames Gateway - Major Development Areas



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Thames Gateway - The Base Case



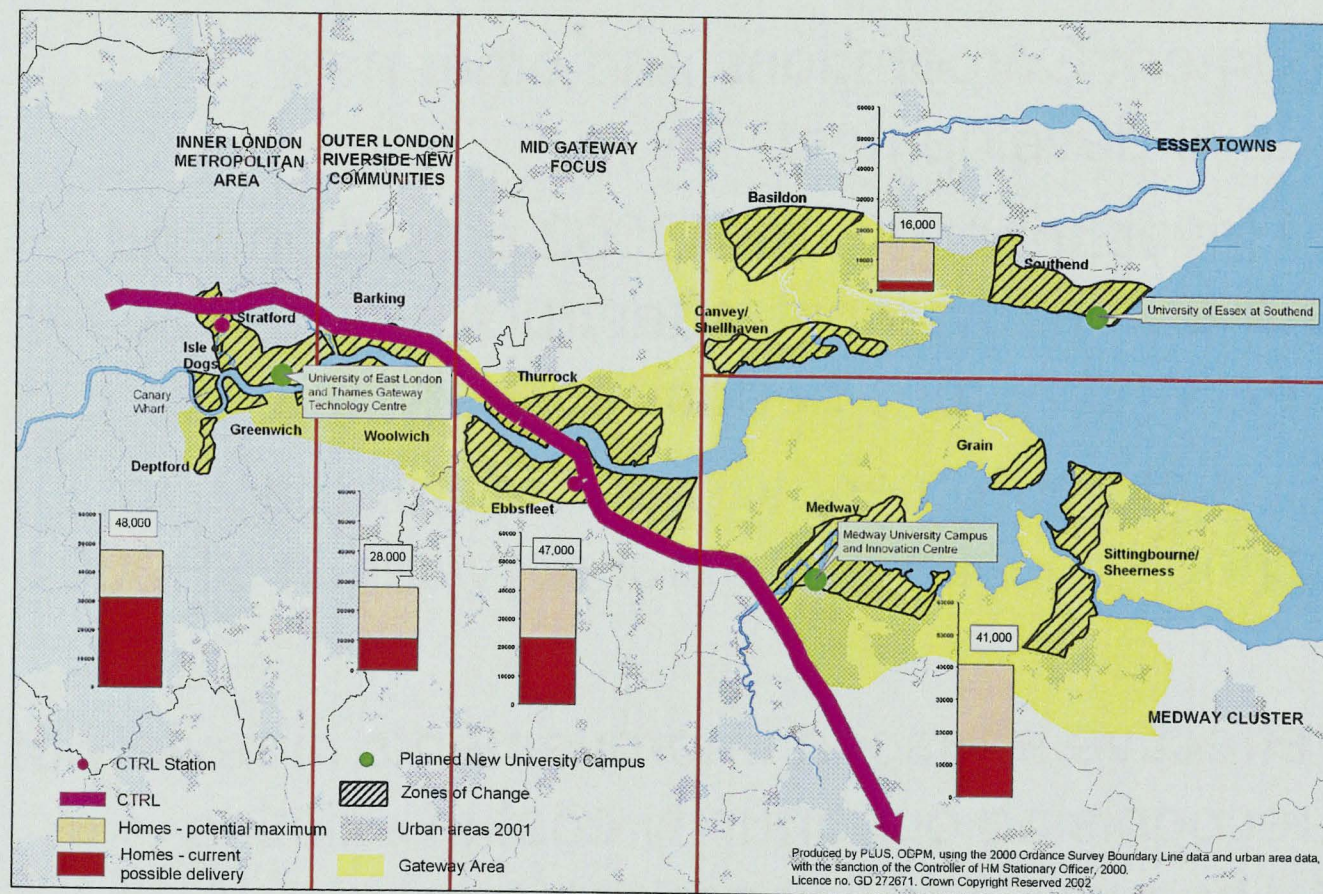
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- CTRL and closeness to Europe already stimulating some growth
- New university campuses and regional innovation centres
- On current infrastructure and without clear commitment can just about deliver 80,000 homes and 166,000 jobs by 2016
- Will not get quality or quantity of development
- Poor quality development could preclude any later attempt to exploit full potential of area - wasting a valuable national asset

Thames Gateway - Current Growth Plans (RPG9)



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By 2016 could deliver 80,000 new homes - enabled by Channel Tunnel Rail Link

But full potential of 180,000 not realised

Source - Thames Gateway Strategic Executive estimates based on site audits

Thames Gateway - Building a Platform for Growth



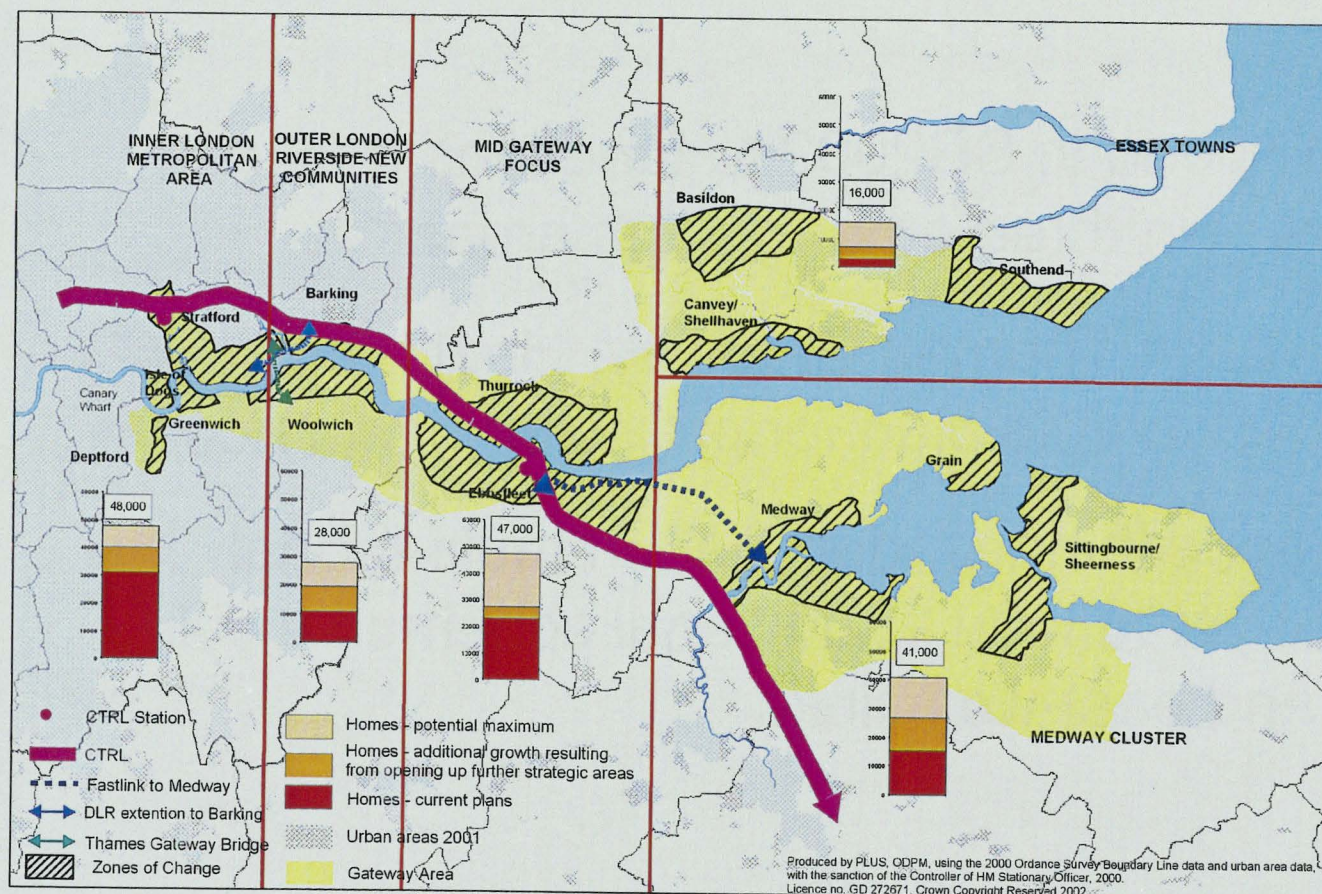
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- Urban Development Corporations and other new structures to drive development
- £450M ODPM investment over SR2002 period on land acquisition, site assembly, local infrastructure and houses for new teachers and nurses needed for services
- Cross-Government agreement to planned approach to provision of schools, health and other services in SR2004 onwards
- Plan for cost effective transport improvements in review of 10 year plan recognising opportunity cost to existing programme if Thames Gateway projects receive priority

Thames Gateway - Future Potential



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Source - Thames Gateway Strategic Executive estimates based on site audits

By 2016 could deliver 180,000 new homes and 330,000 new jobs, in a staged way, through a planned programme of service provision and improved access

Other Growth Areas



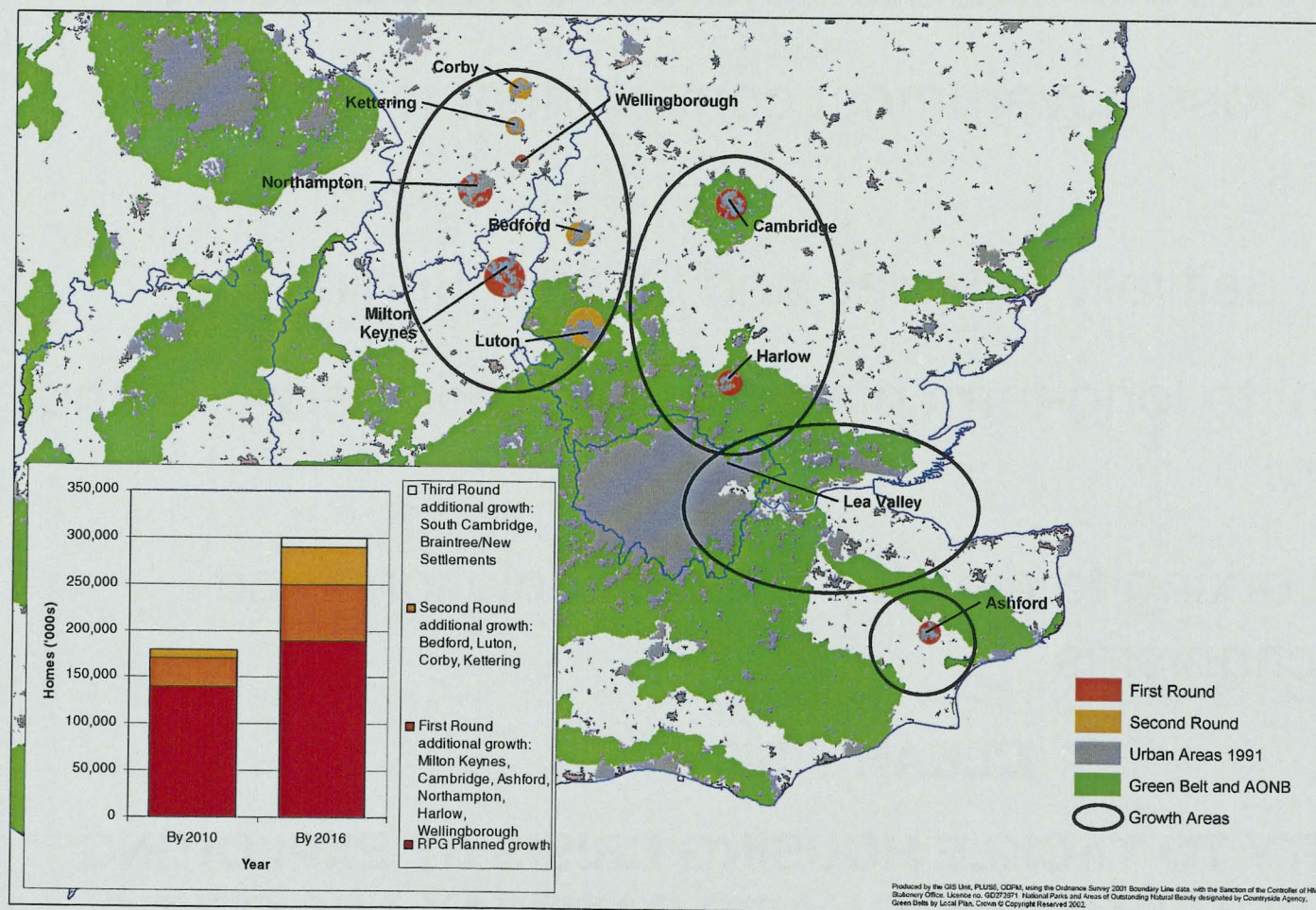
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- £170m ODPM spend in SR2002 to fund land assembly and local delivery in three other growth areas
- Infrastructure - as in Thames Gateway, Health and Education would need to plan for provision of services
- Transport - major schemes identified in multi-modal studies, but not yet funded - additional schemes would improve local and east-west links

Other Growth Areas - The Potential



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By 2016 can
deliver 300,000
new homes

Source - Growth Area Studies published by Regional Planning Bodies and Local Authorities 2002

Proposed Messages in Communities Plan



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Must build developer and stakeholder confidence by:

- Confirming cross-government commitment to the 4 growth areas
- Announcing delivery vehicles and ODPM funding
- Commitment to long-term planning for public services and infrastructure
- Fast, joint working to develop specific solutions and funding mechanisms

CLEAR VISION

**OPPORTUNITY TO TACKLE HOUSING CRISIS BY EXPLOITING
MASSIVE POTENTIAL OF THAMES GATEWAY AND OTHER
GROWTH AREAS TO BUILD SUSTAINABLE COMMUNITIES**

02072385727

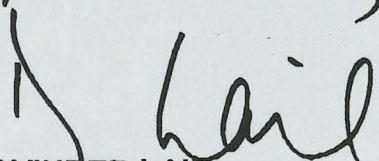
Full consideration must be given to the collective environmental impacts which such large-scale development is likely to create and the additional demands it will impose on resources. Developers will need to take into account the additional demands on water supply, the need for waste and recycling facilities and the impact that increases in population and transport are likely to have on air pollution and noise nuisance. We must also consider the effects of development on existing green spaces and the need for new ones. Green spaces are important recreational resources, benefiting the mental and physical health, and general social wellbeing of those that live in the area.

Due consideration must also be given to biodiversity. There has been much public concern over development of sites within the Thames Gateway such as the Site of Special Scientific Interest at Rainham and the option of an airport at Cliffe. The project is likely to attract considerable negative criticism unless we are able to demonstrate that biodiversity and wildlife considerations have been factored in fully.

The development plans will also need to take account of the impacts of climate change which could increase flood risks and the pressure on natural resources. Flood risk is of particular concern, given that the proposed development would be built largely on the Thames floodplain. The area currently benefits from a high standard of flood defences, but these will need to be renewed at considerable cost in the 15-20 year period before 2030. The next generation of defences will not only need to take account of forecast rising sea levels and more intense storm events, it should also seek to increase benefits and reduce costs by looking for more sustainable solutions where this is possible, such as through realignment of the current defences. It should be recognised that no system of defence can provide absolute protection and intensification of development in this area will extend the commitment of future generations to continued investment in high standards of flood defence for public safety.

My Secretary of State regards it as essential that the Thames Gateway Partnership works closely with the Environment Agency on the siting of development, the environmental pressures and demands on resources which it will create, and to ensure that appropriate sustainable defences are built in to the new riverside construction.

I am copying this letter to David Prout and to other recipients of your letter of 8 November.

Yours sincerely

DAVINDER LAIL
Private Secretary

RESTRICTED

From: Martin Hurst
Date: 13 December 2002

PRIME MINISTER

Cc: Jonathan Powell
Jeremy Heywood
Andrew Adonis
Matthew Elson
Joanna Key
Simon Virley
Simon Stevens

*We must talk
about this*

THAMES GATEWAY

There has been a standoff between JP and AD regarding the provision of transport infrastructure needed to support the development of the Gateway. JP (rightly in my view) argues that we need to give a firm signal about certain transport links (costing the public purse no more than £400 million) in order to get things moving. AD had said he couldn't even consider this until the revised 10 year plan in 2004, and there can be no extra spend, or diversion of existing spend, before 2008 at the earliest. His position is softening a little, but not much.

JP wants to avoid confrontation, but we and he need to know where our bottom line is. **The key question is whether you are prepared to give a signal now that by Thursday's ministerial meeting you would like AD to make significant further movement towards JP's position. Otherwise, JP will try and do the best deal he can.**

Gordon is also reportedly nervous about the evidence for a serious building programme in the Gateway, but in reality the Treasury may be using this argument to reopen the issue of building on greenfield across the South East.

Other ministers – CC, AM and PH – seem likely to support the Gateway development (it is good for business – possibly essential for London to remain a world city - and the area has health and education problems which development such as the Gateway could do much to tackle).

Jeff Rooker has written to you (attached) with a copy of his likely presentation and a 10 minute video, should you want more detail at this stage.

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Housing numbers

It has been collectively agreed that significant growth in housing in the South East/ London will be needed above and beyond the 'baseline' RPG 9 assessment (of 930,000 houses by 2016, including 80,000 in the Gateway). It has also been agreed that such growth should take place in the 'growth areas' of Ashford, Milton Keynes/Northampton, Cambridge/ Harlow and the Thames Gateway.

This is not really new. RPG9 was acknowledged at the time as a conscious fudge to avoid the political flak on allegations of concreting over the South East.

Exactly how many more houses we need is to some extent unclear. It will be hard to achieve the RPG9 numbers across the South East – only London and Surrey are close at present, and ODPM must be pushed to make councils meet their obligations.

The bottom line, though, is that even with full RPG9 implementation, the modelling suggests a shortfall of 200,000 houses. This could of course be too large in reality. There are inevitable uncertainties. And there is a political decision how far we actually do predict and provide.

There are also options for how the 200,000 might be spread across the four growth areas – we already have transport plans which will help outside the Gateway, such as the M1 widening and the improved Stanstead rail link, which will open up some development in Milton Keynes and Cambridge.

But under almost any scenario, if we want to tackle the housing problem in the South East it seems to me clear that the Gateway must deliver quite a lot of housing in excess of the RPG9 baseline. The Gateway can also deliver in the medium term, support expansion of Canary Wharf, and get most building on brownfield land (it is 80-90% brownfield, the other growth areas less than 50%).

ODPM offer three scenarios for the Gateway:

- The RPG9 baseline, with existing resource allocation, of 80,000 houses. This includes already agreed transport plans. Even this will not be straightforward.
- A 'middle way' of 125,000 houses, 45,000 above RPG9. ODPM are treating this as their main case for the medium term – I agree. They have allocated £450m to finance the brownfield reclamation etc. which this would require.

But it also requires new transport infrastructure – examples include DLR extension to Barking, a new bridge, improved services on C2C, and a fast rail service (using CTRL) from Medway (see table A below). Given that some revenue would come from tolling/private finance the estimated cost to government would be no more than £400m.

- The 'full option' of 180,000 houses (100,000 over RPG9). This would require at least one more bridge – and a big one, over the estuary – and if Crossrail happens, an extension to Ebbsfleet (and if it doesn't then something similar).

There are also infrastructure needs for health and education. But while these are not in the 3 year SR settlements, CC and AM are clear that the resources would be found to ensure the increased population have access to the services they need.

Options/compromises

AD is in part making a political point – he has been given a very tough job, and doesn't want to be distracted. And it is true that full vfm analysis is still needed on the precise infrastructure projects. But the key issue is how far we can make it clear that the transport infrastructure will come, where needed.

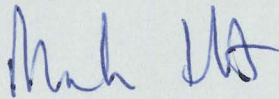
- a) At a minimum we can say what we are doing/planning to do under the 10 year plan, and say that regeneration/growth will feature in subsequent appraisal decisions – with announcements in the 2004 review of the 10 year plan. This is where AD is currently.
- b) We could go further, and say that we back, in principle, infrastructure sufficient to secure 125,000 houses, subject to confirming vfm, and pledging to look for novel financing solutions/betterment extraction (see my note on the Communities Plan). We would explain that this will include opening up the 'Barking Reach' brownfield site (this alone gives 20,000 houses).
- c) We could be bold, and pledge the £400m, as a guarantee should we not manage to secure private finance.

Picking a fight/pushing Alastair and/or Gordon too far is risky – they may seek to reopen fundamental issues of policy like the regional split. Both would rather stick at a). But being too timid, is itself not without risk – not least to the economy of London. **Does any option appeal at this stage?**

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- 4 -

We could also say something about the longer term, and add that we will seek to move towards 180k houses, on the back of innovative financing solutions to the major infrastructure which could be required. (This would give a real signal regarding our intentions, but Gordon and AD could be nervous). **Is it too early for this?**

A handwritten signature in blue ink, appearing to read 'Mh HA'.

MARTIN HURST

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A Infrastructure required to get Thames Gateway to 125,000 houses (not all costs would fall to public spending)

	SR2002 period (2003/4-2005/6)	2006/7- 2009/10	2010/11- 2015/16
Transport:			
- DLR Barking extension	£1-2m? Preparatory work	£186m ¹	
- DLR Woolwich extension	£1-2m? Preparatory work	£160m ¹	
- Thames Gateway Bridge	£72m Preparatory work	£353m ²	
- CTRL domestic services	£34m (to 2007)*	Operating subsidy from 2007 ³	Operating subsidy from 2007 ³
- c2c improvements (London - Barking - Tilbury route)	£250k Preparatory work	£5m	

¹ DLR extensions likely to be funded via a variant of PFI with TfL taking the revenue risk.

² Thames Gateway Bridge likely to be tolled, thereby reducing the burden on the public purse - funding gap estimated to be around £200-250m at these prices.

³ CTRL Domestic assumes option to Medway towns. Subsidy estimated at £300m NPV discounted from 45-year period (equating to Channel Tunnel concession).

NB: Transport commitments relevant to the Gateway already in the plan include the DLR City Airport extension, Transit schemes for East London, Greenwich Waterfront and Kent Thameside (initial phases for each), A2 upgrade, A249 Swale Crossing and local road enhancements.



**From the Office of Jeff Rooker
Minister of State For Housing,
Planning and Regeneration**

Martin Hurst
10 Downing Street
London

**OFFICE OF THE
DEPUTY PRIME MINISTER**

26 Whitehall
London SW1A 2WH

Tel: 020 7944 3012
Fax: 020 7944 4489
E-Mail: julia.penton@odpm.gsi.gov.uk

Web site: www.odpm.gov.uk

Jeff Rooker thought it would be helpful for you to see a copy of the draft presentation that the DPM will introduce and will then be made by Jeff on Thursday 19 December, about coverage of the growth areas in the Communities Plan. This is still work in progress but I hope it will give you a good idea of the areas he would like to cover.

One of the most critical points Jeff would like to make is that the Communities Plan must show cross-government commitment to development in the four growth areas. As you know, Jeff and Tony McNulty have been talking to colleagues around Whitehall about their role in delivery in the growth areas. Transport is one of the most critical issues. Jeff realises that there are real budget pressures on DFT, however, he is clear that we need to be able to say enough in the Communities Plan to show our commitment.

This is particularly true in the Thames Gateway where our partners have worked hard to reach agreement about delivery vehicles and need reassurance about cross-Government commitment. He therefore thinks that it will be very important for the Plan to give a clear indication of the process and timetable for the delivering the critical infrastructure projects. Jeff thinks that it would be extremely helpful if, in advance of this discussion, the Prime Minister could be given an overview of the whole Thames Gateway area. He has therefore asked me to forward to you a copy of a 10 minute video about the Gateway which was shown at the Urban Summit. I hope that you find this useful.

**JULIA PENTON
PRIVATE SECRETARY**



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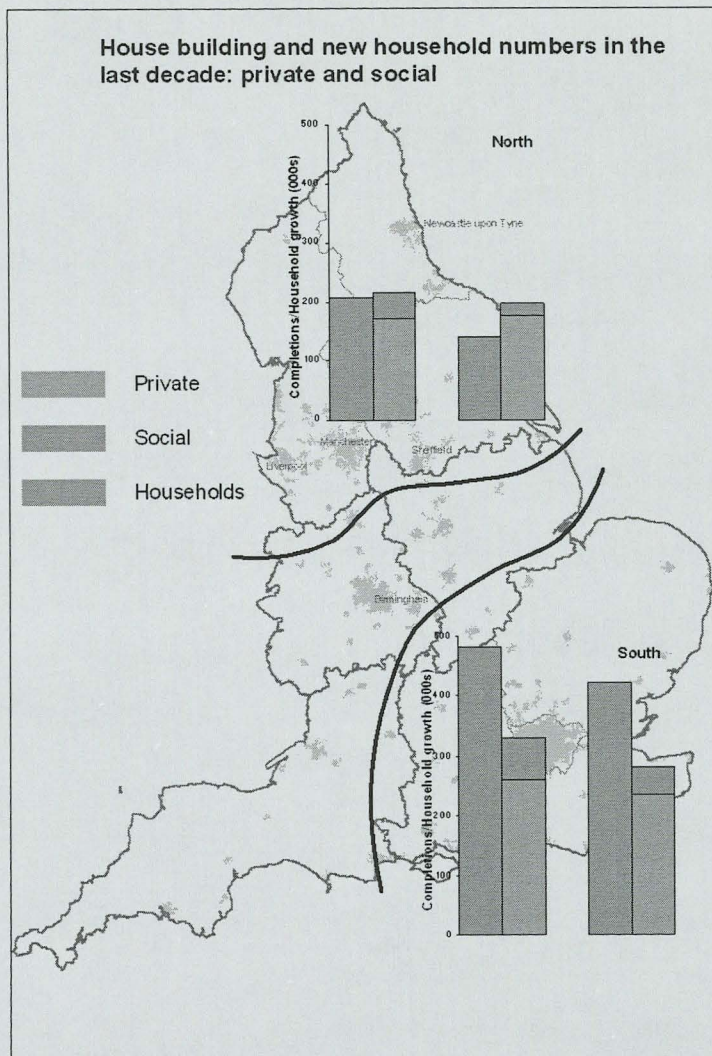
Communities Plan: Growth Areas

19 December 2002

Communities Plan



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- Serious housing shortages in London and south east - risk to public service promises
- Market collapse in parts of Midlands and the North
- Inefficient and unresponsive planning system that holds back development
- Need over 1 million new homes in south east by 2016

Need to build sustainable communities, not just houses

The strategy for the South East

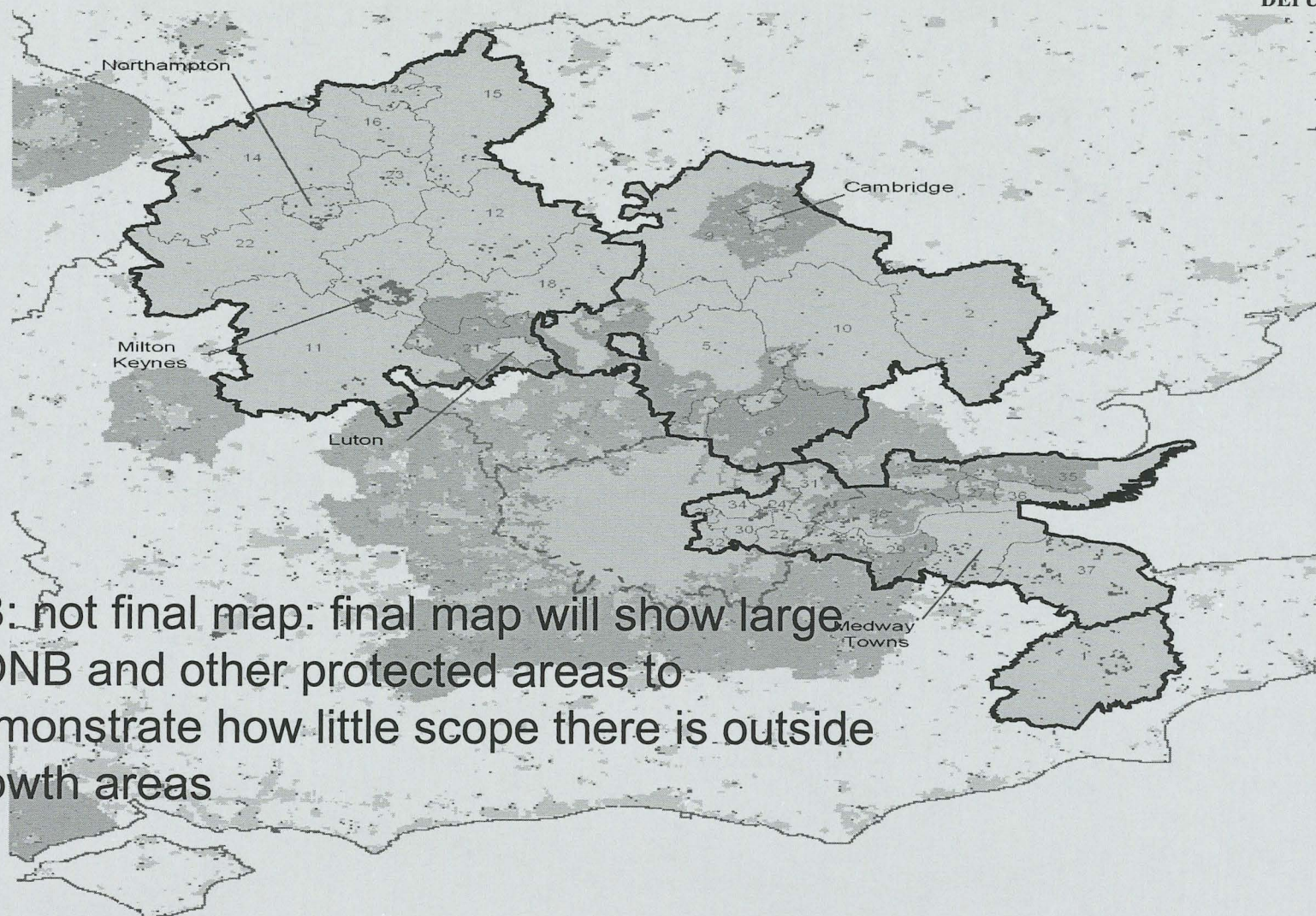


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- Government announced in 2000 (RRG9) that 930,000 new homes needed by 2016 (a compromise figure).
- Latest figures, post census, suggest need at least 1.1 million.
- 50% would be concentrated in 4 growth areas - Thames Gateway, Ashford, Milton Keynes, London/Stansted/Cambridge. Thames Gateway contributes 50% of this.
- 50% to be provided in wider South East, BUT
 - Local authorities not meeting targets..
 - Shortage of supply acute at lower price end of market. Vacancy rates for key workers growing



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NB: not final map: final map will show large
AONB and other protected areas to
demonstrate how little scope there is outside
growth areas

Thames Gateway



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- Potential to supply 200,000 homes to 2015 - twice RPG target.
- 80% on brownfield sites.
- Growth taking place in some areas already on back of CTRL and closeness to Europe.
- Support in Thames Gateway partnership from RDAs, GLA Local Authorities and other departments.
- Won't get quality and quantity of development we need if leave entirely to the market.

The Thames Gateway



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Insert aerial photo split
into sections showing
main areas for
development



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Building a platform for growth

ODPM to spend £450M over SR2002 period:

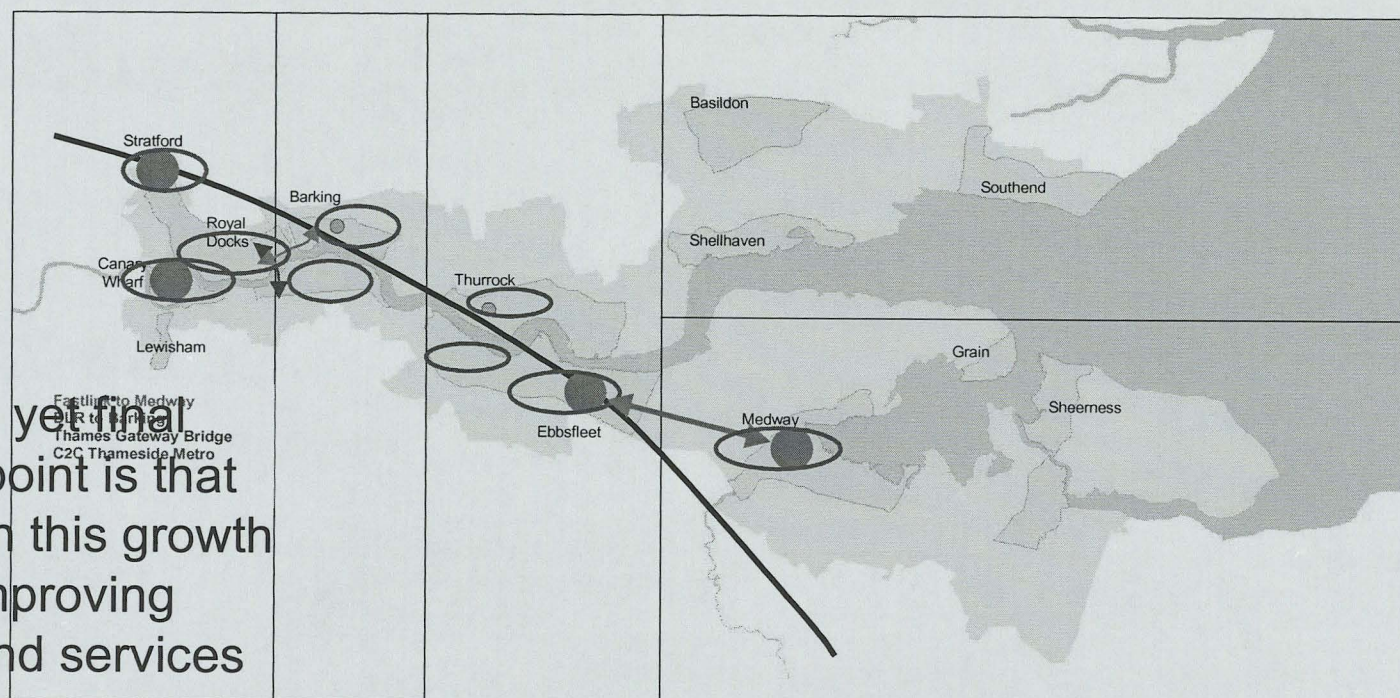
- key worker housing.
- new delivery structures to drive development by:
 - improved planning capturing land values.
 - site assembly.
 - pump priming of infrastructure.
 - making full use of publicly owned land.
- possibilities include Urban Development Corporation at London end and in Thurrock.
- need to work with other departments to understand how existing programmes contribute to schools, hospitals and transport infrastructure.

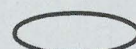


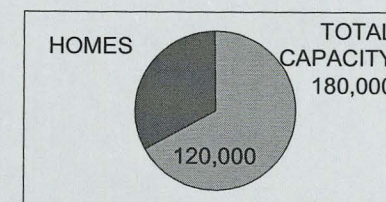
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BUILDING A PLATFORM FOR GROWTH

Draft map: not yet final
version - key point is that
achieving even this growth
depends on improving
accessibility and services



 Key areas of growth





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Releasing the potential

To release the full potential over 15-20 years we:

- need cross-Government agreement to develop a planned approach to provision of schools, health services and other services, including leisure facilities;
- investment in transport infrastructure could be particularly important but need to understand opportunity costs if Gateway projects are to be given new priority;
- need to give private sector confidence that Government is committed to the longer term development of the Gateway.



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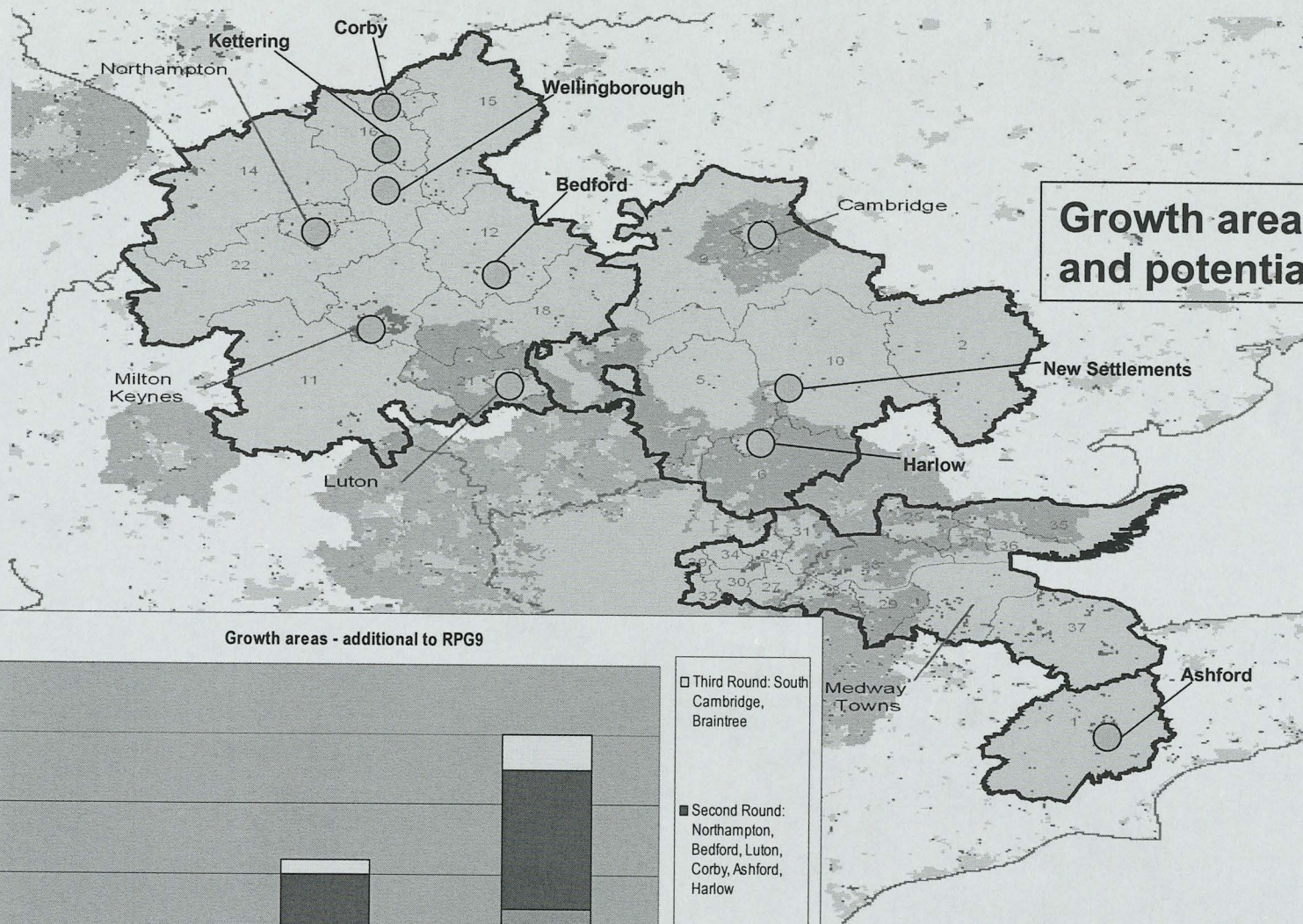
Other growth areas

- £170m ODPM spend in SR2002 to fund land assembly and local delivery in 5 centres
- Infrastructure: Health and Education would need to develop a new approach to plans of provision as in Gateway.
- Transport - main schemes have already been identified in multi-modal studies, but not yet funded. Some additional small schemes would help improve local and east-west links.

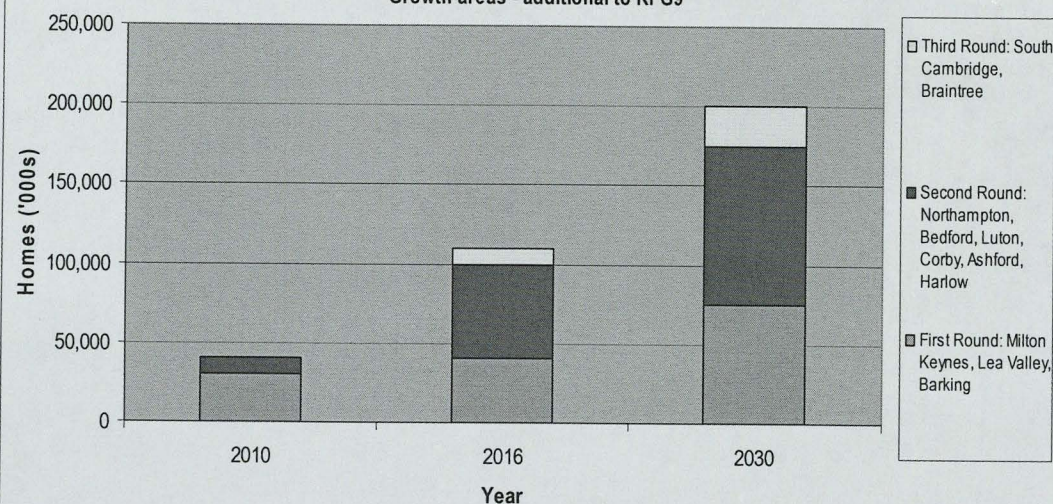


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Growth areas - costs and potential to follow



Growth areas - additional to RPG9



Growth Areas
Green Belt

What we should like the Communities Plan to say



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Communities Plan must maintain developer and other stakeholder confidence:

- confirm Government's commitment to providing for major growth in South East through 4 growth areas. Thames Gateway has most potential.
- announce delivery vehicles and ODPM funding
- there is a Government-wide policy to long term planning to provide public services and infrastructure
- announce joint working to develop specific solutions and funding mechanisms (e.g. land value capture) quickly. (Possible early cross-cutter for SR2004 led by Treasury.)

•STRENGTH OF COMMITMENT DETERMINES RATE OF PROGRESS.



10 DOWNING STREET
LONDON SW1A 2AA

Pls file

Foreign Policy Adviser to the Prime Minister,
and Head of the Defence and Overseas Secretariat

12 December 2002

Dear Adrian,

Many thanks for your letter of 11 December. The Prime Minister was very grateful for your kind words.

May I in turn say how much Catherine and I enjoyed the Lord Mayor's Banquet. It was a spectacular occasion, one more of the many that you have masterminded with such flair and skill during your time at the Guildhall. I know that the Prime Minister would want to join me in paying tribute to the distinguished contribution you have made. You will be greatly missed.

Thank you, too, for your kind words on my next job. It will be a fascinating opportunity. If your new life brings you and Sally to Washington, I hope that you will get in touch.

Thank you again for much kindness and unfailing cooperation.

With very best wishes
yours ever,

DAVID MANNING

A F P Barnes Esq

Lord Mayor & Sheriffs' Committee

Telephone: 020 7332 1206
Facsimile: 020 7332 1895

Guildhall,
London EC2P 2EJ

Direct Line: 020 7332 1200
Fax No.: 020 7332 1895

Our Ref: LMD/02/4/AFP/AB

11 December 2002

Den David, 11.12

On this my 17th and last occasion in this capacity may I ask you to convey my warmest thanks and congratulations to the Prime Minister for his speech at the Lord Mayor's Banquet.

Given the awesome dangers which may lie ahead for us as a nation, it was reassuring and inspiring to hear the Prime Minister make his points so cogently and so clearly, as was obvious from the reaction of those present.

May I also offer you the warmest congratulations on your posting to Washington. Sally and I have much enjoyed the company of you and Catherine and offer you both our love and very best wishes for the future.

Following the Ceremony for The Duke and Duchess of Gloucester, Lord Mayor's Day and Banquet and then the Mexican President there has also been a significant amount of sick leave here. I enclose the Minutes of 5 November as promised.

With kindest regards,

Love ever,

A.F.P. Barnes

A.F.P. Barnes,
Honorary Secretary

Sir David Manning,
Head of Overseas and Defence Secretariat and Advisor on Foreign Policy,
10 Downing Street,
London,
SW1A 2AA



CORPORATION
OF LONDON

OLIVER, Mayor

COURT OF COMMON COUNCIL

TUESDAY, 5th NOVEMBER 2002

MEMBERS PRESENT

ALDERMEN

Oliver, J.M.Y., The Rt. Hon. The
Lord Mayor
Agutter, R.D.
Anstee, N.J.
Brewer, D.W., C.M.G.
Bull, P.A.
Finch, R.G.
Gowman, Miss A.J.

Graham, Sir Alexander, G.B.E., D.C.L.
Hall, B.R.H.
Hughesdon, J.S.
Jenkins, Sir Brian, G.B.E., M.A., D.Sc.
Lord Levene of Portsoken, K.B.E.
Lewis, D.T.R.
Martin, Sir Clive, O.B.E., T.D., D.L.
Newall, Sir Paul, T.D., D.L., M.A., D.Litt.

Nichols, Sir Richard
Parmley, Dr. A., Ph.D., Mus.M.
Rowe-Ham, Sir David, G.B.E., D.Litt.
Savory, M.B., Sheriff
Stuttard, J.B., M.A.
Traill, Sir Alan, G.B.E., Q.S.O., M.A.,
D.Mus.
Walsh, S., M.A.

COMMONERS

Altman, L.P., C.B.E.
Angell, E.H., B.Sc.(Econ.)
Ayers, K.E.

Eskenzi, A.N., C.B.E., Deputy
Eve, R.A.
Everett, K.M.

Leck, P.
Lee, Rev. Brian J.
Littlechild, Mrs. V.
Lord, C.E., B.A.(Hons)
Luder, I.D., B.Sc.(Econ.)

Quilter, S.D., B.Sc.(Hon.)

Barker, J.A., Deputy
Barter, S.L., M.A.
Beale, M.J., Deputy
Bird, J.L., O.B.E.
Boleat, M.
Bradshaw, D.J.
Brewster, J.W., O.B.E.
Brooks, W.I.B.
Byllam-Barnes, J.C.F.B.

Falk, F.A., T.D.
Farrow, M.W.W., M.A., Deputy
Farthing, R.B.C., M.A.
FitzGerald, R.C.A., M.A., Deputy
Forbes, G.B.
Fraser, W.B., Deputy

Martinelli, P.J., Deputy
Mayhew, J.P., M.A., M.B.A.
Mead, Mrs. W.
McGuinness, Ms. C.S.
Mitchell, C.R., O.B.E., Deputy
Mobsby, D.J.L., Deputy
Moys, Mrs. S.D.

Regan, R.D.
Robinson, Mrs. D.C.,
B.A., M.A.
Roney, E.P.T., C.B.E.,
M.A., Deputy

Galloway, A.D., Deputy
Ginsburg, S.
Graves, A.C., LL.B.

Salinger, S.
Sargant, K.A.
Scott, J.G.S., B.A.
Scriven, R.G., C.B.E.,
J.P.
Shalit, D.M.
Sherlock, M.R.C., M.A.,
Deputy
Snyder, M.J., Deputy
Spanner, J.H.
Stevenson, F.P.

Campbell-Taylor, Father W.G.
Caspi, D.R.
Cassidy, M.J., B.A., M.B.A.,
Deputy
Catt, B.F., J.P.
Charkham, J.P., C.B.E., M.A.
Cohen, Mrs. C.M., O.B.E.
Cotgrove, D., B.A.
Currie, Miss S.E.M., Deputy

Halliday, Mrs. P.A., Deputy
Hardwick, Dr. P.B., Q.H.P.
Harris, B.N.
Harris-Jones, Dr. R.L.
Haynes, J.E.H.
Henderson-Begg, M.
Hoffman, T.D.D.
Holland, J., C.B.E., J.P., D.L.,
Deputy
Holliday, Mrs. E.H.L., B.A.

Nash, Mrs. Joyce, O.B.E.,
Deputy
Newman, Mrs. B.P., C.B.E.

Owen, Mrs. J., Deputy
Owen-Ward, J.R.

Daily Hunt, R.B.
Darwin, G.E.
Davis, C.B.
Dove, W.H., M.B.E., J.P.
Duckworth, S.D'O., M.A.
Dudley, Rev. Dr. Martin
Dunitz, A.A., J.P.

Jackson, L.St.J.T., LL.B.

Kellett, Mrs. M.W.F., J.P.
Kemp, D.L.
King, A.J.N.

Page, M.
Pembroke, Mrs. A.M.F.,
Deputy
Pollard, J.H.G.
Price, E.E.
Pulman, G.A.G., J.P., Deputy
Punter, C.

Taylor, J.A.F., T.D.
Thorp, C.R., B.Sc.(Econ.)
Thorp, D.A.R.
Trotter, J., D.L.

Willoughby, P.J., J.P., Deputy
Wootton, Mr. D.H.

Presentation
of the
Honorary
Freedom of
the City to
His Royal
Highness
The Duke of
Gloucester
and Her
Royal
Highness
The
Duchess of
Gloucester

This day, His Royal Highness The Duke of Gloucester and Her Royal Highness The Duchess of Gloucester were presented with the Honorary Freedom of this City, in pursuance of the Resolution of the 11th October 2001 and, after the reading of the Resolution by the Town Clerk, the Chamberlain addressed them in these words:-

"My Lord Mayor, may it please Your Royal Highnesses, Your Excellencies, My Lords, Ladies and Gentlemen,

For many centuries the City and the Monarchy have enjoyed a very special relationship. Like any long-standing association, it has had its moments but throughout its history the golden thread of loyalty runs unbroken.

The events hosted by the Corporation of London during this Golden Jubilee year of the second Elizabethan age show the links to be as strong and vibrant as ever.

It is therefore a particular privilege to welcome to Guildhall this evening Their Royal Highnesses The Duke and Duchess of Gloucester in order to present them with the Honorary Freedom of the City of London – the highest civic honour the City can confer.

The Honorary Freedom is a comparatively recent innovation and can only be bestowed by a formal resolution of the Court of Common Council. The first recipient in its present form was William Pitt the Elder in 1757.

It is true that there were a number of earlier cases of Honorary Freedoms including Charles II and The Duke of Cumberland but we are inclined to discount these from the Roll of Fame because, how can I phrase this delicately, the honour was more often than not granted at the request of the recipient.

Since 1757 when the Common Council first used the Honorary Freedom as a mark of outstanding contribution, it has been bestowed on 253 individuals. This 254th ceremony is however unique because it is the first time the honour has been granted jointly.

There is good reason for this. It recognises that from the outset of your public life Your Royal Highnesses have worked very much as a team. The strong bond was evident from the moment Your Royal Highnesses met at Cambridge. When you, Sir, became heir to the Dukedom after the tragic death of your brother Prince William, the foundations were there to enable you and The Duchess to take on, with confidence, a formidable programme of Royal and public duties.

Together you have represented The Queen, the Country and your many patronages on countless occasions. Since 1974 your travels in this capacity amount to an odyssey embracing more than 50 separate nations worldwide.

Closer to home, we in this City take great pride and pleasure from Your Royal Highnesses joint and welcome involvement in our affairs. Both when representing Her Majesty at Guildhall and in your personal connections with so many Livery Companies which are all represented here this evening.

Like any successful team you have individual talents and interests which combine to make the team that much stronger.

You, Ma'am, have adopted numerous patronages and energetically work to support them. Many are in the fields of medicine, education and welfare, reflecting your concern for children in need, the elderly and those with debilitating illness. You are also conspicuous by the support which you have so readily given to the Armed Services and the welfare of those serving and their families. Your Royal Highness is also president or patron of a number of organisations which have an emphasis on music, the arts and sport, including the Royal Academy of Music and the Lawn Tennis Association.

Perhaps that sporting link was pre-ordained, for your Wedding Day on the 8th July 1972 coincided with Wimbledon Finals Day. Dare I say that that was the beginning of an immensely successful and inseparable "mixed double" which is reflected in tonight's presentation.

My Lord Mayor, you will know that His Royal Highness is the third Duke of Gloucester to receive the Honorary Freedom. Following William Henry in 1765 and Henry William in 1921, The Duke's father. With His Royal Highness's role as The Ranger of Epping Forest, coupled with his patronage of St Bartholomew's Hospital, participation in the Lord Mayor's show in 1995 and frequent visits as Grand Prior to the Priory of St John of Jerusalem, the connection between the City and The Duke of Gloucester is both strong and durable.

Even in Shakespeare, the Lord Mayor making a rare dramatic appearance, acclaims an earlier Richard, Duke of Gloucester, with the cry '*God Bless your Grace, we see it and will say it*'.

Within a few scenes that Duke of Gloucester becomes Richard III whose memory, thanks to Shakespeare, has not travelled well down the centuries. Your Royal Highness is patron of the Richard III Society whose mission it is to rehabilitate the reputation of the last Plantagenet King. This not inconsiderable task is perhaps a measure of the indefatigable energy and commitment which you, Sir, bring to your Royal duties. A role which passed to you unexpectedly but which you embraced with dedication and determination.

I am sure, My Lord Mayor, that you and all others here tonight would agree with the observation expressed in the memoirs of Princess Alice, Duchess of Gloucester, that '*My son and daughter-in-law, the present Duke and Duchess of Gloucester work as hard as we ever did and incomparably harder than we did before the war*'.

You, Sir, and you, Ma'am, over the last 30 years have fulfilled the highest expectations and worked tirelessly with grace and charm in your service to the City and the Nation. We are all extremely proud of you both and look forward to this singular yet double recognition of your public work and voluntary service both at home and abroad.

Your Royal Highnesses, as Chamberlain of this great and ancient City it is now my privilege and pleasure to extend to you, Sir, the right hand of fellowship and greet you as a Citizen and Goldsmith of London and to extend to you, Ma'am, the right hand of fellowship and greet you as a Citizen and Fan Maker of London. On behalf of the Lord Mayor, Aldermen and Members of the Court of Common Council, I offer you both this box made of oak and hornbeam from Epping Forest which contains your copies of the resolution for the presentation of your Honorary Freedom.

May I now ask each of you, Your Royal Highnesses, to accept from the Right Honourable the Lord Mayor a gift to mark this happy and memorable occasion."

Her Royal Highness The Duchess of Gloucester replied in the following terms:-

"My Lord Mayor, Your Royal Highnesses, Your Excellencies, My Lords, Aldermen, Sheriffs, Ladies and Gentlemen,

May I thank you, My Lord Mayor, and the Corporation of London for the warm and wonderful welcome extended this evening at Guildhall to The Duke and myself.

The honour that you have shown us in conferring upon us the Honorary Freedom of the City of London has deeply touched us, and we are overjoyed by your great kindness and overwhelmed by your generosity.

As Prince and Princess Richard of Gloucester, we were granted the Freedom of the City of London when we first became Liverymen respectively 37 and 29 years ago. We are very pleased to see the Prime Warden of the Worshipful Company of Goldsmiths, The Duke's Compurgators, and the Master of the Worshipful Company of Fan Makers as my Compurgators present this evening. These are both ancient and acclaimed Livery Companies and we are proud of our association with them and with our other distinguished Livery Companies.

My connection with the Fan Makers is very dear to me as I follow in the footsteps of my beloved mother-in-law, Princess Alice, Duchess of Gloucester. We are missing her presence here tonight but we know that she is with us in spirit.

Today with the Honorary Freedom, My Lord Mayor, you have invited us to join a very august, select group of public figures – with only nine living members, and The Duke and I look at one another, and ask ourselves as to how we could possibly deserve such acclaim. Thoughtfully, you have given us a little time to brew on your good tidings but, although you haven't asked me to, I have to report that neither of us can come up with a suitable answer; we are, nevertheless, very flattered that it has been granted and granted jointly. We like to consider ourselves real Londoners, having lived here since we were married 30 years ago, our children having attended school here in their early years, and our son later studying at King's College, London.

As Members of the Royal Family and in our public life, we have the huge privilege of continuously meeting people, greatly committed to their work with charitable causes – many individuals being volunteers, doing all kinds of good works, giving of their time, talents and expertise. Some high powered and greatly skilled, others willing to do the most mundane but essential tasks – all of them enjoying being part of a team supporting a noble cause. It is inspiring and immensely rewarding meeting these volunteers on my varying engagements in London and throughout the country. I meet volunteers in schools, often for children with special needs, medical research projects, hospices, homes for the old and frail, and also in community initiatives for sport, music and the conservation of the arts. I see so many wonderful places, and it is the people involved who make them so. But, Ladies and Gentlemen, there are never enough of them and it is often all too clear what a struggle it is to raise the necessary funds.

Charity work in Great Britain, however, is a tradition. I don't think I have a friend who has not involved him or herself somehow or other. How far back this tradition goes, I am not sure – it is one of the major aspects that makes me very proud to be British, there – I knew it would slip out somehow.

There is another facet to voluntary work, that I think is very important, and that is the sense of fulfilment and reward in the knowledge of the value of your contribution as a volunteer. In this country there is a firmly grounded tradition, and a freedom, to help one's fellow men in many different forms, and I think we should be proud of that and grateful for it also.

Few bodies, My Lord Mayor, are more deeply involved in these matters than is the City of London which, besides its extensive commercial activities, is engaged in a considerable amount of charitable work. Firms, institutions and Livery Companies raise and donate huge sums, the largest independent charitable fund, being the Corporation of London's own "Bridge House Fund". Together, with the "Heart of the City Campaign" and the Lord Mayor's personal charity, "The Square Smile", (for which I understand the Lady Mayoress has undertaken extraordinary courageous feats) the City and Greater London as a whole, get a substantial and much needed boost to aid a huge variety of important projects. These include education and the homeless, work with the disabled and young people, and even cleaning up the Thames. Again, many of the 300,000 employees in the City give willingly of their energy and skills in their spare time to help other people within their communities; and I congratulate them.

Guildhall has got to know us well over the last 3 decades – and we you, having attended over 20 occasions, when the Lord Mayor and the Corporation entertain a Head of State. On such occasions, having the elevated position beside the visiting Head of State, I feel I have had more than my fair share of conversations with intriguing personalities. Somehow my very first experience here at Guildhall springs to mind, namely the visit of President Echiveria of Mexico, back in 1973. He would expound me on all matters of his choice for twenty minutes at a time while his interpreter – an elderly lady with a strong American accent – would speak simultaneously. I couldn't follow much – I was trying to look at him and, with my other eye, lip read her.

Years later, Mexico was once more a State Guest of the United Kingdom, different President, same interprestress! My friend with the American accent had aged somewhat and this time the poor lady had an awful trouble holding in her teeth. As she translated The President's thank you speech, standing right here, battling with her dentures, I really had to think of Queen and Country and the Tower of London, to control my giggles.

In the old days – and long before your time, My Lord Mayor, there was often at State occasions a trembling atmosphere here in the Old Library, with the entourage of a Head of State feeling somewhat nervous about the formality of the ceremonial procedure. Here

they were, confronted by the Sword and the Mace and the austere and formidably robed Aldermen, who one by one would approach their President, paying homage and walking backwards! Maybe some of the foreign Suite were more familiar with the gruesome history of the Tower of London, than were they with the equally ancient but infinitely gentler history of Guildhall. Word passed from nation to nation, and I have it on the best authority that there was a time when visitors from abroad would gladly accept an invitation from Her Majesty's Government – as long as they did not have to come to Guildhall and face the awesome ceremonies, Gog and Magog and the rest of us! Of course, they were all persuaded otherwise.

My Lord Mayor, Aldermen and Sheriffs,
The Duke and I, seem to have no such reservations and are delighted and also most grateful that this occasion is being marked by a Banquet in the historic Great Hall to which you have very kindly invited – quite a few guests! I am so glad that the Band of the Adjutant General's Corps is providing the music for this evening's festivities. The Corps is a source of great interest to me and, as a Deputy Colonel-in-Chief, I am proud of what they have achieved since their formation in 1992.

Those guests, for whom this is a first event at Guildhall, will soon see that the hospitality of the Lord Mayor is second to none. I know that the Remembrancer, assisted by Mrs. Hoban, has taken immense trouble to accommodate us all – thank you, Adrian and Fiona for all your splendid help. May I also thank the Chamberlain, who, on behalf of the Lord Mayor, paid such handsome tribute to us in his magnanimous and personal speech.

It is a great pleasure to see so many Members of the Corporation of London present, and we are very grateful to our hosts that we have been able to invite representatives of a number of our charities and other organisations with which we have a close link. There are many distinguished guests here tonight, and The Duke and I are honoured by your presence. Richard and I should like to welcome especially Princess Benedikte of Denmark, an elegant and much respected Ambassador for my old country and an inspiring rôle model.

Then, of course, there is our own Household; a very small, tight knit and hard working team who have been with The Duke and me for anything between 13 and 30 years. My 3 long serving, long suffering, faithful and ever helpful Ladies-in-Waiting and similarly our Private – and Deputy Private Secretaries. My Lord Mayor, maybe they are the answer as to why we are here tonight?

You were kind enough, also to invite our children, and we are jolly glad to have them here, and relieved that university, job, medical work and Army all obligingly fitted in to a few hours off this evening.

There has always been a certain amount of teasing going on in the Gloucester family. Easy targets are: their mother's Danish accent, their father's "hayfever" during sentimental films and a general mocking of their parents "romanticism". Not so long ago my son, tried this one on me: "Oh, Mummy, you and Papa are so romantic; whenever he comes into the room you call out to him: Je t'adore! I was immediately on my guard – "What do you mean, Alexander? I never speak French to your father". "Well, you do, and when he leaves the room, you positively shout: Je t'adore, shut the door"! Tonight, as we float home on cloud nine, we are lucky to have our young family who will no doubt bring us back to earth with a bump.

It is a real joy to Richard and me also to see a number of our friends present on this special occasion; some have flown in from as far as Moscow and Shanghai – Danes, of course, can never resist a party!

Will you allow me, My Lord Mayor, along with you and the Corporation of London to welcome all these wonderful guests. I know you will all enjoy yourselves here at the famous Guildhall, and we thank you from our hearts for being here and supporting us in this our 15 minutes (of fame).

My Lord Mayor, Court of Common Council, The Duke joins me in a sincere and heartfelt thank you for the Resolution that you passed, for this fine Presentation Scroll Casket which contains the said Resolution, and for the generous gifts of gold cufflinks for my husband and for me a hat pin which cunningly converts into a brooch. Both items, beautifully crafted

by Grant MacDonald, portray the City's Dragons as found on your own Holborn Viaduct. Very dramatic and awfully grand, these are precious mementos of one of the most special and happy occasions in our lives, and we shall treasure them and wear them with joy and immense pride. Thank you all very much."

Charkham,
J.P., C.B.E.,
M.A.
Traill, Sir
Alan, G.B.E.,
Q.S.O., M.A.,
D.Mus.,
Alderman

Resolved and Ordered – That the Address of Mr. Chamberlain and the reply of the Duke and Duchess of Gloucester, given by Her Royal Highness, be entered on the journal of the Court and printed in the Minutes of the Proceedings sent to every Member.

The following Members were presented to their Royal Highnesses, the Duke and Duchess of Gloucester:–

Anthony Noel Eskenzi, C.B.E., Deputy, Mover of the Resolution for the Presentation
Jonathan Philip Charkham, C.B.E., M.A., the Chief Commoner
Sir David Rowe-Ham, G.B.E., D.Litt., Alderman
Sir Alexander Graham, G.B.E., D.C.L., Alderman
David William Brewer, C.M.G., Alderman and Sheriff
Martin Clarke, Sheriff

SIMMONS.

At the conclusion of this meeting, Their Royal Highnesses and other guests were entertained to dinner in Great Hall. At the conclusion of that dinner, the thanks of the Duke and Duchess of Gloucester, were delivered by The Duke in the following terms:–

"My Lord Mayor, Your Royal Highnesses, Your Excellencies, Aldermen and Sheriffs, My Lords, Ladies and Gentlemen,

The Duchess and I are very conscious of the honour that you have devised for us in conferring the Honorary Freedom of the City on the pair of us; and we are delighted to receive it together. It is so fashionable these days to have special offers – two for the price of one – in no way reduces the effect.

As in so many ways the Lord Mayor and Corporation does not do things by halves, but creates this dazzling occasion in this splendid historic Great Hall. No one who comes in here, could be under any illusion, but that they are included in the long list of people, who have been here before them, over many centuries, to witness events, some no doubt trivial, others of great significance, not just to this country but to many others as well.

I am well aware that over the years I have attended no less than 23 different banquets for visiting Heads of State and have helped you, on this very spot, to entertain various Kings, Queens and Presidents. I would say that without exception they were all impressed, not only by the style with which you do things here, but also the content of the speeches that reflect with erudition, and frequently affection, the relationships between whichever country concerned, and our own. Lord Mayors of London do not just speak for themselves and not just as the representatives of a capital city, but as the embodiment of a living, breathing, functioning institution of international significance.

I have of course visited this Great Hall for many other events, not hosted by your Corporation. For you kindly lend this wonderful resource to many other organisations and good causes. I have presented prizes, scholarships and awards here; launched Boys Clubs weeks, attended lectures, seminars, concerts and even an International Shipping Event. All of them achieving special emphasis as a result of being held in this imposing building.

The Corporation of course is no stranger to good causes, as I know well, from the time you invited me to take my father's place as Ranger of Epping Forest. Nearly 150 years ago the

Corporation had the foresight to acquire and preserve the remains of the ancient Epping Forest for the benefit of London's citizens who could travel there by the new underground railway and enjoy some rural air, instead of Epping being swallowed up by the advancing suburbs. This concern for environmental considerations was perhaps a century or so ahead of the contemporary variety. Today you present Epping Forest, not just as an archaic escape from city life, but as an educational tool to demonstrate the role that forests, and timber itself, plays in our daily lives. The oak casket which you presented, My Lord Mayor, is a product of your own Forest of Epping.

As President of both Christ's Hospital and St. Bartholomew's Hospital – two very different organisations – but both over many centuries strongly linked to the city, I am aware of the value of those links and the support provided.

You have also supported the Cancer Campaign – now newly amalgamated with the Imperial Cancer Research as Cancer Research UK. The Lord Mayor Sir Roger Cork – who tragically died just two weeks ago personally raised somewhat more than a million pounds for this particular cause. As a Joint President, I would like to acknowledge that achievement. Not all events here are necessarily fund raising, some are celebratory. I recall a fifth centenary celebration for the Richard III Society, which the Chamberlain referred to, an occasion when the late Duke of Norfolk was surprised to be cheered, when he demonstrated his ancestor's support for Richard III and was even more surprised when he referred to the second Duke's support for Henry VII to be loudly booed. Sometimes, My Lord Mayor, it is important to calculate your audience's loyalties!

Historical Society's, preservation groups and cultural concerns all benefit by collecting their interests and resources together and creating associations to share their enthusiasm thus greatly boosting their effectiveness.

In this country for one man to pursue an interest and he risks being regarded as an obsessive or eccentric; for two or three it may be judged a conspiracy. But if you can form a Committee, and elect a Chairman and suddenly all kind of doors are opened. Witness the methods for funding building projects for noble public purposes. There are many bodies that will contribute funds, including the Lottery boards – but, they will never donate enough to complete the project, so that funding has to come from different directions. Local Authorities, European funds, as well as private individual contributions and the many Charitable Trusts, who show great expertise in making their donations work. Consensus creates trust and builds on experience.

Inevitably it is a system approved by those who get funded and not by those who fail.

The City of London is not just a British Institution it is an international one – it is very deeply involved in every aspect of International business. I witness a small part of this in my role as President of the British Consultants and Contractors Bureau – a body dedicated to identifying the right kind of British expertise to solve problems identified in many corners of the world. I have been their President for 25 years and I have watched it grow in stature and competence. Today we may be less sure exactly what is British, but that does not matter, because we are more sure of the tradition of our British approach to Consultancy and our many clients understanding of what they expect from us, as opposed to what they expect of other countries consultancy traditions. I travel every year to different parts of the world with teams of consultants to explore the possibility for further collaboration. I am constantly surprised how warmly we are welcomed, with disappointment expressed that we don't come more frequently. This is because of the high reputation that British Consultants have – not just for competence and integrity, but also for cooperating with local consultants, to ensure the project has a smooth passage. The trend is increasingly for projects to be turned into package deals, with consultants, suppliers and operators from several different countries and the finance frequently from London. The BCCB even has a department that advises on barter, grandly titled 'Counter Trade', which demonstrates our flexible approach to solving the problems found all round the world.

What makes me proudest of the consultants is how they can make a real difference to the quality of life of so many people globally, it is just a shame they get very little recognition for their achievements. This is something we have tried to affect by creating a 'Consultant of the Year Award' which I help to judge, and gives me an insight to the scope and consequence of our members, and I hope gives the general public a better idea of what they achieve, sometimes in very trying circumstances.

My Lord Mayor, I have always been interested in Statues and Monuments – I even published a book on London Statues many years ago. It is interesting to note that we are accompanied here tonight by the heroes of this city. Gog and Magog can of course symbolise whatever you may choose. And for 'Aldermen as hero', you have William Beckford, but of course his statue is overshadowed by Wellington, Nelson, both Pitts, Marlborough and more recently by Churchill, reflecting the significance of the military and the political on our relationship with the rest of the world.

Beckford came from a Gloucestershire family, who thrived as a consequence of sugar estates in Jamaica. In fact William Beckford was Lord Mayor twice – which seems excessive, you might think – but his banquets were known for their sumptuousness and everyone thus looked forward to this second coming.

You will note there are many words on his monument in gold, they are a quotation of an impromptu and unexpected speech which he made to George III, when there was a certain disagreement about the liberty of the City, versus the prerogative of the Crown. You can read how the loyalty of the City to the Crown overrode their sense of hostility to the government of the time.

The monument to Nelson over there, caused one eminent visitor I recall, to complain that Copenhagen was not a battle that Nelson won. The Queen of Denmark had a point of course, because the Admiral in charge had felt we were losing and hoisted the withdraw signal to his junior Admiral, who famously put his telescope to his blind eye and carried on regardless.

Tragically the Battle was totally unnecessary because Denmark's Ally – the Russian Czar had just been assassinated by his Palace Guard and thus Napoleon's Baltic policy fell apart.

I was fortunate to be invited this evening to inspect, in Guildhall Yard, a guard of honour composed of the Royal Gloucestershire, Berkshire and Wiltshire Regiment who currently happened to be on duty in London, and in whose activities I take great interest and much pride as their Deputy Colonel-in-Chief.

Their presence reflects the tradition of mutual respect that the city shares with the armed services, and the many Territorial Army volunteers from this city, who more mundanely play many different roles here in the financial centre. My wife and I would also like to thank the Company of the Pikemen and the Musketeers who so picturesquely greeted all of us with their 17th Century courtesy, together with the splendid State Trumpeters of the Life Guards – so much more effective than merely clearing your throat!

I have referred to worthy causes and The Duchess has spoken of the many voluntary bodies that play such an important role in British life. There are of course no end to these causes and some are more altruistic than others, but all clamour for support. The Corporation of London, both collectively and individually responds to that demand, while at the same time ensuring that the complicated workings of International Capitalism continues to function in the way it should, at least in London.

Maintaining the integrity of those, who hold huge responsibility is a team effort. I believe that the process of tying people together through these voluntary institutions apart from their daily occupation, increases both a sense of trust and of reality and demands a sense of integrity, which if it were ever allowed to relax could diminish the faith that makes Capitalism work.

The importance that the City of London has in ensuring public confidence in our financial structures can not be over emphasised and it is for that reason, My Lord Mayor, that my wife and I feel very honoured by the event you have created today, in the twilight of your year of office, and we wish you and the traditions you stand for, every good fortune in the years ahead and thank you for this evening and the handsome mementos you have given us.

It is therefore with a sense of gratitude that I ask my fellow guests to rise and drink a toast to the Lord Mayor and the Corporation of London."



Tony McNulty MP
Parliamentary Under Secretary
of State

Lord Whitty
Minister for Food, Farming and
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Our Ref: P/031462/02

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De Larry

REVIEW OF LONDON MARKETS

Thank you for your letter of 29 October inviting me to comment on your proposal to publish your Review of London Wholesale Markets report for public consultation.

In principle, I have no objection to the publication of this public consultation report. However, given the sensitivities surrounding the potential closure of New Billingsgate and Smithfield markets and the implications for strategic planning, economic development and transport, I would suggest the Greater London Authority and associated bodies in particular are consulted.

I look forward to the report's publication in mid November.

I am copying this letter to Patricia Hewitt, Alistair Darling, Gus MacDonald, Robin Cook, Lord Williams, Andrew Turnbull and Martin Hurst at No 10.

Tony

TONY MCNULTY



SUBJECT
MAST
London
pt 3.
Filed

file
bc MH
ME
SH

10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

8 November 2002

Dear David,

THAMES GATEWAY

The Prime Minister and the Deputy Prime Minister talked briefly at this week's ODPM stocktake about the importance of the Thames Gateway in the Government's future strategy for the South East. The Prime Minister would find it very helpful to have a more detailed discussion about this with the Deputy Prime Minister and other Secretaries of State with a key interest in the agenda.

The meeting would need to cover the overall strategy and timetable for developing the Gateway (DPM), the requirements for schools and higher education (Charles Clarke), hospitals and healthcare (Alan Milburn), and transport (Alistair Darling). It should also look at the economic and jobs strategy (Patricia Hewitt), the impact of any London Olympic bid (Tessa Jowell), and ways in which we might capture some of the value the development will create over time to finance some of the infrastructure (DPM and Paul Boateng).

I should be grateful if your officials (Genie Turton and Neil McDonald) would contact officials from other departments to arrange a framework for a presentation and discussion. We will try to find a 1½ hour slot in the first half of December.

I am copying this letter to Chris Wormald (Department for Education and Skills), Heather Rogers (Department of Health), Andrew Campbell (Department of Transport), Erica Zimmer (Department of Trade and Industry), Hugh Ind (Department for Culture, Media and Sport), Lucy Makinson (Chief Secretary's Office) and to Genie Turton and Neil McDonald.

Yours,
JH

JEREMY HEYWOOD

David Prout
ODPM

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CONFIDENTIAL

From: Martin Hurst
Mike Emmerich
Date: 8 November 2002

PRIME MINISTER

cc: Jeremy Heywood
Simon Virley
Andrew Adonis
Sally Morgan
Michael Barber
Matthew Elson
Simon Stevens
Joanna Key

pm
This is crucial to
delivery to enter London
we need in the south East
2 London. It needs to be

THAMES GATEWAY

now as a major project with full departmental
buy in. It is as big as Docklands 2

You discussed this with JP as part of your ODPM stocktake earlier this week. We attach, by way of background (for you only) the presentation given on this subject to DA(SER). It is well worth skimming the maps at least.

In short, the Thames Gateway will fail to deliver half of what it could without some tough decisions. But although the Gateway includes large parts of Kent and Essex, development must start in London. Ken is already involved, but will try to muscle in and claim the credit for whatever we do. We need to decide quickly:

- a) how much infrastructure we are willing to support, and when;
- b) how far we are willing to streamline planning systems through innovative vehicles such as UDCs;
- c) how and how far to extract the planning gain/betterment from development, in order to release funds for infrastructure.

Do you have views?

ODPM can't do this on their own. You are hosting a meeting with the key ministerial players and officials in early December. At the very least, this should secure better joined up working. Thereafter, there are a number of options. We could leave it to JP, and offer support as and when – we are not convinced this will deliver enough. We could set up some formal ministerial group reporting to you, say, every six months. Or we could consider a 'supremo' (Ayling/Hestletine?). Whichever you do, you will want to discuss with JP. But which if any appeal at present?

It needs
unleash significantly
to have a
delivery
or some body

CONFIDENTIAL

Background/detail

While the issues of abandonment and reducing the stock of unfit housing are important, sorting the housing supply problems in the South East is probably the key issue for the DPM's communities plan, and for housing policy in particular.

Development around Milton Keynes, Cambridge and Ashford will happen in due course, and the infrastructure issues in these areas are soluble. This can do a fair amount for South East housing – perhaps 300,000 houses in total by 2016, but the large majority of these were already planned.

However, it is the Thames Gateway, with the potential by itself for over 200,000 new houses (i.e. housing for 500,000 people), which is the single most important part of the answer. It is, in some senses at least, the furthest advanced, but it is also the one where the final outcome is least secure. It has most of the brownfield land, and the biggest medium term capacity, by some margin. The existing Thames communities also have some pretty severe social problems (e.g. only 10% of children going on to post 18 education), which a dynamic Gateway could do much to help correct.

The scale of the problem is illustrated by the two 'extreme scenarios':

- A 'steady as you go' policy, with no central grip on infrastructure, might yield 70,000 new houses – less even than the 100,000 in the regional plan. This increase assumes the completion of CTRL, and planned improvements to the M2 and DLR. Doing no more than this – or deferring decisions – might well in turn prejudice the chances of future bigger numbers, since development if unchecked will tend to be low density, and land intensive.
- A maximalist approach, with funding for 2 new river crossings, Crossrail extended to Ebbsfleet (i.e. south of the Thames in Kent), the Dockland Light Railway extended to Barking Reach, improvements to existing rail and new light rail, 210 new schools and a number of new PCTs could secure over 200,000 houses by 2016, with more to follow.

Of course, there is no question of government delivering all of this now, or possibly ever. And the analytical underpinning for many of the decisions is just not there yet.

CONFIDENTIAL

- 3 -

In reality, a phased approach will be best. Infrastructure investment would start in eastern London (Barking Reach) – linked perhaps to the expansion of Canary Wharf. £500-750 million (from government and/or private funds) could enable development of 30,000 houses. But even this requires ministerial consensus and may not happen unless you take a hand.

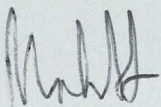
Beyond that, it appears from what we currently know that it will be the future of Crossrail which will really determine whether we get close to 200,000 houses. Even a statement of continued interest would help – keeping developers interested, and starting to yield increases in speculative property values, which could be tapped to finance new development.

There is, of course, also a link to the possible Olympics bid. Much of the transport infrastructure would be common to the Olympics and the Gateway.

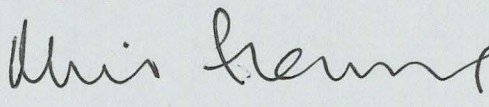
We will also need innovative thinking about funding – with the Treasury having a key role. It seems clear that this will have to involve extracting a greater proportion of the 'betterment' from development, and from the infrastructure we put in place, than we can do through existing means.

Innovative planning vehicles such as UDC – cutting bureaucracy and enabling joint working and some freeing up of funding – will help, but are not of themselves the solution. And short cuts, while welcome, will need care in design.

A particular issue concerns the timing of any announcement about our intentions regarding the potential new 4th London airport at Cliffe. Announcing our conclusion in January – when the DPM's communities plan is set to hit the streets – would help remove a barrier to forward planning for the Gateway (it is very hard publicly to plan for options south of the Thames when the main infrastructure project in the area – and the direction of much commuting – is uncertain). But the price – losing the PR boost it would give should we want to develop other options may not be worth paying. Do you have a view?



MARTIN HURST



MIKE EMMERICH

Not perfect. But the Thames Gateway has to be taken forward

CONFIDENTIAL



Department for
Transport

From the Secretary of State

Great Minster House
76 Marsham Street
London SW1P 4DR

Tel: 020 7944 3011
Fax: 020 7944 4399
E-Mail: alistair.darling@dft.gsi.gov.uk

The Rt Hon John Prescott MP
Deputy Prime Minister
26 Whitehall
LONDON
SW1A 2WH

Web site: www.dft.gov.uk

OUR REF: AD/031499/02

Ang
cc: Nel
NB
NH (for info?)
- 7 NOV 2002

REVIEW OF LONDON WHOLESALE MARKETS

I have seen Lord Whitty's letter of the 29 October to you seeking comments on the review of London markets.

I am happy that the report is published, the key recommendation of markets being concentrated onto composite sites could reduce congestion, which is a key policy objective for the Government. I presume that there will be full consultation with Transport for London and the London Development Agency who will both have an interest in this review.

I am copying this letter to Patricia Hewitt, Gus Macdonald, Robin Cook, Lord Williams, Andrew Turnbull and Martin Hurst.

ALISTAIR DARLING

The Rt Hon Patricia Hewitt MP
Secretary of State for Trade and Industry



Lord Whitty
Minister for Food, Farming and Sustainable Energy
DEFRA
Nobel House
17 Smith Square
London
SW1P 3JR

Secretary of State
Department of
Trade and Industry

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Direct Line
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DTI Enquiries
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5 November 2002

URL <http://www.dti.gov.uk>
e-mail mpst.hewitt@dti.gsi.gov.uk

Dear Lord,

MH
✓ JK
ATC

REVIEW OF LONDON MARKETS

Thank you for your letter of 29th October enclosing the near final report of the Review of London Markets. The report is a good starting point to aid future plans for London markets, however I do have some concerns if this document is to be used as a formal Government consultation document.

It is likely that any changes will affect business – particularly small business. I would welcome further information on numbers of companies who might cease to trade or suffer from reduced profits.

There should be clear assessment of the options available and both costs and benefits associated with the options. For a formal consultation I would suggest that there is a shorter document drawing out key recommendations with benefits and costs to both current traders and customers/suppliers. The report could then be used as an annex.

I hope you find these comments helpful and look forward to seeing the final consultation document. I am copying this to John Prescott, Alistair Darling, Gus Macdonald, Robin Cook, Lord Williams, Andrew Turnbull and Martin Hurst at
No 10.

Best wish,

PATRICIA HEWITT



The Rt Hon Lord Macdonald of Tradeston CBE
Minister for the Cabinet Office &
Chancellor of the Duchy of Lancaster

CABINET OFFICE
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The Rt Hon John Prescott MP
Deputy Prime Minister
Office of the Deputy Prime Minister
26 Whitehall
London
SW1A 2WH

MH
cc. JK
AA.

4 November 2002

Dear John,

REVIEW OF LONDON MARKETS

Lord Whitty wrote to you on 29 October seeking views and comments on the report of the review of London Markets which is due to be published in mid November.

I have no objection to the publication of the report and welcome the proposed consultation that will give stakeholders the opportunity to comment on its recommendations. When DEFRA consider implementation of the report a Regulatory Impact Assessment should be produced. The impact these recommendations will have on business, particularly small businesses, should be identified. It is likely that this will attract significant media interest so the costs and benefits of the recommendations in the consultation document should be clearly spelt out.

Can I also remind Ministers that such correspondence should normally allow ten working days for a response, particularly when such a complex report is attached.

I am copying this letter to Patricia Hewitt, Alistair Darling, Robin Cook, Lord Williams, Sir Andrew Turnbull and Martin Hurst at No. 10.

Gus
Macdonald

GUS MACDONALD



FROM THE OFFICE OF LORD WHITTY
MINISTER FOR FOOD, FARMING AND SUSTAINABLE ENERGY

DEFRA

Department for
**Environment,
Food & Rural Affairs**

Rt Hon John Prescott MP
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Lead Official	David Nix		
Action By	1.11.02		
MCO	MOS-DA	Permanent Secretary	
For information			
Jane White			
Nick Montague			
Phil Wynn Owen			
M. Barber-Du			
Ref:	74944	L-MCO	
MST (FS)	(SBA)		

File

29 October 2002

REVIEW OF LONDON MARKETS

Earlier this year, in response to the Eighth Report of the Select Committee on Agriculture of April 2001, I commissioned jointly with the Corporation of London a review of London wholesale markets. The terms of reference for the Review were to consider:

- Whether the existing London wholesale market facilities are well adapted to the needs of the business communities and users which they serve;
- The effect on the operation of the markets of the legislation which governs them;
- The potential impact of product diversification and changing demand for the services provided by wholesale markets; and the scope for developing a co-ordinated strategy for the future management of the markets

and to make such recommendations to the Secretary of State and the Corporation of London as the reviewer considers appropriate, after having regard to the practicality and legal and financial implications of implementing them.

A near final draft of the report, prepared by Nicholas Saphir, is attached. I propose to publish the report in mid November. Together with the Corporation of London, I have asked Nicholas Saphir to present it to an invited audience of stakeholders on the day of publication.



INVESTOR IN PEOPLE

The key recommendation is that markets should be concentrated on to composite sites to allow a greater variety of produce to be offered from the same location, especially for the catering market. This would improve efficiency and reduce traffic congestion. The report recommends that constraints on the freedom to sell a wide product range or to hold markets within a specified distance of existing markets should be removed.

The consultation process will provide an opportunity to judge whether stakeholders agree with the commercial analysis of the report and are prepared to co-operate in implementing its recommendations. If there is a consensus that consolidation is desirable, the removal of legal obstacles to the relocation of existing markets (by means of legislation) is likely to become a live issue. This in turn could open the way to the better utilisation of facilities at New Covent Garden Market (which is managed by a public corporation sponsored by Defra). However, as no Departmental funds are available to fund new development, the progress of integration of the markets will necessarily depend on the extent to which the Corporation and others are willing and able to do so.

It remains the Department's aim to disengage from involvement in wholesale markets. A key aim of the consultation will therefore be to establish the extent to which others, including the Corporation and commercial interests, may be willing and able to take forward the report's recommendations.

I would welcome the views of colleagues on the report and on any aspects of its recommendations in which they may have an interest. Subject to there being no objections from colleagues by **Tuesday 5 November** I propose to set in hand arrangements for the publication of the report and consultation with stakeholders.

I am copying this letter to Patricia Hewitt, Alistair Darling, Gus Macdonald, Robin Cook, Lord Williams, Andrew Turnbull and Martin Hurst at No 10.



LORD WHITTY



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Alan Milburn MP
Secretary of State for Health
Richmond House
79 Whitehall
London SW1A

2 October 2002

Dear Secretary of State,

LONDON CHOICE PILOT

I am seriously concerned that your proposed announcement today commits us to a national roll-out of the London pilot on choice across England.

I'm afraid I cannot accept this. We agreed that a decision on whether or not to roll-out nationally the London choice pilot is subject to Treasury approval and made in light of the Prime Minister's Delivery Unit's evaluation of the London pilot. Given that the London pilot only began yesterday we are not yet in a position to make a decision on national roll-out, nor should we be raising expectations to this effect.

As Gordon said in his letter to you of the 6 December "Because capacity is not yet in place, there is a grave risk that increased

file

SS

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JH

MB
AMC
ME
JN



demand will simply drive up prices in the private sector. I am also worried about the destabilizing effect this might have on capacity in the public sector and our first commitment is to build up that capacity."

We are therefore not prepared for you to make an announcement at this stage that the London pilot will be rolled-out across the country. I remain concerned, especially given the latest progress report from the Delivery Unit, that this will raise patient expectations without having the capacity and capability to deliver them. I must therefore insist that the original agreement not to proceed with rollout until the Prime Minister's Delivery Unit and ourselves have considered its evaluation and signified our approval, is strictly adhered to.

Yours sincerely,

Greg Hurst
(private secretary)

PAUL BOATENG

(approved by the Chief Secretary
and signed in his absence)

*Copies of this letter go to the Prime Minister, and
to Michael Barber (PMO)*



Jeff Rooker
Minister of State for Housing,
Planning and Regeneration

OFFICE OF THE
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Fax: 020 7944-4489

Our ref: LR/025744/02

The Rt Hon Estelle Morris MP
Secretary of State
Department for Education and Skills
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

27 SEP 2002

AMc
cc NA
AA
✓ PD

MAYOR'S DRAFT LONDON PLAN

Thank you for your letter of 5 September regarding the Mayor's draft London Plan.

I agree with the points you have raised on the challenges posed by the projected growth in the school age population and the wider issues of cultural and sporting facilities and affordable housing. Officials are currently formulating a Government-wide response to the Plan and your thoughts on these issues will be reflected in that response.

Officials from Government Office for London, DfES and the GLA have had a number of meetings to discuss issues, including those you have raised, and I feel it is important for this dialogue to continue beyond our response to the Mayor's draft London Plan on 30 September.

I am copying this letter to the Prime Minister, EAPC Committee, and Sir Andrew Turnbull.

JEFF ROOKER



Department for **Transport**

From the Secretary of State

MATRIX

The Rt Hon Gordon Brown MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
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Our Ref: AD/022632/02

19 SEP 2002

Dr Gordon

MAYOR'S DRAFT LONDON PLAN

AM
JB
cc ME
NA

I have seen Jeff Rooker's letter of 6 August regarding his proposed course of action in relation to the Mayor's draft London Plan.

I agree with the points that he suggests making in response to the Mayor's Plan, in particular regarding the deliverability and affordability of some of the Mayor's policies within the plan period.

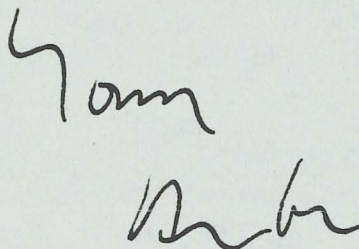
Jeff is right that, where practical, we should consider attracting growth away from London as part of our regional policies. However, scope for such action is limited, as for many firms the alternatives to London are not other parts of the UK but New York, Paris and Frankfurt. It would be difficult to try and constrain growth in London which is such a driving force behind our national economy.

That said, significant elements of the Mayor's Plan are based on an assumption that major transport projects will be delivered by some very ambitious deadlines. And affordability will be a key issue for larger schemes, the Mayor's Plan almost certainly implies public spending which is considerably in excess of existing investment plans.

It is important that we register these points in the terms Jeff has suggested, expressing the need for realism and prioritisation.

I also think we should encourage the Mayor to consider a range of possible growth scenarios, to develop a detailed implementation strategy with strategic investment and other milestones, and to test the sensitivity of certain assumptions to changes in the timing and delivery of key infrastructure, particularly transport, to produce a Plan that is realistic, robust and flexible.

I am copying this letter to Jeff, and to the Prime Minister, members of EAPC and Sir Andrew Turnbull.

A handwritten signature in dark ink, appearing to read 'Alistair Darling', with a stylized, cursive script.

ALISTAIR DARLING



Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0870 0012345 dfes.ministers@dfes.gsi.gov.uk
Rt Hon Estelle Morris MP

MEL
CC:NB
UH
AA
AMC
NA

The Rt Hon Lord Jeff Rooker
Minister for Housing, Planning and Regeneration
Office of the Deputy Prime Minister
Eland House
Bressenden Place
London
SW1E 5DU

S September 2002

Dear Jeff,

MAYOR'S DRAFT LONDON PLAN

Thank you for sight of your letter of 6 August to Gordon Brown. I wanted to take this opportunity to flag up a number of education specific issues related to your point about accommodating the scale of London's forecast population growth.

It must be right to do all we can to protect the Green Belt. The projected expansion of London secondary school pupil numbers in the next few years will pose us both a challenge and an opportunity in this regard. We will clearly need to take an early and systematic look at the overall pressure on school places in London. This work is already under the aegis of Stephen Twigg in his role as Minister for Young People and Learning with responsibility for London Schools. The forthcoming appointment of the London Schools Commissioner will give further impetus to our work with the GLA and the Boroughs in these strategic planning matters.

We will certainly look to absorb much of the additional demand through spare capacity and extensions of existing schools. New schools will, however, play an important part in our overall strategy, both to accommodate additional pupil numbers and to replace unsuitable premises and failing schools. This capacity to offer schools and communities a fresh start is a key part of our strategy of renewal and is fundamental to raising standards and offering more genuine choice for parents in our most disadvantaged communities.

This can pose real dilemmas in planning terms where the considerable gains to generations of pupils, and to the wider community, of the new school and its facilities have to be balanced against the loss of green space and any incursion into the Green Belt. I know these considerations will be in the forefront of your mind in responding to the Mayor's draft plan.

There are of course wider issues for the Mayor in considering the overall position of cultural and sporting facilities. The needs and aspirations of school pupils and young people in general should be key here. I hope also that the capacity of schools and their facilities to contribute to the overall well being of the community should not be overlooked.

department for

education and skills

creating opportunity, releasing potential, achieving excellence



1
INVESTOR IN PEOPLE

Finally, I would like to add my support to the suggestion that, in agreeing proposals for housing developments, the Mayor should be explicit in calling for affordable homes for key public sector workers such as teachers, whose numbers and quality are essential to the developments in the Capital that he describes in his introduction to the Draft Plan.

I hope that the above comments are helpful to you in drafting your response to the consultation.

This letter has been copied to the Prime Minister. EAPC, ^{Sir} Richard Wilson and Sir Andrew Turnbull.

Dear Sir,

Estelle Morris

Estelle Morris



PARLIAMENTARY UNDER-SECRETARY OF STATE FOR DEFENCE
AND MINISTER FOR VETERANS AFFAIRS

Copied to:

Prime Minister
EAPC Members
Sir Richard Wilson

Top: PD (AM)

PD (AA)

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Eland House
Bressenden Place
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SW1E 5DU

D/US of S/LM 5/1/1

30th August 2002

Dear Jeff,

MAYOR'S DRAFT LONDON PLAN

In your recent letter to the Chancellor you requested comments on the line you proposed to take in response to the Mayor's Draft London Plan.

I am fully content with your proposed line, which is consistent with the MOD's position. The MOD has a number of more detailed comments on the Draft London Plan and my officials have provided these separately to Government Office London.

... I am copying this letter to the recipients of yours.

Best wishes
L

DR LEWIS MOONIE MP

Private Office



INVESTOR IN PEOPLE

SKP 39/02



MINISTER OF STATE

From JEFF ROOKER
Minister for Housing,
Planning and Regeneration

OFFICE OF THE
DEPUTY PRIME MINISTER
Eland House
Bressenden Place
London
SW1E 5DU

MEL
CC NB
LJH
AA
Amc
NA

The Rt Hon Gordon Brown MP
Chancellor of the Exchequer
HM Treasury
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London
SW1P 3AG

Tel: 020 7944 3012
Fax: 020 7944 4486
e-mail: jeff.rooker@odpm.gsi.gov.uk

Web Site: www.odpm.gov.uk

Dear Gordon.

- 6 AUG 2002

MAYOR'S DRAFT LONDON PLAN

The Mayor has recently published a full draft version of the Spatial Development Strategy (known as the draft London Plan) for consultation. I am writing to seek EAPC's agreement to the line I propose to take in responding to the key issue raised in the draft plan - how to accommodate London's future growth. I would be grateful for colleagues' comments by 9 September in order to meet the consultation deadline of 30 September.

London's future growth

The draft plan sets out the Mayor's vision for the future development of London and has a 15-20 year time horizon. Comments on the draft plan must be submitted by 30 September.

The key issue raised – and one of national significance - is London's future growth and how to accommodate it. The plan states that London's population is forecast to increase from 7.4 million now to over 8.1million by 2016. Employment is projected to increase by over 600,000 jobs in the same period, with most of the net gain being in the continued growth of business services.

I believe that the Mayor's forecasts, particularly the population estimates, are reasonable working assumptions as inputs to the planning process, although they do not take account of the ability of London to accommodate the scale of future growth suggested and need further sensitivity testing against alternative scenarios for the future.

Is growth desirable?

The Mayor believes that growth in London's population and employment is unavoidable, desirable, and that, with significant investment in infrastructure, it can be accommodated. Accordingly the Mayor's strategy is to fully provide for the projected growth within the existing built-up area without any reduction in the quality of life, making London an exemplar of sustainable development and a model "compact" city.

The Mayor argues that planning to accommodate London's continued growth is economically essential to maintaining London's world city role as well as assisting in the regeneration of the capital's deprived areas.

The Mayor's desire for London to make provision for its own needs sits well with existing Regional Planning Guidance for the South East (RPG9) and the recent Regional White Paper "Your Region, Your Choice". The Deputy Prime Minister's initiative to develop growth areas in adjoining regions may divert some of London's proposed growth and it will help ensure that any migrants from London, live and work in the wider south east region, rather than increase the number of long distance commuters into London. However, the growth area initiative is primarily designed to ease existing pressures in those regions, rather than to significantly divert growth from London.

Most of the key elements of the Mayor's policy framework in the draft plan accord closely with Government guidance. Considerable emphasis is placed upon achieving compact and sustainable forms of development by utilising brownfield not greenfield opportunities. In addition, the plan proposes higher density, mixed use development, as well as recognising the need for close integration between land-use, transport and economic initiatives.

Although I don't advocate deliberately constraining the growth of London, I do wonder whether we might consider further the opportunities for attracting some growth away from London, for the benefit of the UK as a whole, as part of our policy of making the regions more successful.

Is the strategy deliverable?

Critically, the scale of growth that the draft plan assumes can be accommodated is based upon assumptions regarding the delivery of essential infrastructure, including new public transport schemes, additional housing, health and education facilities. Substantial private and public sector investment is implied, which in some cases, particularly public transport schemes, is well in excess of existing expenditure plans.

My officials are seeking to establish how deliverable elements of the draft Plan are, but my preliminary view is that in some key areas, the Mayor's strategy does not take sufficient account of constraints to the growth proposed. Future levels of investment are a key constraint but there may be others, such as the availability of suitable land and the capacity of the construction industry to deliver the numbers of homes and offices required.

In terms of responding to the draft Plan, I believe we should signal our concerns regarding the deliverability of parts of the plan and ask the Mayor to consider further the scale and timing of growth that can be accommodated within the plan period. The Mayor has set his aspirations high, and will doubtless refer to his plan's growth strategy in future negotiations with Government. So, it is important we flag up any significant concerns now in order to inform the public debate in respect to the draft plan, which will take place at an examination in public early next year.

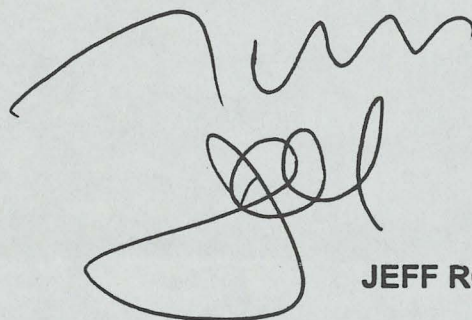
In conclusion, I am minded to make the following main points on the Mayor's overall strategy:

- Agree that the draft plan should respond positively to London's likely future growth;
- Support the broad thrust of the policies which seek to encourage more sustainable patterns of development;
- But flag up our concerns about the scale and timing of growth that can be accommodated within the plan period.

Officials from the Government Office for London (GOL) are already in touch with officials from all relevant Government Departments to consider the more detailed points of the draft plan. If you have not yet seen the draft London plan, copies and more information can be obtained from GOL (Tony Thompson GTN 7217 3148 or Nick Tennant on GTN 7217 3146)

I would be grateful if you and EAPC colleagues could let me have any comments by 9 September.

I am copying this letter to the Prime Minister, members of EAPC and to Sir Richard Wilson.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the top.

JEFF ROOKER



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Direct Line: 020 7332 1200

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(F)

Our Ref: LMD/02/4/AFP/BAE

A.F.P. Barnes, C.V.O.

P.O. Box 270,

GUILDHALL,

LONDON, EC2P 2EJ.

22717

✓ KK
DM

24 July 2002

As Jeremy,

Lord Mayor's Banquet

The Senior Alderman below the Chair, Alderman Gavyn Arthur, has asked me to advise you that the Lord Mayor's Banquet is to be held this year at Guildhall on the evening of Monday, 11th November, and, subject to election, he hopes very much that you will be able to attend. The speakers at the Banquet will be the Lord Mayor, the Prime Minister, the Archbishop of Canterbury, the Lord Chancellor and the Late Lord Mayor.

It is hoped that you will be able to reserve the date of the Banquet. Invitations to the Banquet will be sent early in October immediately after the election of the Lord Mayor.

If at this early stage you find that you are unable to attend, would you please advise us accordingly.

Lewis.

Arthur

Remembrancer

Jeremy Heywood, Esq, CB
Principal Private Secretary and Head of Policy Directorate
Prime Minister's Office
10 Downing Street
London SW1A 1AA

LONDON - POLICY PART 3

ANNEX 1. COMMUNITIES PLAN GROWTH AREAS

niceday by **Guilbert** 



No
No
No
No
No
No
No
No

FROM THE OFFICE OF LORD WHITTY
MINISTER FOR FOOD, FARMING AND SUSTAINABLE ENERGY

DEFRA

Department for
**Environment,
Food & Rural Affairs**

Rt Hon John Prescott MP
Deputy Prime Minister
ODPM
26 Whitehall
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email: pus.lords@defra.gsi.gov.uk

Lead Official	David Nix		
Action By	1.11.02		
MCO	MOS-DA	Permanent Secretary	
For information			
Jane White			
Nick Montague			
Phil Wynn Owen			
N. Barber-DV			
Ref:	74944	L-MCO	
MST (FS)	(SBA)		

File

29 October 2002

See File

REVIEW OF LONDON MARKETS

Earlier this year, in response to the Eighth Report of the Select Committee on Agriculture of April 2001, I commissioned jointly with the Corporation of London a review of London wholesale markets. The terms of reference for the Review were to consider:

- Whether the existing London wholesale market facilities are well adapted to the needs of the business communities and users which they serve;
- The effect on the operation of the markets of the legislation which governs them;
- The potential impact of product diversification and changing demand for the services provided by wholesale markets; and the scope for developing a co-ordinated strategy for the future management of the markets

and to make such recommendations to the Secretary of State and the Corporation of London as the reviewer considers appropriate, after having regard to the practicality and legal and financial implications of implementing them.

A near final draft of the report, prepared by Nicholas Saphir, is attached. I propose to publish the report in mid November. Together with the Corporation of London, I have asked Nicholas Saphir to present it to an invited audience of stakeholders on the day of publication.



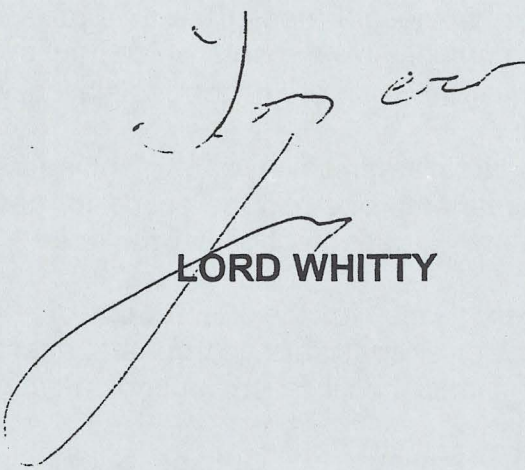
The key recommendation is that markets should be concentrated on to composite sites to allow a greater variety of produce to be offered from the same location, especially for the catering market. This would improve efficiency and reduce traffic congestion. The report recommends that constraints on the freedom to sell a wide product range or to hold markets within a specified distance of existing markets should be removed.

The consultation process will provide an opportunity to judge whether stakeholders agree with the commercial analysis of the report and are prepared to co-operate in implementing its recommendations. If there is a consensus that consolidation is desirable, the removal of legal obstacles to the relocation of existing markets (by means of legislation) is likely to become a live issue. This in turn could open the way to the better utilisation of facilities at New Covent Garden Market (which is managed by a public corporation sponsored by Defra). However, as no Departmental funds are available to fund new development, the progress of integration of the markets will necessarily depend on the extent to which the Corporation and others are willing and able to do so.

It remains the Department's aim to disengage from involvement in wholesale markets. A key aim of the consultation will therefore be to establish the extent to which others, including the Corporation and commercial interests, may be willing and able to take forward the report's recommendations.

I would welcome the views of colleagues on the report and on any aspects of its recommendations in which they may have an interest. Subject to there being no objections from colleagues by **Tuesday 5 November** I propose to set in hand arrangements for the publication of the report and consultation with stakeholders.

I am copying this letter to Patricia Hewitt, Alistair Darling, Gus Macdonald, Robin Cook, Lord Williams, Andrew Turnbull and Martin Hurst at No 10.



LORD WHITTY

REVIEW OF LONDON WHOLESALE MARKETS

REVIEW OF LONDON WHOLESALE MARKETS

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Although every effort has been made to ensure the accuracy of information included in this paper, the reviewer cannot accept liability for errors or omissions

MAP OF LONDON WHOLESALE MARKETS



ACKNOWLEDGEMENTS

This review of the London wholesale markets was made possible by the participation of a wide range of individuals and organisations including market tenants, tenants' associations, market authorities, local and central government and other interested parties. The reviewer apologises if there are those whose advice was inadvertently not sought, but it is hoped that they will still make their views known when this report becomes available for public discussion.

No individual or organisation has been singled out for separate acknowledgement, but thanks are due to all those who gave freely of their time. The issues under investigation are at the centre of the possible future economic prosperity of many of those who were interviewed. Therefore I would particularly thank those individuals who made a constructive contribution, even if sometimes forcibly.

Specific thanks are due to the members of the review team, who were seconded from Defra and the Corporation of London. They have taken much of the burden of preparing this report within the comparatively short time available.

The fundamental issues addressed and the diversity of vested interests potentially effected by any changes to the present market structures and locations may well result in disagreement with the recommendations. It is with this knowledge that it is intended for the report to provide a basis for the forthcoming debate to be constructively grounded. At best it is hoped that it will provide a blueprint for development, at worst a target for everyone to aim at in order to arrive at practical and positive conclusions.

All opinions and recommendations included in this report are totally those of the reviewer.

24th October 2002

Nicholas Saphir

THE REMIT

In June 2002, Lord Whitty, Minister for Farming, Food and Sustainable Energy, in response to a recommendation by the House of Commons Agriculture Select Committee, appointed N. Saphir to carry out a review of all the London wholesale markets. The review was jointly sponsored by Defra and the Corporation of London.

The remit was to consider:

- Whether the existing London wholesale market facilities are well adapted to the needs of the business communities and users which they serve
- The effect on the operation of the markets of the legislation which governs them
- The potential impact of product diversification and changing demand for the services provided by the wholesale markets; and
- The scope for developing a co-ordinated strategy for the future management of the markets

And to make such recommendations to the Secretary of State and the Corporation of London as the reviewer considers appropriate, and for having regard to the practicality and legal and financial implications of implementing them.

EXECUTIVE SUMMARY

1. Introduction

Over the centuries markets have evolved, mirroring changes in society. Apart from some remaining retail markets, they have developed from places where livestock was traded and farmers sold food to the public, to wholesale locations largely for the sale of fresh meat, fish, fruit and vegetables to retailers, caterers and secondary wholesalers.

For much of history markets dominated the centre of the supply chain from farm to consumer. Yet from the 1980s to the early 1990s business increasingly bypassed the markets with the rise in supermarket retailing and the development of more efficient direct distribution of food. The decline in market trade was halted in the 1990s by the significant increase in the consumption of food out of the home and the growth in catering, much of which is conducted by small businesses that find it convenient to source their supplies from wholesale markets.

There exists a lack of statistical information in regard to the sale of fresh meat, fish, fruit and vegetables through the various parts of the supply chain. However, we estimate that wholesalers supply approximately half of all fresh meat, fish, fruit and vegetables sold by retailers and caterers in London and the South East of England. It is estimated that over 50% of that wholesale business is conducted outside of markets. Today, with a total combined turnover of approximately £1.55 billion, the London wholesale markets represent approximately 20% of the total supply¹.

Irrespective of their time in history, markets perform two essential functions. They should be places where:

- a. Supply and demand are brought into a balanced relationship through the establishment of price
- b. Consolidation enables customers to select the produce that they want in terms of range, quality, packaging, price or other attributes

In addition, markets have historically provided a useful consolidation of trade, allowing for the efficient imposition and control of trading standards, product quality, health and safety regulations and food hygiene.

2. Objectives

The review considers the shifts in consumer demand that have effected change in the distribution of perishable agricultural produce. It also projects anticipated future trends and the effect that these might have on the wholesale markets.

The current legislation and regulations that pertain to markets is reviewed and evaluated in considering whether it should be retained, amended or rescinded, based

¹ See appendix 4

on its ongoing influence to improve the functioning of markets or deliver a 'public good'.

The review describes the prospects for wholesale markets, including the potential impact of product diversification, in order to forecast the future shape of markets and to make recommendations for their function and location.

The debate as to whether the future of markets would benefit from a co-ordinated strategy is rehearsed and alternative ideas are considered.

Finally, the review goes beyond the original remit in considering possible models for the practical implementation of the report's recommendations and consideration of alternative scenarios.

3. Recent Consumer Trends and their Effect on the Supply Chain

From the 1960s, increasing standards of living, growing female employment, the rise in single person households, expanding leisure activities and greater availability of food have brought about significant changes in the way that we buy and consume our meals. For most of society food now plays a dual role. It is either functional fuel to be consumed quickly, often in the form of snacks on the way to or while doing other things, or to be enjoyed as part of our leisure and entertainment.

Supermarkets were quick to recognise the trends as they emerged and were often instrumental in pioneering change. Through 'pile it high and sell it cheap' in the 1960s and 1970s to quality prepared foods and innovation in the 1980s and the superstores of the 1990s, they came to dominate the retail sale of food. Suppliers were attracted to delivering directly to fast growing and mostly better paying supermarket customers. Market wholesalers increasingly were left trying to earn a living selling that which the supermarkets did not want to the fast declining number of independent retailers, corner shops and street market traders. By the early 1990s there were few wholesalers who predicted a viable future for wholesale markets.

During the 1980s and 1990s cheap eating out by office and factory workers increased with the rapid expansion of fast food outlets and sandwich bars. More meals were provided by the institutional sector such as prisons and hospitals in line with their growth in occupancy. However, it was the continuing increase in disposable income, leisure activities and single person households that drove a significant change in the consumption of food, particularly in central London. By the end of the millennium, in expenditure terms, London and the South East of England accounted for some 33% of all food and drink consumed outside the home in Britain². Coupled with increased tourism, catering became a significant and growing sector of the supply chain. Although large groups of pubs and fast food restaurants conducted much of the business, there was a major increase in small and medium sized enterprises (SMEs). Wholesale markets became a convenient supply source and experienced a significant increase in business, with wholesalers becoming catering distributors or supplying the increasing number of specialist distributors who came to market for supplies. The size of individual retail catering outlets and the need for the frequent delivery of perishable

² See Appendix 5

supplies resulted in large numbers of small deliveries and a significant increase in 'white' vans congesting the streets of central London.

The shift to catering resulted in wholesalers, who once represented their suppliers, becoming more customer orientated. Rather than passively receiving and selling that which producers and importers sent to them, wholesalers now seek to procure supplies for customers who know what they want in terms of quality and volume before they come to market. Many wholesalers even reported that much of their trade is now conducted on the phone, rather than face-to-face and that they sometimes sell before they buy. Added value catering and pre priced menus do not encourage the elasticity of demand once available through traditional retailers. Producers and suppliers find themselves increasingly unable to look to the wholesale markets to efficiently fulfil their traditional function of balancing fluctuating supply and demand.

4. Future Trends

Although catering appears in general to have reached a temporary plateau, it is anticipated that the long term will still trend towards increased eating out of the home. This seemingly bodes well for wholesalers, but as catering matures and the catering sector becomes more organised, improvements in supply chain efficiency will be needed to reduce costs and deal with environmental issues such as traffic congestion. Many catering establishments may continue to procure their raw material from specialist suppliers, but they will increasingly want to collect all their produce from one location. If they have their produce delivered, they will want loads consolidated by suppliers who will need to increase drop sizes to reduce the problems and costs caused by traffic congestion.

Unless markets respond to these challenges by providing suitable facilities and becoming composite sites for the wholesaling of a wide range of perishable and other goods, full range catering wholesalers with depots located outside of markets will increasingly erode market throughput.

Some markets could focus on wholesaling a full range of 'boxed' perishable food while others could develop full catering food sites, encouraging the establishment of preparation factories and ancillary catering services within or alongside market premises.

5. Regulation and Prohibition

Over centuries Royal Charters, legislation and regulations have imposed restrictions on how markets operate and limitations and prohibitions on what products can be sold, establishing and enforcing trading practices, food safety and other standards, whilst leaving behind historic and emotional baggage. The review considers the arguments for and against the retention of regulations that specifically circumscribe the activities of markets.

The review does not comment on the enforceability of current regulations. However, it argues that prohibitions on what products are allowed to be sold in any single market, in so far as they result in localised restraint of trade, tend to mask the changes

taking place in the overall supply chain. This is to the detriment of suppliers, forward looking traders and consumers. It is argued that today prohibitions are more likely to be the cause of market failure rather than a force for good and that they should be rescinded or annulled. Recognising the contentious nature of the recommendation both within London and within the wider context, the question of how and over what period these inhibitors to free trade should be dismantled form an important part of the review's recommendations.

6. The Future Ownership and Management of Markets

The function of markets has and will continue to change. As such, the review considers whether markets still provide a 'public good'. It is suggested that, although those 'public goods' have changed, markets still provide an important supply link for SMEs and particularly for ethnic traders. It is also argued that they ought to play an important role in an improvement in catering distribution with the resultant reduction in traffic congestion. Even though many inspection services, in regard to food safety and other regulations, are provided freely by local authorities or their delegated agents, a place at which consolidation of similar activities takes place provides more economic inspection than individual stand-alone operations. As such the savings in tax or rates should be recognised by some form of encouragement to consolidation.

It is argued that markets continue to provide some remaining 'public good', which warrant a degree of ongoing support. However, as the markets increasingly become less like markets and more closely akin to others in the supply chain, the burden of site investment and management should pass increasingly to commercial providers.

In addition the review considers the relationships between landlords, tenants and organised labour and the very different ways these have evolved in each market. It highlights the need for improvements in the alignment of what appears to be frequent frictional failures to address important issues.

7. Recommendations

1. Are existing London wholesale market facilities well adapted to the needs of the business communities and users which they serve?

Today wholesale markets represent less than one quarter of total fresh meat, fish, fruit and vegetable supplies to London and the South East³. The wholesale markets are increasingly dependent on supplying the catering industry. Even here the markets only trade with a section of the industry, the rest being supplied by distributive wholesalers who operate from outside the markets or are larger catering groups or units that increasingly are able to organise direct deliveries from producers and manufacturers.

However, the review concludes that the markets are still important in supplying SMEs, especially small catering establishments, the remaining independent retailers and street markets. Given the large number of small businesses, often run

³ See appendix 4

by ethnic traders, who rely on the markets for supplies, it is recognised that, without markets, alternative supply chain arrangements would be to their disadvantage.

Markets still perform an important, but reduced function in the distribution of perishable foods. It is recommended that in order to maintain and upgrade the services provided by markets they need to operate from a limited number of composite sites. Consolidation of all perishable food products and other services would permit catering customers to collect in a single market or deliveries to individual high street outlets to be better organised. Improving distribution efficiency through integrating collection and increasing drop size is a vital element in reducing traffic congestion.

The review also highlights the increasing inability of some markets to act as efficient clearinghouses for matching fluctuating volume with volatile demand. The nature of the change from retail to catering customers has largely determined the situation. However, farmers and the distributors of imports must carry much of the blame for previously using the markets as a dumping ground for supplies unsuitable or surplus to supermarket needs.

Some of the London market traders conduct a meaningful business directly with consumers. The opportunity exists for markets to consider the development of separate dedicated areas or the increased use of market space out of market hours to open better publicised retail markets at certain times of the week. This could possibly be incorporated with the establishment of on site Farmers Markets.

It is recommended that farmers and their organisations should work with wholesalers to develop a better understanding of the changes that have taken place in wholesale markets and the opportunities that might be available for improving the distribution of British produce.

2. What is the effect on the operation of the markets of the legislation which governs them?

The review argues that current prohibitions protect some wholesalers' profits at the expense of the future prosperity of markets, customers and society in general. In a fast changing world artificial constraints on trade tend to mask market signals and encourage the defence of rights to the point when failure to recognise the need to effect timely change results in disaster.

The review recommends that markets be encouraged to rationalise and consolidate. In so far as current legislation limits the freedom for that to happen, it is undesirable.

It is recommended that a period of six months should be allowed within which stakeholders must agree on a programme for the timely implementation of the recommendations contained in this report. If the stakeholders fail to agree a programme within that period, those markets who wish to extend their catalogue

and activities should be encouraged to challenge the restrictions and legislation should be introduced to remove all restrictions limiting the face-to-face sale of products within London markets.

Much of the legislation now restrains trade. It benefits some wholesalers, but results in inefficiency, uneconomic distribution and waste. It is recommended that such legislation should be removed to allow competitive dynamics to produce a more effective supply chain.

3. What is the potential impact of product diversification and changing demand for the services provided by the wholesale markets?

London's wholesale markets need to offer a broad catalogue of products if they are to meet the changing demands of the market. The review demonstrates that catering has become the engine of the London markets. Caterers will increasingly seek to improve their efficiency and that means that consolidation of supplies will need to take place at some stage earlier in the supply chain than their kitchens. They will seek to collect their supplies from sites that offer a full product range or require their supplies be delivered in consolidated loads.

The review considers that London's requirements for meat, fish, fruit and vegetables could be accommodated efficiently and economically on two composite sites, east and west of the capital. A central London site, largely focused on the London hospitality trade, would reduce the pressure on the expansion needed at the two outer markets. In addition, such a central facility would provide the opportunity to develop an improved supply chain for the central London catering trade, including more added value and integrated distribution. Of the existing central London markets, Billingsgate and Smithfield are constrained and limited by the size of their sites. In addition Smithfield is inappropriate for expansion in view of the public nature of the market, its proximity to residential, leisure and office accommodation and being located within the proposed traffic-charging zone. Nine Elms is not an ideal central London site. However, similar issues would apply to virtually any alternative site within the central London area.

It is recommended that London should be serviced by three composite markets for meat, fish, fruit and vegetables based at the sites of Nine Elms, Spitalfields and Western International.

4. What is the scope for developing a co-ordinated strategy for the future management of the markets

There is some attraction to the perceived advantage of establishing a strategic authority to provide leadership and bring about change through a central planning and management body for London markets. However, it is suggested that repeating the mistakes of the past in seeking to impose decisions from above by way of regulation and restriction would fail to release the undoubted entrepreneurial talent that exists within the markets to meet the challenges of the future.

The Review does not recommend the establishment of a central planning, management or liaison body for London markets to bring about and regulate change, preferring the removal of legislation that restrains trade and allowing competition between markets to establish competitive efficiency.

However, in the eventual situation that it becomes impossible to obtain general agreement to change, it might prove to be difficult to avoid the need to review this recommendation.

8. Implementation and Alternatives

The original remit requested the review to address strategic policy considerations in regard to the future of London's wholesale markets. However, the further one considers the issues, the more it becomes apparent that the real challenge is not so much strategy and policy, but the problems of implementing any form of meaningful change. The complexity of the legal and regulatory framework that governs markets, the problems in establishing a priority for legislation and obtaining agreement are all compounded by the conflicting economic interests of the various stakeholders. The review therefore makes no apology for going beyond the original remit.

The review considers how the report's recommendations might be implemented if agreed by all stakeholders. A critical path and structural approach is presented for consideration that would:

- Release the Smithfield and Billingsgate sites for alternative use
- Provide sufficient funding for the development of Nine Elms
- Establish a structure that would allow Government to exit ownership of the Nine Elms site
- Prevent Spitalfields and Western International from being disadvantaged
- Encourage free choice for tenants to take up economic opportunity
- Provide the Corporation of London with the option to choose whether it wishes to remain invested in markets
- Establish improved alignment of interests of landlords, tenants, local authorities and others
- Allow for change to be implemented within a reasonable timeframe and with legislation only being required to subsequently remove redundant restrictions, particularly those that might apply to sites no longer required for markets.

Without admitting to the potential for a failure to agree amongst stakeholders, the report also considers various alternative scenarios that might arise following the consideration of the review. These include partial failure to agree amongst the parties, particularly an agreement in principle between Defra and the Corporation of London, with disagreement from all or some of the Billingsgate or Smithfield tenants.

Finally the report addresses the ultimate problem of a complete failure to agree between the parties and how some positive change might still be achieved.

REVIEW OF LONDON WHOLESALE MARKETS

1. INTRODUCTION

The review focuses on the five main wholesale markets for perishable agricultural produce that currently service the Greater London area.

Name	Product	Location	Landlord
Smithfield (London Central Markets)	Meat and poultry	Smithfield	Corporation of London
Billingsgate	Fish	Canary Wharf	Corporation of London
Spitalfields	Fruit and vegetables and flowers	Leyton (East London)	Corporation of London
New Covent Garden (Nine Elms)	Fruit and vegetables and flowers	Vauxhall	Covent Garden Market Authority
Western International	Fruit and vegetables and flowers	Hounslow (West London)	Hounslow Borough Council

1.1. Objectives

The review considers consumer and supply chain trends, with the objective of establishing whether there remains a need for wholesale markets. The review concludes that there is a future for wholesale markets, but only if they recognise and adapt to meet the challenges that face them.

The review then sets out to provide a description of the possible shape of future markets, their location, the facilities required and the functions to be performed. In making a recommendation the review takes into account the alternative potential uses and value of the current market sites in order to determine a balance between best value and social needs and responsibilities.

Whether wholesale markets provide a 'public good' and the desirability of whether or not they ought to benefit from direct or ongoing implied subsidies forms the basis for considering the necessary financial structures and the future ownership and funding of market sites.

In considering the best way to ensure change the review considers the desirability of developing a co-ordinated strategy for the future management of London's markets.

Legislative, contractual and emotional impediments to rapid change directed the review to address the objective of providing possible models to encourage a timely and successful implementation of the recommendations.

1.2. Principles

The review started from a neutral position in regard to the future need for wholesale markets and addressed the issue from the viewpoint that markets have no essential right to a future if they no longer perform a useful economic function. Recommendations are based on a study of future supply chain needs driven by consumer trends and the potential influence of the introduction of new technologies, including e-commerce, as well as anticipated regulatory changes such as traffic management schemes and improved food safety regulations.

1.3. Methodology

Research of published statistics and economic forecasts together with personal experience and information provided by experts formed the basis for projected trends.

The sponsors, market authorities, tenants' associations, the TGWU⁴ and various individuals provided information regarding current market facilities, finance, management and labour issues.

A short survey was distributed to all tenants to elicit support and corroboration of the information provided during face-to-face interviews and in order to establish top line information in regard to tenants' businesses. The survey was time constrained, although the number of responses and their content was not out of character to previous surveys conducted by market authorities.

Views were sought from the GLA⁵, LDA⁶ and local council representatives on a wide range of issues including the GLA's Draft London Plan. Discussions with the FSA⁷ and several City Livery Companies were held in regard to the future of markets and specifically the management of food safety regulations and inspection services. Ideas were sought from a wide range of other organisations, individuals and professionals largely to address the practical problems of implementing the review's recommendations.

⁴ Transport and General Workers Union

⁵ Greater London Authority

⁶ London Development Agency

⁷ Food Standards Agency

2. THE SUPPLY CHAIN

Based on the National Food Survey, we calculate that total sales of meat, fish, fruit and vegetables in London and the South East of England is some £11.2 billion at retail sales value (RSV). With 27% of the population of Britain, this region spends more per head on food than the rest of the population.

Increasingly, organised retail and catering company's purchase their supplies direct from producers, producer organisations, specialist suppliers and manufacturers. The wholesale trade has therefore declined to supply some 50% of the total market. The London wholesale markets have an estimated total sale of £1.55 billion, which represents approximately 20% of fresh meat, fish, fruit and vegetables supplies to London and the South East⁸.

2.1. The Consumer

Over the past 50 years, rapid changes in our approach to work and leisure have significantly altered our eating patterns and attitudes towards food. From the 1960s, increasing availability of cheaper food in real terms, rising standards of living, growing female employment, shrinking household sizes and increasing importance of leisure activities have brought about major changes in consumer habits. Food is increasingly expected to provide convenience in the kitchen and innovation in taste, and yet be suitable for grazing rather than to be consumed as set meals. The availability of car parking has become one of the main drivers in the choice of where to shop.

Supermarkets were quick to recognise each trend as it emerged and were often instrumental in pioneering change. Supermarket strategies of 'pile it high and sell it cheap' of the 1960s and 1970s, the quality prepared foods and innovation of the 1980s and the inviting superstores of the 1990s, resulted in many independent retail traders being unable to compete.

The other major change in consumption and purchasing habits was the rapid increase in eating out experienced during the 1990s. Meals provided by the institutional sector such as prisons and hospitals, increased with their growth in occupancy. Cheap eating out by office and factory workers increased with the rapid expansion of fast food outlets and sandwich bars. But it was disposable income that drove the development of eating out as a leisure activity and a rapid increase in single or two person households that encouraged the significant move to consuming food out of the home. The North American pattern of grazing and dining out was firmly established.

By the end of the millennium some 30%⁹ of expenditure on all food and alcohol in Britain was for consumption away from the home. With the added value provided by the catering sector and increased tourism, catering supplies became a significant and growing sector of the supply chain. Although much of the business was conducted

⁸ See appendix 4

⁹ On average, each person in Britain spends £25.00 per week on food and drink, of which £7.36 is spent on eating out, (National Food Survey 2000)

through large chains of pubs and fast food restaurants, the trend provided for an explosion in SMEs. This trend was of particular importance in providing the opportunity for ethnic entrepreneurs to open many more catering establishments and develop a significant niche in parts of the wholesale supply chain.

Regional Comparisons

London and the South East represent 27% of the population of Britain. However, in expenditure terms, the region accounts for 31% of the food consumed at home and 33% of food eaten out, both above the demographic proportion. Londoners eat out in even higher ratios. They spend £29.97 per week on all food and drink, of which £10.44 (35%) is spent on eating out¹⁰. In volume, consumption in London and the South East tends to be in line with its regional population, although Londoners significantly eat more ethnic food, more fish and more fruit. Whilst people from London and the South East eat around the same volume of food as those outside the region, they spend more on it.

Some facts.

- Average household size is getting smaller. Over 60% of households are one or two person, compared to 44% in 1961.
- Snacking and grazing are replacing traditional eating patterns (three meals a day), with an increased reliance on food prepared and cooked by others.
- The younger generations are eating out more than older generations.
- In 1994, we spent £4.25 per person per week on food and drink (less alcohol) eaten out of the home. In 2000 we spent £5.70 - an increase of 13.5% in real terms.
- In 1994, we spent £13.91 per person per week on household food and drink (less alcohol). In 2000 we spent £16.15 - a decrease of 1.8% in real terms.
- When eating out, Londoners consume 74% more ethnic food, 41% more fish and 137% more fruit than the British average.

Source: IGD and National Food Survey 2000

2.2. Retailing

The emergence of self-service supermarkets in the U.K. changed the face of grocery retailing. By the 1960s, supermarkets could purchase in large enough volumes to deal directly with suppliers. Throughout the 1970s supermarkets diversified and expanded their product ranges, incorporating greater quantities of perishable foods, including meat, fish, fruit and vegetables. By the 1990s supermarkets had rationalised their buying and distribution systems. Purchasing is conducted through centralised buying departments, with dedicated Regional Distribution Centres (RDCs) consolidating supplies and distributing composite loads to retail stores.

Throughout the 1990s supermarket share of the U.K. grocery retail market has grown to nearly 60% in 1997 and is holding around that level¹¹.

¹⁰ National Food Survey 2000

¹¹ See Appendix 6

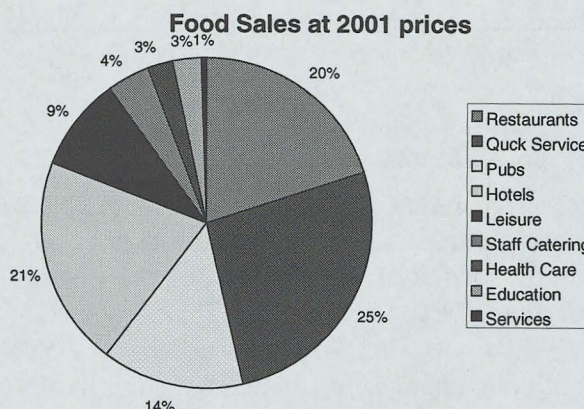
U.K. supermarkets have achieved:

1. Large economies of scale allowing them to purchase their products in bulk.
2. Direct purchasing from suppliers eliminating the cost of wholesaling intermediaries.
3. Distribution systems based on RDCs that enables them to better organise suppliers' deliveries and transport composite loads to each store.
4. Diversification of their product ranges, allowing their customers to enjoy 'one-stop-shopping'. It is not uncommon to find large supermarkets selling T.V.s, clothing, petrol and even insurance.

All of this has had a dramatic effect on specialist stores (butchers, greengrocers etc.) and their wholesale suppliers. By the mid-1990s, food-wholesaling markets appeared to be in terminal decline.

2.3. Catering

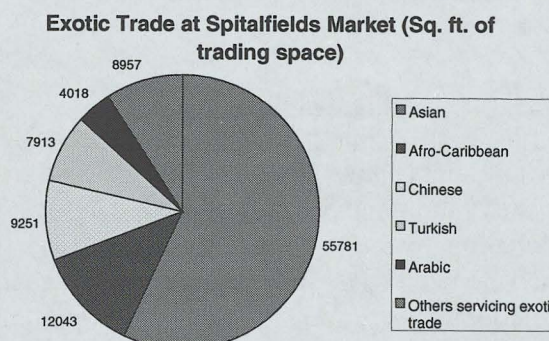
Catering is the UK's fourth largest consumer market. The pie chart opposite shows a breakdown into its various segments. Quick service, restaurants, hotels and pubs make up 80% of catering sales whilst education and health care comprise 6%.



Source Food Service Intelligence

Our market survey indicates that catering customers represent a significant proportion of trade in London's wholesale markets – Billingsgate 29%, Covent Garden 39%, Spitalfields 42%, Smithfield 41% and Western International 14%.¹²

Many new catering distributors are ethnic specialists. Chinese, Asian, Afro Caribbean and Turkish, they essentially supply their own ethnic groups of shops and restaurants. This wholesale-based supply is noticeable at Spitalfields market, where 41% of trading space deals in so called 'exotics'.



Source: Corporation of London.

Even the remaining independent retailers have expanded their customer base by supplying small local pubs, clubs and restaurants.

¹² See Appendix 9, 10 & 11

The catering market is still supplied predominantly through wholesalers, but like supermarkets, caterers will increasingly source directly from suppliers as larger players continue to grow in a slowly consolidating market. Catering chains represent approximately 45% of foodservice outlets, although no single player has achieved greater than 5% market share. IGD estimates that in 1999, 75% of the cost of goods sold to caterers was via wholesalers, decreasing from 79% in 1996.

Distribution channels for the UK Catering Market

Delivered Trade ¹	67%
Cash & Carry & markets	8%
Direct ²	19%
Other ³	6%

¹Includes sourcing from markets

²Includes direct from the manufacturer and contract distribution

³Other is mainly purchases from other retail outlets or vending sales

Source: IGD Research, 2000

Many catering establishments may continue to want to purchase perishable meat, fish, fruit and vegetables from specialist suppliers, but they will increasingly want to collect as much of their supplies as possible from single locations or have their product delivered in as few vehicles as possible. They will seek to avoid the need to constantly send staff to the back door to unload. That and congestion will drive the consolidation of distribution.

In addition to changes in supply chain distribution, catering outlets will look to reduce unnecessary preparation in the kitchen. Already much of the vegetables and salads supplied to caterers are ready peeled and washed, meat and fish are portion controlled. Increasingly peeling, dicing, slicing and waste disposal will become inappropriate activities to be carried out in expensive high street locations using large numbers of semi-skilled labour. This trend will be reinforced by the economics and environmental advantage of preparing and semi-processing in large batches. Catering suppliers, operating from within or outside wholesale markets, will enjoy increasing opportunity to secure added value business.

2.4. Wholesaling

Wholesalers have traditionally offered a link between primary producers and manufacturers and retailers and caterers, providing a number of basic functions including warehousing, transportation, product consolidation and inventory management. As supermarket chains achieved sufficient scale to undertake these functions independently the better suppliers were attracted to the supermarkets and direct delivery, avoiding the need to use wholesalers. The meat, fish, fruit and vegetables available to the wholesale markets was increasingly supplied by UK producers and importers who were not good enough to supply supermarkets. Dumping of produce that was outside supermarket specifications or was surplus to programmes exacerbated the problem. The market wholesalers were increasingly left trying to earn a living selling secondary quality to the remaining independent retailers, corner shops and street market traders. During this period the difficult commercial

environment forced the larger companies to exit the wholesale markets, closing their operations or returning their market businesses to private entrepreneurial ownership.

By the mid to late 1990s rising demand for consumption outside the home resulted in market wholesalers enjoying new business opportunities. They became catering distributors or supplied the increasing number of specialist distributors who came to market to obtain supplies and consolidate distribution.

Turnover of the London wholesale markets.

It is difficult to accurately calculate the turnover of the London wholesale markets. Whilst The Covent Garden Market Authority has statutory powers to collect annual turnover statistics, this is not the case at other markets. Based on information provided by the market authorities we estimate:

Value £ millions	Est. turnover in 1991/ 1992	Est. turnover in 2000/ 2001	Percentage Change
Billingsgate	190	230	21%
Smithfield	400	300	-25%
New Covent Garden	405	391	-3%
Spitalfields	350	400	14%
Western International	300	300	0%
Total	£1,645	£1,621¹³	-1%

Smithfield appears to have experienced a significant decline in turnover. This is to be expected with their reduction in volume. However, the figures must be viewed with some prudence as they are based on estimated values per tonne, no financial figures being available. Covent Garden has seen a slight decline since 1991, although trend data¹⁴ shows that increases in catering and other non flower, fruit and vegetable turnover have contributed to overall increases since 1997 of £47 million, or 14%.

Billingsgate and Smithfield markets have provided trend data for turnover in volume¹⁵:

Volume Tonnes	Est. turnover in 1991/1992	Est. turnover in 2000/2001	Percentage Change
Billingsgate – Fish and associated products	23,750	20,281	-15%
Smithfield – Meat and associated products	140,969	104,504	-26%

Billingsgate and Smithfield markets have both experienced significant decline in their volume throughput over the ten-year period, although Smithfield has seen an increase since 1998 of 35,844 tonnes, or 52%.

¹³ This includes turnover of flowers at New Covent Garden Market worth £73 million.

¹⁴ See Appendix 7

¹⁵ See Appendix 7

Future trends in wholesaling

For the foreseeable future increasing consumption out of the home bodes well for active wholesalers who are able and willing to meet the new opportunities by expanding their catalogue and adding value to their offer. However, as the market matures and the catering sector becomes more organised, the market wholesalers will need to beware of their new customers searching for improvements in efficiency by avoiding wholesale markets, as did the supermarkets before them.

Markets will need to adapt to new technologies if they are to remain competitive. Improved communication technologies, particularly in relation to the Internet will give wholesalers, like others, the opportunity to expand their supply and customer bases. At the same time, it will open them up to wider competition. Remote buying and tendering may seem a long way away for most market wholesalers, as witnessed by the frustration of the Covent Garden Market Authority who, despite encouragement, were unable to promote interest amongst its tenants to take up internet based trading. Yet real time remote buying is already happening at an increasing number of port side fish auctions and some catering suppliers are beginning to develop Internet based tendering systems.

Remote buying is already a large part of many wholesalers' business, with telephone ordering becoming a meaningful part of their turnover. Virtual markets are not that far away despite the traditionalist's cry that perishable meat, fish, fruit and vegetables need to be seen to be bought.

What effect would increased remote buying have on markets? As technologies advance, traders who do not adapt them to their business may find themselves no longer able to compete. Walking around a market to compare the daily offer may soon become the way of a declining number of traditionalists. The trend is already apparent in some markets, as improved use of communication systems allows for greater efficiency and closer trusting relationships between buyers and sellers. Wholesale salesmen will increasingly turn their faces away from the buyers' walkways and rely on Internet and phone. Successful market wholesalers will use their market warehouses to develop efficient handling and distribution depots. They will need to develop further their competitive advantage through the complexity of their markets, maximising the benefit of being a number of specialist businesses located in close proximity and able to supply their customers with full ranges of supplies through inter-trading with each other.

2.5. European Supply Chain Distribution

It is useful to compare the development of food distribution in London with that of other European cities. Many European cities still enjoy the availability of independent retailers and vibrant street markets. Cultural differences have effected the speed of change and the nature of the retailing. Street markets in the UK tend to project an image of bargain shopping, whilst those in many Continental countries still sell quality, variety and freshness. However, all the wholesale markets are experiencing the traumas of having to adapt to the increasing growth of supermarkets. Few demonstrate dramatic new thinking in developing radically different structures or functions. Many remain essentially funded by central or local government, although a

few private markets exist. Several of the new developments are centred on the consolidation of all perishable trade in one location, although in many cities separate markets still co-exist and the problems for the future will be similar to those that will increasingly be experienced in London.

In seeking an example to highlight a fundamentally different proven approach, the Paris market at Rungis remains the classic case study. For the French food was, until very recently, both seasonal and regional. Fruits and vegetables had their place in the calendar and meat and poultry, speciality cheeses, pâté and garnishes were proudly trumpeted as coming from local farms and regional manufacturers. Imported food was less important than in Britain.

Supermarkets were initially convenient and cheap, but real food was purchased from traditional retailers or street markets. This is now changing significantly, as supermarkets gain as much hold of retail sales as elsewhere in Europe. Yet wholesale markets remain a vital part of the national supply chain. Rungis is the only wholesale market in the Paris region and is an impressive Wholesale Food Park set in 220 hectares with excellent motorway access and within some 8 miles of the centre of Paris. Since the site was built in the 1960s on low cost land on the outskirts of Paris, the property has become significantly more valuable as the neighbouring Orly airport has become a centre for office and residential development.

The market authority estimates that Rungis supplies 50% of the food needs of the Paris region, but also acts as an export market to countries such as Germany and Britain. They claim 20,000 customers with some 4,000 fruit and vegetable retailers. The market has 1,400 tenants with an estimated combined turnover of 7 billion Euros. The market sells 40,000 tonnes of fish, 400,000 tonnes of meat, of which 120,000 tonnes of beef and lamb are sold by 17 companies and 30,000 tonnes of 'triperie'. Fruit and vegetables sold through the market represent 1,100,000 tonnes. As in Britain, food service has been the engine of the post 1990s market recovery, but there also remain many small retailers in Paris, as supermarkets have been restricted by planning controls.

The traders of Rungis have the benefit of being protected by legislation. Although supermarkets are supplied directly as in the UK, it is illegal to wholesale meat, fish, fruit and vegetables on a 'face-to-face' basis in the whole Paris region other than from within the market. This has allowed the market to develop a complex range of specialist suppliers and skills. Much of the trade is between wholesalers, who buy from each other to ensure a full offer is available to clients or to fill orders. The success of the site is largely due to this interlinking complexity that has encouraged specialisation. The market is really a series of markets, triperie and meat, poultry, fruit and vegetables, fish and shellfish, fresh foods, delicatessen and flowers and horticulture. There are several large transport distribution operations that use the site as a redistribution depot for Europe and the most recent development has been to incorporate distribution depots for several supermarket chains. The next phase will be to provide facilities for more added value food processing for the catering industry.

The site incorporates the Government inspection and veterinary services and is funded by central government, municipal governments, including the producing regions, and the tenants, who own 14% of the equity. The market covers its operating costs, but

does not budget to make a profit or provide a return on investment. Income is made up of rent, service charges and entry tolls on all vehicles.

Like many markets, Rungis experienced significant costs in disposing of waste produce in the 1990s, but having imposed a charge of 600 FF per tonne, the quality of produce delivered to the market has improved significantly.

There are obvious differences between London and Paris, not least of which is the fact that the French love of strategic planning is not translatable into a UK context. However, London's markets have much to learn. The availability of many markets in one location delivers scale, complimentary and dynamic opportunities for customers to obtain what they need and one-site administrative efficiency. The greater apparent alignment of interests between wholesalers and the market authority, whilst not perfect, offers examples in terms of site management and strategic vision. The development of facilities for new services such as e-commerce distribution and factories for added value processing demonstrate a preparedness to take controlled risks for the future.

3. LONDON MARKETS

3.1. The History Of London Markets

Medieval London was full of markets that have left behind a heritage of street names such as Poultry, Old Fish Street, Bread Street, and Milk Street¹⁶. Livestock was once herded to London. The city was both slaughterhouse and butchery. Fruit and vegetables initially came from the Home Counties and eventually from throughout the rest of the UK. By the seventeenth century imports such as oranges from Spain were relatively plentiful. Fish was caught or landed on the side of the Thames and came from the Low Countries as well as local waters. As London grew it established new markets, combining retail and wholesale, and these were seen as an integral element of town planning. In 1800, central London had more than thirty public markets¹⁷ of different types, of which more than twenty engaged in some form of wholesaling

The only way for a market to exist in the early days was through the King's prerogative and a direct grant from the Crown. Immemorial usage and prescription could also create the right to hold a market, but this supposed that a grant from the Crown had already been given, but had then been lost. Markets benefited both the public and the Crown. They allowed those who resided in towns access to produce and goods and gave those in the rural areas a place and system to dispose of their produce at a fair price. Furthermore, markets were a way to establish good title. For the Crown, markets were a way of devolving its duty to protect the citizens by ensuring the standardisation of weights and measures, checking the condition of the produce and promoting fair-trading practices. From the eighteenth century on, Acts of Parliament became the chief means of authorising or changing markets.

The franchise to hold markets was granted to responsible individuals or municipal bodies, for example Lords of Manors or the Corporation of London. Once these bodies had been given the responsibility for markets, they were allowed to charge tolls to defray the running expenses.

William I decreed that markets and fairs could only be allowed in cities, boroughs, walled towns, castles and safe places where the customs of the realm, and the Common Law and dignity of the Crown could not be destroyed, defrauded, or violated. Markets and fairs held in the country were only allowed on special day's in particular towns by charter or prescription. To protect markets from competition and thereby underpin their profitability, a further barrier was created to stop competitors setting up alternative markets too close to an existing market and attracting its customers. The common law distance was stated by Bracton to be six and two third miles, being the distance within which it may be a disturbance of an old market to set up a new one. This distance was set as the reasonable amount a man could travel in a day, sell his produce and walk home.¹⁸ In his Charter of the 6th of March 1327,

¹⁶ Peter Ackroyd, *London the Biography*. (Vintage, 2001)

¹⁷ Colin Smith, *The wholesale and retail markets of London, 1660-1840 in The Economic History Review*, Volume LV, No. 1, 2002

¹⁸ Edward F. Cousins and Robert Anthony. *Pease and Chitty's Law of Markets and Fairs* 5th Edition (London: Butterworths, 1998) 69.

Edward III gave further protection to the markets of the City of London and said that no market could be created within 7 miles compass of the City.

"The purpose of the marketplace was also to allow producers of goods to sell directly to the public, without intervention of middlemen who might seek a profit by raising prices or lowering quality or quantity."¹⁹ Over the centuries the nature of many markets changed as middlemen started to take over the supply chain with traders replacing farmers and retailers serving the housewife. In time wholesaling became central to the distribution of food.

Several retail street markets still survive to this day, although the big wholesale markets also engaged in substantial retail trade during the nineteenth century. London's wholesale trade has largely consolidated at Smithfield for meat and poultry, Billingsgate for fish, and Covent Garden, Spitalfields and Brentford (now Western International Market) for fruit and vegetables. The Borough Market in Southwark, whilst probably London's oldest fruit and vegetable²⁰ market dating from before the eleventh century, is today a unique and successful small, hybrid wholesale and retail market and tourist site. As well as the wholesale markets consolidating, they went through several physical moves to allow for growth, new buildings or improved logistics. The markets are no strangers to reviews, consolidation, physical upheaval and relocation.

Covent Garden

Until the seventeenth century the land in the Covent Garden area was agricultural, making up the pasture and gardens of the Convent of St. Peter of Westminster. The name Covent Garden comes from a corruption of the original "Convent Garden". During the dissolution of the religious houses the property came into the hands of the Duke of Somerset, and from there it was given by the Crown to John Russell, fourth Earl of Bedford. Under the fourth Earl the land was used to create the first public square in the country, designed by Inigo Jones with the support of Charles I.²¹

A small market began in the square in 1649, along the southern wall under some trees. However, the market was given the opportunity to expand when in 1666 the Great Fire of London destroyed most of the markets in the City. This gave Covent Garden the opportunity to become the premier fruit, vegetable and flower market following the removal of the City Stocks market. It was the leading market in the country, being the centre for the import and sale of fresh fruit and vegetables and the country's price setter.

In 1670 the market was formally established under letters patent granted by Charles II, to the Earl of Bedford. The market began to take up an increasing amount of the Piazza and by the 1760's the market dominated the space. Initially Covent Garden was made up of wooden stalls, sheds and other makeshift buildings, but in 1830 a

¹⁹ Stephen Alsford, The Urban Economy. Created 5th April 1999. Accessed 9th September 2002. <www.trytel.com/~tristan/towns/townint.7.html>

²⁰ Borough market only specialised in fruit and vegetables after its relocation in 1756 from Borough High Street to its present site.

²¹ History. Created by Covent Garden Life 2002. Accessed 6th September 2002. <www.coventgardenlife.com/info/history.htm>

main market building was constructed. Gradually more permanent market buildings began to take hold and the flower market was built in 1872.

The market had always been a cause of congestion and nuisance to city dwellers, and with the advent of heavy goods vehicles the market traffic increasingly snarled up the area. Something had to be done. In 1961 the first of the Covent Garden Market Acts was passed. This set up the Covent Garden Market Authority and transferred the relevant assets to the new Authority. The 1966 Act made provision for the market to be moved to a new site at Nine Elms in Wandsworth and Lambeth. In 1971 construction of the new market began and in 1974 the market was transferred.²² The new market was adversely affected by the growth in the direct distribution of fruit and vegetables to supermarkets and provincial markets bypassing Covent Garden. The Authority kept the market financially supported by letting to non-produce companies including providing space for furniture storage and coach parking. However, by the mid 1990s the increase in catering business re-established a level of confidence in the market and encouraged the Market Authority to address the possibility of creating a strategy for the development of the market based on establishing a 'food larder' for London. Tenants today, apart from traditional wholesalers, include a Nova Scotian lobster repackaging unit, a meat-distributing wholesaler, a cheese company, a salmon slicer and packer, two ice merchants, a vintner and a sandwich maker, as well as some 60 catering distributors.

Spitalfields

The Market gets its name from the spital (hospital) and priory of St. Mary, which was founded in 1197.²³ The Market itself was established in 1682 when Charles II granted a Royal Charter to a silk thrower called John Balch. The Charter allowed for a market to be held on Thursdays and Saturdays in or near a certain place called Spital Square.

In the beginning the market was an agricultural area and the produce that was sold was locally grown. Spitalfields became a market for six days a week as the demand from the ever-growing capital increased. In the 19th century Spitalfields dealt with courser produce than other fruit and vegetable markets, reflecting the poorer East End population which it served²⁴. The market buildings were a collection of wooden sheds and stalls until 1876 when Robert Horner, once a temporary porter, acquired a short lease of the market and spent £80,000 constructing a new market building.²⁵

The market passed into the ownership of the Corporation of London in 1902 and by the 1980's it was decided that it had to be relocated, as its success had been held back by traffic congestion and the lack of space for parking lorries. In addition the buildings and public roadways which the market used were not suitable for modern handling methods. The market consolidated with Stratford fruit and vegetable market and moved to a purpose built site in the London Borough of Waltham Forest on the 13th May 1991, where it is now a vibrant and successful market.

²² Colin Allen, *Transplanting the Garden* (Guildford: Crown, 1998) 115.

²³ *A Brief History*. Accessed 9th September 2002. <www.spitalfields.org.uk/history.html>

²⁴ Colin Smith; *The market place and the market's place in London, c. 1660-1840* unpub. PhD thesis, UCL, 1999

²⁵ *The History of Spitalfields Market*. Accessed 9th September 2002. <www.spitalfields-market.co.uk/high/body_index.html>

Smithfield

In the twelfth century William Fitz Stephen, (clerk and biographer of Thomas Becket) in his "Description of London" described the area of Smithfield as a "smoothe field, both in fact and name". At this place there was a huge horse market held every Saturday. Smithfield was also a large and convenient space for public executions, being the scene for the execution of Wat Tyler, the rebel leader of the Peasants Revolt. William Wallace was hung, drawn and quartered at Smithfield in 1305 and during periods of religious disturbance in the sixteenth century it was a place for burning both Protestants and Catholics at the stake. By the later Middle Ages the area had become the most famous meat market in the country. In 1790 the market handled 104,000 cattle and 750,000 sheep. Driving large numbers of animals through London for slaughter created considerable problems. Although Parliament passed an Act and the Corporation of London made regulations to ease the nuisance, the numbers of cattle and sheep kept increasing, as did the traffic on the streets of the City.

Smithfield weathered the competition from the Islington Cattle Market, opened in 1834, but a Royal Commission was set up to look into the situation and ultimately decided that the market should be removed from the site. In 1851 the Smithfield Removal Bill went before Parliament and passed into law on the 1st August that year. Smithfield was closed on the 11th June 1855 and two days later the Prince Consort opened the new Metropolitan Cattle Market at Copenhagen Fields in Islington.²⁶

However, this was not the end of Smithfield as a meat market. The Metropolitan Meat and Poultry Act 1860 created the London Central Markets. A carcass market took over the site in 1869 following the Act and consisted largely of traders from Newgate market and other places in the City. In 1875 the Poultry Market was added. The Corporation of London refurbished the market recently, spending some £80 million on upgrading the listed buildings and making Smithfield one of the most modern meat markets in the world. However residential and leisure developments, in addition to increasing office space, again make the congestion caused by the market an inevitable issue for the future.

Billingsgate

Billingsgate was known as Blynesgate and Byllynsgate before the name evolved into the one we know today. Billingsgate was originally a market for all sorts of produce: oranges, onions, roots and fruits, all types of grain as well as coal, iron and wine and did not become exclusively associated with fish until the Sixteenth Century.²⁷

During the reign of Edward I the sale of fish was restricted to the market place to ensure that the new laws regulating the sale of fish were adhered to. At that time the prices of fish were fixed, for example the best soles were 3d. per dozen; the best turbot 6d. each and the best-pickled herrings 1d. a score. King Henry IV, in 1400,

²⁶ Guildhall Historical Association Smithfield Before the London Central Markets (May 1984) 7.

²⁷ History Created 1997. Accessed 9th September 2002. <www.fis.com/billingsgate/history.htm>

granted the citizens the right to collect tolls and customs at Billingsgate.²⁸ The charter was augmented in 1699 by an Act of Parliament, which made Billingsgate a "free and open market for all sorts of fish whatsoever." The new Act also structured the trade; for example street hawkers were now not allowed to buy fish straight from the fishermen. However, the Act did create a monopoly for Dutch fishermen moored in the Thames to sell eels, as they had helped to feed the people of London during the Great Fire.

The old method of getting fish to the market was by boat, but the advent of the railways meant that more fish could be sent from further afield. The surety of supply created a strange phenomenon in the trade. Some fish started to make a double journey. The fish would travel to Billingsgate from coastal towns such as Brighton and then return to Brighton with retail fishmongers. As a result the price for fish in the coastal towns near to London was seldom cheaper than in the capital.

Like other markets, in 1982 increasing traffic congestion and nuisance, as well as the rise in property values resulted in the market being moved. Billingsgate relocated from its historic site and now operates from a purpose built market at West India docks in the London Borough of Tower Hamlets. Some £11.8 million²⁹ was spent on the new market. However, twenty years later and despite a further £4.5 million having been spent on capital investment and repairs, the market is in need of considerable new investment to bring it up to required standards.

Borough Market

The Borough Market has existed in one form or another for over 2,000 years. The Roman commander Aulus Plautus and his Roman legions found the market at Southwark in AD 43 on their way to sack the city. The market was originally located near London Bridge due to the area's strategic location as the meeting point of all roads into the City from the South Coast. Although the market has moved location several times by a few hundred yards, it has always existed in roughly the same location. Today the management of the market is left to 21 trustees³⁰ and the day to day running to a small team of office staff and Beadles. The market trust has been governed by Acts of Parliament dating from the eighteenth century and in 1999 the Trust was registered as a Charity.

While the market still deals in the wholesaling of fruit and vegetables, it has also diversified into a weekly retail market for 'fine food' held on Fridays and Saturdays. The market is now a tourist site and producers bring fresh produce to the market, including speciality fish, meats, vegetables, ciders, cheese, breads, cakes and patisseries. Recently the fine food market has become the focus of cookery workshops and an increasing number of restaurants. In 1997 Neal's Yard Dairies arrived at the market and now an increasing range of high quality food shops are situated around the core of the wholesale market.

²⁸ History Created 1997. Accessed 9th September 2002. <www.fis.com/billingsgate/history.htm>

²⁹ Billingsgate investment: Corporation of London £4.3 million; Borough of Tower Hamlet £1.7 million; Department of Environment £5.1 million - total cost £11.1 million. The site cost was £690,000

³⁰ Borough Market Trustees were established by Act of 1755 (amended in 1823).

3.2. Legal Organisation

The establishment of markets was initially governed by the Six and Two-Third Rule, which derives from the common law. Halsbury's Laws says that: "A franchise of market of fair carries with it a right to be protected from disturbance by a rival market or fair levied within the common law distance of seven miles, or more strictly six and two-third miles, of the place where the market is held". In March 1327 King Edward III declared, "no market from henceforth shall be granted by us or our heirs, to any within seven miles in circuit of the said city." King Charles I later confirmed this Charter in October 1638.

The legislation relating to the central London markets is included in appendices 1 and 2. However the key legislation is as follows:

New Covent Garden

The four Acts governing New Covent Garden Market are modern in comparison with the other central London markets. They comprise the Covent Garden Market Acts of 1961, 1966, 1969 and the Covent Garden Market (Financial Provisions) Act 1977. The main focus of these Acts is the transfer of the fruit, vegetable and flower markets from their original home in Central London to the new site in Wandsworth and Lambeth.

The 1961 Act set up the Covent Garden Market Authority (CGMA), transferring to its control the lands in the Parish of St. Paul, Covent Garden and the chattels of the property of Covent Garden Market Limited. It also revoked the Letters Patent and the Improvement Act. The 1961 Act gave the Authority the power to carry on any activity it considered necessary or convenient to carrying out its duties or with a view to making the best use of its assets. It was also empowered to do anything or enter into any transaction that in its opinion would facilitate the proper discharge of its duties or the exercise of its powers. The CGMA is allowed to provide vehicles for the transportation of horticultural produce around the market and set up temperature-controlled storage or ripening equipment. The Authority has the power to provide an infrastructure that is ancillary to the market: restrooms, canteens, washing facilities and sanitary conveniences. In addition the 1961 Act provided for committees to assist in the running of the Market. There are financial provisions within the Act to cover compensation for those who were disadvantaged by the move of the market, and regulations regarding how money should be borrowed.

In order to facilitate the move from the original site to the new site at Nine Elms the Covent Garden Market Act 1966 focused on the land issues. The Act grants the CGMA the right of compulsory purchase and sets out the rules that were to guide the acquisition of land for the market. There are also provisions regarding how the land was to be developed as a market for dealing in bulk horticultural produce. To that end the Authority is entitled to build any structures that it may think is necessary to provide for a market. The CGMA is allowed to levy tolls and other charges on those who use the site and they have the power to enact bylaws.

The 1969 Act grants further powers to the Authority including the power to appoint law enforcement officers for the site. The Authority is made a "Highway Authority" for the purpose of certain Road Traffic Acts, and it can apply to the Secretary of State to make an order amending various road traffic legislation as regards the roads within the site. The 1977 Act concentrates on financial matters, such as the reduction of the debt owed by the Authority and its financial duties. It also outlines the ability of the Minister to suspend some of the liabilities of the Authority.

Smithfield / London Central Markets

Originally the Charter of King Charles I, 18th October 1638, granted the Mayor of London and Commonalty and Citizens and their successors authority to hold markets and fairs in the field called Smithfield. The Metropolitan Meat and Poultry Market Act 1860 turned Smithfield from a livestock market into a dead meat market. This Act sets out the land that the Corporation is allowed to buy for the purpose of creating the market and the building, which can take place on the site. The Corporation has the streets and soil surrounding the market vested in them with the duty to maintain them. They are also made responsible for water, drainage and the provision of weighing machines, scales and attendants at the market. To assist with the management and maintenance of the market the Corporation is allowed to enact bylaws and to charge tolls.

There have been many Acts over the years that are focused on improving the market. The Metropolitan Meat and Poultry Market (Western Approach) Act 1862 states that the Corporation is allowed to improve the road that creates the western approach to Smithfield. Furthermore, there have been several Acts that enlarge the remit over what the market can sell. The London Central Markets Act 1875 establishes a fruit, vegetable and flower market on the site to fill the gap left by the abolition of the market at Farringdon. The Metropolitan Markets (Fish etc) Act 1882 empowers the Corporation to turn the fruit and vegetable market into a fish market. Finally the London Central Markets Act 1886 grants the Corporation the right to turn the fish market back into a fruit and vegetable market.

Billingsgate

The Billingsgate Market Act 1846 repealed all previous legislation regarding the market and provided that the market shall be held at Billingsgate every day of the week except Sunday. The Act also gives the Corporation the power to enact bylaws, rules, orders and regulation to maintain and control the market. The legislation relating to market days was later qualified by the City of London (Various Powers) Act 1920 Section 10 which allows the Corporation to shut the market for Christmas Day and special occasions, for example public feast days or national mourning. In 1973 sections 10 to 17 of the City of London (Various Powers) Act of that year, provided for the removal of the market from its historical site to a new site in Tower Hamlets. All of the legislation that had applied to the former site remains applicable to the new site and the powers exercisable on the existing site by officers authorized by the Wardens and Commonality of the Mystery of Fishmongers in the City of London shall be exercisable on the new site.

Spitalfields

The Charter of Charles II established a market at Spitalfields when it granted John Balch Esq. his heirs and assignees the right to hold two markets every week on Thursday and Saturday in or near a place called Spital Square. In 1902 the City of London (Spitalfields Market) Act empowered the Corporation to buy Spitalfields market with the right to extend and improve it. Through this Act the Corporation was allowed to charge tolls and rents and to enact and implement bylaws. The City of London (Various Powers) Act 1922 sections 4 to 24 grant the market the right to open on every day except Sundays as well as allowing for further improvements to the site.

In the early 1990's it was decided that the old Spitalfields site was inadequate. The City of London (Spitalfields Market) Act 1990 was passed which provided for a move to a site that could meet the future needs of the market. All of the Acts that had applied to the former site now apply to the new site. The Corporation was directed to give accommodation on the new site to those from the old site who were carrying on market business up to the appointed day and to those from Stratford Market in the London Borough of Newham. The former site was released from any restrictions placed on it due to its status as a market.

3.3. Ownership

The Corporation of London owns the markets at Billingsgate, Smithfield and Spitalfields. At Billingsgate the Corporation owns the freehold of the land, but there is a 999-year lease held by Tower Hamlets, who in turn have granted a 99-year lease to the Corporation commencing in 1982.

The legislation that created the New Covent Garden Market Authority provided the Authority with the power to purchase lands for the new market and hold the freehold for the market. It also holds a 99-year lease from British Rail over the railway arches that commenced in 1974. Market Towers, an office block that was originally part of the new site, has now been sold to a third party, but the Market Authority retains a contingent liability in respect to some Tower tenants until 2011. The Authority remains under the sponsorship of Defra.

3.4. Planning Issues

A new 'Spatial Development Strategy' for Greater London is in the process of being prepared by the GLA. London as a whole and the Borough's individually are looking towards two sets of rules to determine planning procedures and guidelines. The outgoing Strategic Guidance for London Planning Authorities (RPG3) issued in May 1996 and the incoming Mayor's Plan for London. Currently the Plan for London is in its drafting stages and the final plan will be released towards the end of 2003. Planning Authorities have to be conscious of both the Strategic Guidance for London Planning Authorities, 1996 and the Mayor's Draft Plan for London when they are creating their Unitary Development Plans (UDP) and planning regulations. What follows is a list of the Strategic Guidance for London Planning Authorities and the focus points from the Draft Plan for London.

STRATEGIC GUIDANCE FOR LONDON PLANNING AUTHORITIES (RPG3)

Issued May 1996

- To promote London as a world city recognising its role as a world class business, commercial, educational and heritage centre.
- Maintain and enhance the competitiveness of using, including encouraging manufacturing, services, tourism, culture and the arts.
- Encourage a pattern of land use and provision of transport, which minimises harm to the environment and reduces the need to travel especially by car, consistent with the principles of sustainable development.
- Promote urban regeneration, particularly in areas requiring physical improvement or the enhancement of employment opportunities within the objectives for the South East Region as a whole.
- Enhance the vitality, viability and character of town and other local centres as shopping and community facilities that are accessible to all.
- Maximise housing provision in London, consistent with maintaining environmental quality to meet the changing needs of the population.
- Maintain and improve the natural and open environment, including the Green Belt, Metropolitan Open Land and areas of national and international significance including the River Thames.
- Improve the quality and attractiveness of London's urban environment to benefit those who visit, live, work and do business in London.
- Facilitate the development of transport systems which are safe and efficient, and which contribute to the achievement of competitiveness, regeneration and environmental quality.
- Seek to improve air quality, to reduce waste, pollution and the use of energy, and to encourage recycling.

The Draft Plan for London includes six major objectives for London to be promoted through planning regulations:

1. Making the most of sustainable and efficient use of space in London; encouraging intensification and growth in areas of need and opportunity.
2. Making London a better city for people to live in.
3. Making London a more prosperous city with strong and diverse economic growth.
4. Promoting social inclusion and tackling deprivation and discrimination.
5. Improving London's transport.
6. Making London a more attractive, well-designed and green city.

The major objectives in the Plan have three crosscutting themes; that planning should contribute to sustainable development in the United Kingdom, promote the health of Londoners and provide equal opportunities.

Planning in Wandsworth – New Covent Garden

In the Draft Plan for London, Wandsworth is in the Central London sub-region. The Mayor wishes the area to accommodate much of the expected and projected economic and population growth. New Covent Garden Market is in the Vauxhall / Nine Elms / Battersea opportunity area. This area covers 78 hectares and by 2016 should aim to create 7,600 new jobs and 1,500 new homes.

The Borough aims to make Wandsworth an attractive place to live, with a high quality environment. It also wants to provide housing, jobs, accessible local services and create a prosperous local economy. In its memorandum to the Agricultural Committee regarding New Covent Garden Market, Wandsworth Council stated that they wanted the market to remain at its present site with a secure future. The Council sees the market as being a key source for employment in an area of high socio-economic deprivation.

Planning in The City – Smithfield


In the Draft Plan for London, Smithfield is grouped in the Central Activities Zone (CAZ). The CAZ covers both the East London and the Central London sub-regions. Within the Central Activity Zone boroughs should accommodate commercial development associated with business, tourism and retail, subject to the protection of housing and identified special policy areas. Taking account of local amenity, land use mix and transport capacity, developments will be expected to maximize plot ratios. In association with the Mayor, boroughs should propose adjustments to its boundaries if needed when drawing up UDPs.

The impetus behind planning in the CAZ should be to sustain its role, as the core location for international business and finance and as a national transport node, crucial for the wider South East and for the country. Very often, mixed-use developments are especially valuable in the CAZ. Large areas of housing or local businesses are less dominant in some parts of the CAZ. These nevertheless play a vital part in sustaining the international, national and regional importance of Central London.

The main buildings at Smithfield Market are listed and play a very important role in the local townscape. They supply a backdrop for the listed Holborn Viaduct and the other listed buildings at the junction of the Viaduct, Snow Hill, Giltspur Street, Old Bailey and Newgate Street, together with the churches at Holborn Circus.

Planning in Tower Hamlets – Billingsgate

In the Draft Plan for London, Billingsgate is situated in the East London sub-region. This sub-region is the Mayor's priority area for development. The market is located in the Isle of Dogs opportunity area. This area covers 100 hectares and should aim to create 100,000 jobs and 3,500 homes by the year 2016. Improvements in transport infrastructure such as Crossrail 1 and 2 should help the Borough reduce traffic and



stimulate development and environmental improvement. In function the Isle of Dogs has many future activities in common with Central London and development density should reflect this.

The Borough has highlighted a number of issues in its UDP's Strategic Policies. The core objectives are to implement a fair planning policy to address the needs of all those living in Tower Hamlets. As well as this the Borough wants to welcome and encourage investment that generates employment, improves housing and social facilities and brings derelict sites and buildings into beneficial use. The environment of the Borough should be protected and enhanced while meeting the housing targets that have been set and encouraging a competitive economy.

Planning in Waltham Forest – Spitalfields

In the Draft Plan for London, Spitalfields market is situated in the North London sub-region. Economic performance in the sub-region has been varied in recent years with some strong employment growth, notable in Barnet, but with other areas of continuing deprivation and stagnation, such as in parts of the Upper Lee Valley and industrial areas around the North Circular Road. Development should therefore be focused on Opportunity Areas with particular emphasis on the Upper Lee Valley.

New Spitalfields Market is in the Upper Lee Valley opportunity area, which covers 416 hectares and should aim to create 10,000 new jobs and 700 new homes by the year 2016. The Mayor is working with the East of England regional authorities and others to produce a co-ordinated approach to the Corridor from the Upper Lee Valley through to Stanstead and Cambridge.

The future impact on the transport system will be a consideration when new developments are applying for planning permission. The Council will promote an integrated transport system, while improving conditions for public transport, cyclists and pedestrians. However, the Council will oppose any highway schemes, which will increase the vehicular capacity of the road network. The Council will support businesses in the designated employment areas by seeking to retain land for employment use. Outside the area employment land will be retained except where it is impracticable or it causes unacceptable environmental problems. The development of new employment sites will be welcomed where it does not conflict with other policies of the plan. The Council wants to ensure the availability of a skilled work force and will identify and support measures to enable disadvantaged groups to fulfil their potential in the local economy.

New developments should enhance their surroundings and buildings of special townscape value or historical or architectural interest should be conserved. The Council will seek to improve the urban environment, conserve open spaces and continue to protect the green belt and metropolitan land from incompatible development. The Borough will support proposals that contribute to the regeneration of those areas of the Borough where an investment is required. Waltham Forest wish to increase the amount of affordable homes in the Borough, and where developments are high in density the Council will encourage a high standard of design. The Borough wishes to maintain town centres as the primary focus for the provision of shop facilities. To support this they will seek to enhance the accessibility, attractiveness and convenience of shopping centres. New leisure facilities will generally be welcomed, existing sites will be retained and the Council will seek to maximise the benefit of the facilities for all.

3.5. Tenancies

The markets have various forms and duration of tenancies. In addition, the market wholesalers and other occupants often have more than one tenancy, covering the units that they occupy.

Length of Tenancy	New Covent Garden Market	Billingsgate Market	Smithfield Market	New Spitalfields Market
Holding Over	20	64	0	0
Tenancies At Will	0	0	0	6
Periodic Tenancies	0	0	7	0
Under 1 Year	19	1	0	135
1 – 2 Years	11	17	0	0
3 – 5 Years	101	5	0	4
6 - 10 Years	287	5	37	0
Over 10 Years	3	0	0	1
Protected	0	1	0	0
Number of Leases	441	93	44	146
Number of Tenants	240	62	41	149

The majority of tenants at Billingsgate are holding over. The leases that they have yet to sign would run for five years starting from July 2000. Those who do have leases mostly have short periods left to run. The New Covent Garden leases are spread. Smithfield tenancies are related to the building occupied. In the new East and West Markets, where the majority of traders are located, the leases are 10 years in length commencing on the 1st January 2000. The seven traders in the Poultry Market have periodic tenancies with no specific expiry date. There is a provision for three months notice for termination by either party. The Landlord and Tenant Act 1954 security of tenure provisions protect these tenancies. The Corporation of London could, in practice, only determine the tenancies under the grounds covered by the Act. A high proportion of leases at Spitalfields are due to end in 2003. Catering supply tenants mainly hold the longer leases. The tenants using the offices hold the tenancies at will.

3.6. Products, Customers And Activities

Smithfield and Billingsgate currently enjoy 'franchised monopoly' rights to operate wholesale markets for meat and fish within the central London area. They therefore supply a wide catchment area and cater for a variety of different and distinct clients'

needs. On the other hand, in reviewing the three competing fruit and vegetable markets, it is possible to tease out a clearer understanding of the different customers and types of business that exist within the London region and its environs.

Spitalfields generally acts as the supply source for traditional retailers and street market traders in London's East End, the eastern suburbs and eastern and south eastern counties. As such it retains a traditional trade and still supplies a clearinghouse service in balancing supply and demand, albeit much reduced in line with the decline in its traditional retail clientele. Most importantly for the market, Chinese and Turkish traders have made Spitalfields their main base for the wholesaling and procurement of fruit and vegetable supplies for ethnic retail shops and restaurants. The trade is for comparatively low priced produce with limited added value. The market is fully occupied, the trade is vibrant and the relationship between tenants, landlord and organised labour is reasonably positive and productive. They seek no change in the structure of London markets except a level playing field.

Western International is the supply source for traditional retailers to the west and south west of London, the western suburbs and secondary wholesalers working along the western corridor towards Bristol. Like Spitalfields, it also retains a strong traditional trade and supply base. Equally, the market has attracted ethnic traders. In this case it is the Asian merchants who have made the market their base for supplies to ethnic retail shops and restaurants. Importantly, being close to Heathrow, some Asian merchants have also based their import and general distribution businesses in the market, using the market's facilities as a base for office and logistics operations, distributing to the whole of the UK and exporting to mainland Europe. The relationship between the tenants, Hounslow Corporation as landlord and organised labour is well managed and positive. The market is vibrant and fully occupied, with plans currently being developed for the building of a new, slightly smaller market on adjacent land.

New Covent Garden has had much more difficulty in finding its role in the changing supply chain. When the market was moved in 1974 it was expected to retain its business with London retailers and its role as the national clearinghouse and price setter for much of the imported fruit coming into the UK. In addition the growers' pavilion was expected to continue to provide producers with the opportunity to sell their own fruit, vegetables, salads and flowers. In the event, producers disappeared from the growers' pavilion and supermarkets ceased to consider New Covent Garden as a supply source or a valid indicator of price. In addition fruit from overseas was increasingly loaded directly from docks to distributing importers, supermarkets and provincial markets. Coupled with the increase in imports from Continental Europe being delivered by lorry direct from source to customers, New Covent Garden no longer acted as a point of redistribution. Many New Covent Garden wholesalers went out of business and, more than any other fruit and vegetable market, it had to find its future in a completely different direction. In order to fill the space that was unoccupied in the early and mid 1990s, the Market Authority sought income from offering storage and parking space to a diverse group of tenants including furniture companies and bus and coach operators. The salvation for a much reduced market was the dramatic growth in catering, particularly the large numbers of 'white tablecloth' restaurants that sprang up in central London. This has resulted in the market increasingly becoming a base for central London's supply of fruit and vegetables, with several specialist catering distribution companies locating their depots within the

Nine Elms site, enjoying the benefit of its location and considerable lorry parking. Tenants now include catering processors with low sophistication added value services such as break bulk and the peeling and washing of potatoes, vegetables and salads.

In pursuing a clearer business focus, the Authority has attracted as tenants a cheese company, a crustaceans and lobster re-packer, a smoked salmon slicer and packer, a meat distributing wholesaler and other catering supply companies such as two ice merchants, a vintner and a sandwich maker. Although these companies have largely invested in providing their own hygiene facilities, this development into 'higher risk' foods, added value and preparation raises the longer term question of the overall hygiene conditions of the market. The poor state of the buildings, the condition of some of the facilities being used, particularly under the railway arches, and longer term issues in regard to investment, as well as legal constraints, act as a brake on the full development of the site.

The Market Authority wisely sees its future as a general catering food service centre for London, rather than purely as a traditional wholesale market. This strategy is commercially and environmentally supported by the findings of the review and fully promoted by the review's recommendations.

The relationship between tenants, Market Authority and generally with organised labour is positive and constructive given the uncertain situation.

Flowers, pot plants and florists' sundries have historically always been an important part of Covent Garden Market. The flower market, physically separated from the rest of the fruit and vegetable market, was specifically designed for the trade, but now requires considerable maintenance investment. The trade, however, in common with the much smaller flower sections in Spitalfields and Western International is under pressure from the increase in the sale of flowers by supermarkets and the decline in the number of greengrocers. Sales to florists are also declining, as 'flying Dutchmen', in specialist vehicles, continue to make further incursions into the trade by delivering directly to retailers from the Dutch flower auctions. A few market wholesale florists are seeking to compete with new approaches to the business including pre-priced and bar coded product. However, in general it is difficult to anticipate a buoyant future for the wholesale flower trade.

Smithfield, the only London wholesale meat market, supplies a wide variety of customers, with catering as the main driver of trade. Like the other markets, the shift in customer base no longer encourages wholesalers to seek to act as a clearinghouse. Wholesale merchants procure what they want, rather than receive what suppliers want to send them. There have been a reducing number of tenants over the last decade as volumes have declined, which has resulted in the organised 'downsizing' of the market. This coupled with the 'franchised monopoly' has resulted in a vibrant if shrinking market. The remaining wholesalers appear to be generally profitable. The fundamental problem however, remains that the market is demonstrably an unsuitable site from which to continue to provide the sole meat wholesaling function for such a very wide geographic area. Traffic congestion is an issue and the activities are and will become increasingly inappropriate for the future planning designation of the Smithfield area. In addition, despite the significant recent investment in upgrading the market to high food hygiene standards, it is to be questioned whether a market and food processing site in that location and with open public access, will eventually be

able to meet increasing health and hygiene requirements. The relationship between the tenants, the Corporation as landlord, and organised labour are frictional and poor.

Billingsgate also has a 'monopoly' status. Its trade is spread between secondary wholesalers, catering and retail. However, we can assume that much of the secondary wholesale trade is also directed at caterers. The market has problems caused by the nature of the product, the extremely close proximity to the increasingly successful Docklands' office and residential development and the crowded site. Unlike Smithfield, the market has lacked adequate ongoing investment since its original construction and is inappropriately designed to allow for tenants to make significant investments in their own facilities and with security. Although there is a general apparent desire amongst tenants to stay where they are, there is an underlying understanding that a move will become necessary.

The relationships between the Corporation as landlord, the tenants and organised labour are better than those at Smithfield and generally positive, although historic baggage and the nature of the site are not helpful.

The review concludes that two wholesale markets in East and West London, with possibly the addition of a central specialist catering site, would be sufficient to cope with the London region. There is unanimity in thinking that one market located anywhere on the periphery or in the centre of London would not provide a satisfactory service. In addition, experience over the last 30 years has settled the controversy debated at the time of the Runciman Report³¹, when there were those who argued that London also needed an additional market in the north or south of London.

3.7. Financial

An analysis of the financial performance of the markets is made difficult by the different structures of accountability.

The Covent Garden Market Authority produces published reports and accounts³². The loans originally provided to the Authority at the time of the move have been repaid and / or written off. The Authority is both profitable and cash generative. Profit post tax for the year ending 31st March 2001 was £1,587,810. Income is generated through rent, service charges and tolls. The profitability of the Authority does not produce a high return on investment and more importantly does not generate sufficient cash to allow for the scale of repairs and maintenance that is anticipated over the next few years.

Billingsgate, Smithfield and Spitalfields, as Corporation markets, are different from New Covent Garden and to some extent from each other. Billingsgate and Smithfield are funded through the 'City's Cash', whereas Spitalfields is funded by the 'City Fund'. In all cases they are subject to recharges that reflect central City services and repayment of invested funds. Billingsgate tenants pay rent and a service charge; Smithfield tenants pay an all inclusive rent with no tolls or service charges;

³¹ A Committee on Horticultural Marketing set up in 1955 under the Chairmanship of Viscount Runciman. The Report was published in January 1957.

³² Report and accounts 2000 - 2001

Spitalfields pays both rent and a service charge. The structure makes it difficult to define the underlying real profitability for each market, but the following assessment of operating profit has been constructed from management information.

In order to establish a comparison all central charges and contributions have been deducted, although there are services provided by the Corporation that would be incurred, even in a stand-alone situation. The Corporation's markets pay no tax as the Corporation of London is treated as a local authority. An analysis of the figures, even without allowing for central recharges and capital repayments, indicates that Billingsgate hardly covers its local costs and does not generate sufficient surplus to allow for reinvestment. Spitalfields might show a marginal profit on a stand-alone basis. Smithfield makes a local operating surplus before depreciation but would be loss making after charging for depreciation and central costs.

Actual 2001/02 £000s	SPITALFIELDS	SMITHFIELD CENTRAL MARKETS	BILLINGSGATE
INCOME			
Rent	681.6	4,553.2	401.1
Service Charge & fees	2,707.0		1,475.9
Other	99.7	1,386.5	80.8
Investment Income	89.9		21.0
TOTAL INCOME	3,578.2	5,939.7	1,978.8
TOTAL EXPENDITURE	2,529.2	4,088.9	1,842.5
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	1,049.0	1,850.8	115.3

3.8. Physical Facilities³³

New Covent Garden

With 22.7 hectares of land, New Covent Garden is the largest wholesale market in London and has a number of buildings on the site.

The fruit and vegetable market is comprised of two 1,200 ft. long parallel market halls, each with a central buyers' walk at ground level and offices above. There are four types of trading unit. 'A' units (2,790 sq.ft.) have a depth of 90 feet; 'B' units (2,170 sq.ft.) have a depth of 70 feet; 'C' units (1,550 sq.ft.) have a depth of 50 feet; and 'D' units (500 sq.ft.) have a depth of 50 feet. There are tenants' mezzanine offices within the units in addition to offices above the trading halls. The Pavilion, located to the north of the main fruit and vegetable market, was originally intended for use by grower-salesmen but with the demise of grower wholesalers, this building is now used as an extension to the main market halls.

Some catering supply companies use the railway arches to the east and west of the site as well as part of the original wholesale market trading halls. The railway arches are

³³ See Appendix 8

scruffy and unattractive and seriously detract from the overall appearance of the market.

The flower market is set apart from the main fruit and vegetable market; the market hall comprises a large open trading area providing a flexible layout. There is an underground car park and mezzanine level offices above the trading areas.

Covent House and Link House provides further office space, the former for the Covent Garden Market Authority. There is also a multi-storey car park adjacent to Link House with parking for approximately 580 vehicles. It is severely under-used, as most traders and customers prefer to park their cars in the abundant ground level parking spaces. There are several other specialist and general-purpose areas within the market, including considerable lorry parking. Customers entering the market have to pay a toll of £3.00 per vehicle.

Smithfield

The market is mainly situated in an attractive, Grade II listed building in the centre of what is fast becoming a desirable residential, office and leisure section of the City. The market is split into four buildings: the General Market, which has fallen into disuse, the Poultry Market and the East and West Markets. £81 million has been spent on improvements and maintenance since 1985 making Smithfield one of the most modern meat markets in the world. Each tenant has his own unit with display facilities at the front and cutting and / or temperature-controlled warehousing at the back. Carcasses are delivered directly into first floor, temperature-controlled storage through air-locked delivery doors. There is a car park under the market buildings that is insufficiently high for buyers' refrigerated vans, resulting in most buyers having to park on the roadways around the market. The car park generates significant revenue.

Billingsgate

Billingsgate was moved to its current site when land in the area was cheap. The building was constructed between 1980 and 1982. Traders operate from clearly defined 'pitches', which contain their refrigerated storage space. The traders own 54% of the cold storage facility and they lease 36% from a separate common cold store. The market is constrained on all sides by permanent barriers, roads, housing and a wet dock. Since the original construction of the market, a lack of landlord's investment has limited the potential of the market. Lack of storage, both normal and cold, and on-site lorry parking, as well as the dilapidated infrastructure, has caused problems for the traders. One of the main concerns is the potential inability of meeting ever-increasing food, health and safety standards, such as the forthcoming Brussels' regulations in regard to HACCP³⁴.

³⁴ Hazards Analysis and Critical Control Point

Spitalfields

The new market is functionally constructed and the layout retains a traditional 'market' appearance. Spitalfields is made up of large hangers positioned next to each other with a trading hall down the middle of each. Traders have their own units; the majority (84%) have their own cold storage facilities. There are two large ground level car and lorry parking areas for which no fee is levied. There is no entry toll.

Western International

It is expected that the market will be moving to a 7.5 hectare adjacent site. However planning consent and detailed negotiations with tenants are still in progress. The present layout is along traditional lines, which is liked by both the traders and customers and the new market is intended to be designed based on a single building with a central buyers' walk. As a change of site is imminent, maintenance has been limited and the market appears scruffy and in need of repair. The area that surrounds Western International is mainly made up of industrial warehousing and retail businesses.

3.9. Logistical Constraints.

TRADING HOURS:

▪ Billingsgate	-	Tuesday to Saturday 5 a.m. to 8.30 a.m. Sunday (shellfish market) 6 a.m. to 8 a.m.
▪ Covent Garden ^α	-	Monday to Friday 3 a.m. to 11 a.m. Saturday 4 a.m. to 10 a.m.
▪ New Spitalfields	-	Monday to Friday 3 a.m. to 1 p.m.
▪ Smithfield	-	Monday to Friday 4 a.m. to 12 midday
▪ Western International	-	Monday to Saturday 3 a.m. to 10 a.m.

^α Although the flower market follows these hours, fruit and vegetable trading often runs from midnight to midday.

New Covent Garden

The market is well located for servicing the City and the West End. However access can be a problem for those who want to use the market. The site has Nine Elms Lane and Battersea Park Road to the north and Wandsworth Road to the south. The main entrance to the market is off Battersea Park Road and runs under the railway line. The current roadworks at Vauxhall are having a negative impact on the market. This, coupled with no direct access to the public highway to the south and the surrounding land being extensively residential, makes access to the site poor. The market is very close to the proposed Congestion Charging Zone and traders are worried that it will impact on trade.

Smithfield

The Smithfield site is in the middle of Central London in the heart of the City. Any access to the market other than very early in the morning or late in the evening is

problematic. The traffic around the market is made up of local and non-local market vehicles as well as the general public. The streets that surround the market are generally narrow and unsuitable for the volume of heavy goods traffic generated by the market. Access to and from the market for large lorries is very difficult after 5a.m. and there are reports of long delays for some lorries leaving the site. The Corporation has implemented measures in the area to calm the traffic around the market; the City's Traffic and Environmental Zone plans have made the traffic flow around the Rotunda Car Park two-way. This scheme has been implemented so as not to interfere with the way that market traffic flows. There are peak seasonal periods such as Christmas when the increase in market traffic causes particular problems despite the Corporation's contingency plans.

Smithfield is in the middle of the proposed Congestion Charging Zone, which will undoubtedly encourage some customers to consider procuring their supplies from non-market delivered wholesalers.

Billingsgate

Access to the site is via the A1261 Aston Way, which is part of the Limehouse Link Road, connecting the London Docklands to the City. At 5a.m. the road is busy and by 8a.m. it is congested. Generally the access to the site has improved since the Docklands developments, but traffic problems are seen as having a negative impact on customer access. Entry to the market is controlled by security.

Supplies come from the fishing ports around the UK as well as imports from Europe and more exotic fish flown in to Heathrow and Gatwick. There is concern that if the market were to be moved to Nine Elms, access from the East would be more difficult. Concern was also expressed that if the trade was to be dispersed amongst several markets, given the need for split loading and delivering to several markets, transportation from the ports might become more expensive and delivery times less certain.

Spitalfields

Spitalfields is well served by the road network: the site lies at the end of the M11. There is access from the east of England via the A12, A13, A127 and the eastern M25. Access from the south is via the Blackwall Tunnel and either the A2 or the A21. Local road structures are excellent and have been developed to accommodate a large volume of traffic. There are also good rail links available at Stratford and Leyton rail points. The entry to the site itself has two lanes. These are traffic light controlled and security at the gate monitors the exit and entry of vehicles. The market is very easily accessible to local and Continental deliveries. However, in principle the Council will oppose any highway schemes, which will increase the vehicular capacity of the road network³⁵.

³⁵ The Draft Plan for London

Western International

Western International, like Spitalfields, has very good road connections. The site is accessed from junction three of the M4 and via local road networks. The site currently has good road systems to the west of London and the corridor out towards Bristol. The market is also well served from the Midlands and the Cambridge area. However, roadworks on the M4 can cause major disruptions to the market. There is a two-lane entry and exit to the market and a charge is levied for commercial vehicles. There is free parking outside the market.

Congestion Charging

The Mayor of London's proposed congestion charging scheme is set to come into force on the 17th of February 2003. The congestion charging zone will cover eight square miles in the centre of London. Its borders will be made up of Marylebone Road, Euston Road, Pentonville Road, City Road, Great Eastern Street, Commercial Street, Tower Bridge Road, New Kent Road, Kennington Lane, Vauxhall Bridge Road, Grosvenor Place, Park Lane and Edgware Road. The charge will be £5:00 each weekday, levied on motorists entering the central area of the capital from 7a.m. to 6.30p.m.

Western International, Billingsgate and Spitalfields are situated a reasonable distance from the edge of the congestion zone. The Nine Elms site is just outside the zone near Vauxhall Bridge Road and Kennington Lane. Smithfield is within the zone.

Despite lobbying by the markets, all central London deliveries within the charging period will be subject to the scheme. As intended, this will inevitably result in increasing focus on delivery efficiencies and drop sizes.

3.10. Labour Relations

Smithfield market employs two categories of porters: Shopmen and 'Bummerees'. The trader directly employs the Shopmen and they work for an agreed weekly wage. None of their salary is derived from the customer. However, their basic rate of pay is enhanced by agreed differential payments for skills such as butchery or for working unsociable hours.

The self-employed porter, or 'Bumeree', is entirely paid by the customer. They work to an agreed price list. There are 15 licensed, self-employed porters who pay the Corporation for the use of lockers and showering facilities.

In the other markets the porter is employed by the individual trader and paid a negotiated wage with a guaranteed minimum income. They also receive a portage fee, which is paid by the customer through the wholesaler.

In these markets there is a pool of labour that is run by the Union in the Corporation markets or the Labour Officer in New Covent Garden. The labour pool scheme covers for people who are off sick or on holiday and it is run at no cost to the tenants. Pool labour is casual and the wholesalers only pay the porters when they are working.

Our survey suggests that the workforce at Spitalfields comes overwhelmingly from east London (71%) and outside the M25. At Smithfield and New Covent Garden the work force derives mainly from south London and beyond the M25. The workforce at Billingsgate mainly comes from east London.³⁶ A vast majority of market porters are recruited from family and friends.

At New Covent Garden there is a Joint Negotiation Committee made up of both the tenants and the Union who appoint a Labour Officer. He organises the pool labour in the market. A person who applies to become a porter is vetted by the Committee and trained at the expense of the Union in food hygiene, health, safety and the use of handling equipment. Once the porter has gained permanent employment the Union is reimbursed by the employer for the cost of training. The porters at New Covent Garden, unlike the other markets, are registered not licensed. The Market Authority is the registering body, but only for forklift truck driving.

At Spitalfields trainee porters are provided lessons in forklift truck driving by the Union, but the porter is self-sponsored and covers the cost. The Corporation then licenses the porter.

At Billingsgate the tenants directly employ all of the porters. Salaries are equal to two thirds of the minimum agreed wage and the porters earn 'Bobbin' (portage) to make up the balance. The Corporation licenses porters subject to the provision of a suitable character reference.

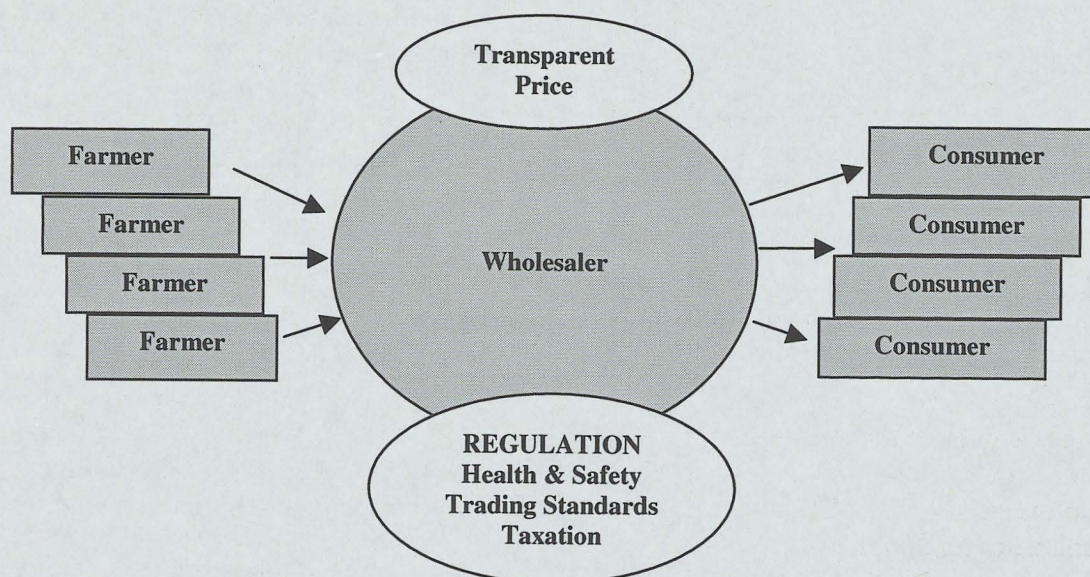
In conclusion, if the markets are consolidated onto composite sites, even if the products continue to be sold from 'separate' markets, there will have to be a greater degree of uniformity in porters' terms and conditions of employment. A central London food service site will open up opportunities for preparation of food and semi-processing, which will increase employment opportunities. 'Learning for Life' schemes as well as job training could be introduced to improve the skills of the whole catering industry, not just those who are seeking employment at the market.

³⁶ See Appendix 10

4. THE FUTURE OF LONDON MARKETS

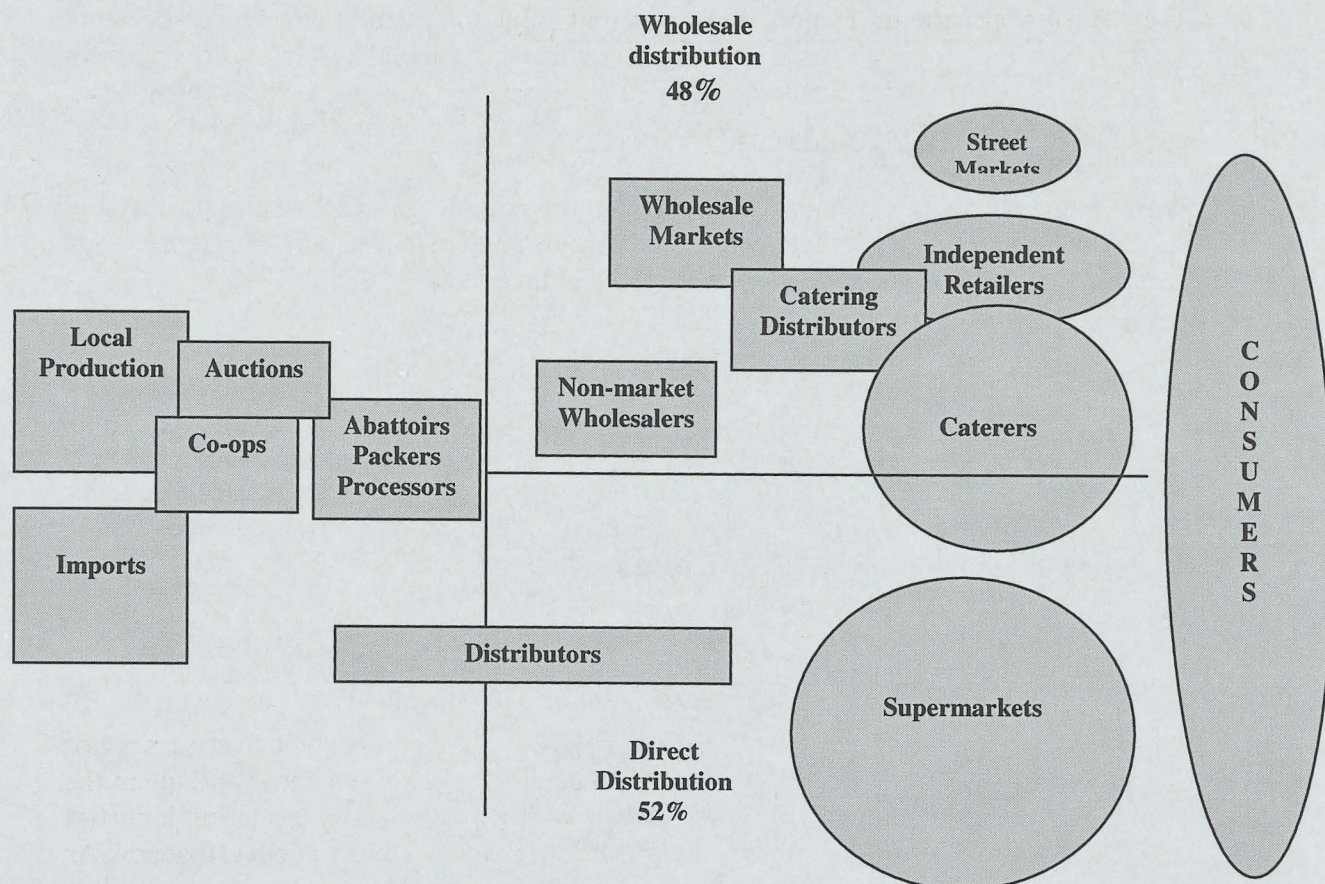
4.1. Today's Issues

Gone are the days when the supply chain was simple and the wholesale markets provided the vital link between farmers and retailers/consumers. In those days transparent pricing and regulation were the 'public good'.



With changes in the supply chain has come complexity. Alternatives for supermarkets and caterers to obtain their supplies and therefore for farmers and importers to sell their goods have clearly reduced the share of the business transacted by markets. Perhaps more importantly the changes have reduced the role of the market as price setter and efficient clearinghouse of fluctuating supply and demand. Previously the supplier and the retailer were seen as customers by the broker/wholesaler. With the change in the functioning and role of markets, wholesalers have increasingly re-categorised farmers and importers as suppliers. This subtle change in relationship has moved the wholesaler closer to his customer and away from the farm, whilst at the same time the supermarkets have sought 'partnership' with their key suppliers. The markets have moved away from the farmer as the supermarkets have sought to get closer. This increasing gap, or often even barrier, reduces the efficiency of the chain and has resulted in suppliers failing to recognise the opportunities that still exist within that part of the supply chain from wholesale market to retail and catering.

The markets have generally ignored the change, but it is certainly an issue worthy of deeper consideration by farmers, their organisations and forward thinking wholesalers.



Markets are less of a general nuisance than when cattle, lamb and pigs were driven to London for slaughter and waste was discarded in the public streets. However, despite the markets being open at night, traffic nuisance that is created by the central London markets remains considerable.

TfL³⁷ survey the number of vehicles entering central London. It counts vehicles crossing a cordon around central London that is similar to the boundary of the proposed congestion charging area. Over a twenty-four hour period, 17.5% of all vehicles entering central London are light, medium or heavy goods vehicles. During the morning peak (7a.m. to 10a.m.) this rises to 21.3%. Vehicles involved in catering distribution or consolidation of market produce would predominantly fall into these categories. However, because of the stop-start nature of distribution and consolidation, such vehicles disproportionately contribute to congestion whilst loading or unloading within central London.

This is particularly the case with Smithfield, which is surrounded by roads that are used by both market and local traffic. Up to one hundred refrigerated vehicles deliver at night, compounded by the fact that the Smithfield car park, which is under the market, does not have sufficient headroom to accommodate buyers' vans. This causes further congestion during the early morning. Even the trade from markets such as Billingsgate and Covent Garden, that are located off the public highway cause daytime congestion. This is exacerbated as catering distributors travel between markets to purchase a range of products or deliver small drop sizes to catering

³⁷ Transport for London

establishments around central London. In addition some small catering distributors use the pavement outside Smithfield market, the other markets and public car parks to reorganise and consolidate loads including fruit and vegetables from Spitalfields or Covent Garden, fish from Billingsgate, bean sprouts direct from suppliers and meat from Smithfield.

In the case of Smithfield, the location of the market in a populated residential area is likely to cause increasing problems as residents refuse to accept the night-time noise caused by the market and its traffic.

Apart from the obvious issues in regard to the current congestion and other nuisance created by markets located in central London, it is argued that as catering matures and the catering sector becomes more organised, it will seek improvements in supply chain efficiency. Improved distribution facilities and the availability of a wider catalogue of produce from composite market sites will be needed to reduce costs and deal with environmental issues such as traffic congestion.

4.2. Do Markets Have a Future?

The increase in eating out and the significant growth in catering came to the rescue of wholesale markets in the 1990s. The trend to eating out is expected to continue in the medium term. However, the maturing and increasingly competitive catering industry, like supermarkets before them, will seek improvements in supply chain efficiency. As congestion charges become established the catering supply chain will have to adapt and consolidate collections of supplies and delivery of products. Even without congestion charging the pressures for efficiency and the difficulties of negotiating central London traffic will bring about change.

Pubs, clubs and ethnic restaurants will look to their suppliers for efficient availability or delivery of 'boxed' portion prepared meat, poultry, packaged fish and fruit and vegetables. For markets such as Spitalfields and Western International it will be necessary to be able to offer a full range of 'boxed' products. This will only require an extension of sales space and cold storage. The development of a composite full catalogue coupled with the provision of increasing facilities for catering distributors will secure the markets' future. The challenge therefore for Spitalfields and Western International is the freedom to sell produce other than fruit and vegetables and the availability of capital to allow for the further development and marginal extension on restricted sites.

The top end of the catering trade, especially those located in central London, will want their suppliers to deliver speciality, ready prepared products, so that they can eliminate unskilled preparation from their kitchens and concentrate on high quality innovation and presentation. Reducing basic preparation in the kitchen by procuring prepared raw material will allow kitchens to become assembly points for skilled chefs rather than having to manage unskilled labour peeling, dicing, slicing and disposing of waste from expensive High Street locations. This trend will be reinforced by the economic and environmental advantages of preparing and semi-processing in large batches. The potential is obvious. A central London facility, serving white tablecloth

restaurants and hotel clients will need to deliver a full catalogue, provide 'high-risk'³⁸ food preparation facilities and speciality skilled services that support their clients' need for constant innovation and excellence.

A dynamic Food Park focussed on catering supplies would include some of the services now available in Nine Elms. Laundry, marquee and temporary catering hire, menu printing and ice supplies, as well as vehicle maintenance and rental, cold storage maintenance, catering equipment supplies, and specialist staff recruitment for the whole catering trade would provide important services on such a site. The opportunity to build on the Billingsgate 'Fish School' and the now terminated similar school that was once at Smithfield by establishing a skills training centre could create a centre of excellence for the whole catering industry. Encouraging one of the London colleges to relocate its food department to the market would develop the concept further. The opportunity exists to encourage an integrated relationship between catering education, catering recruitment and the catering industry supported by wholesalers, caterers, unions, city livery companies and other interested parties. This coupled with on-site inspection and other services would provide good cause for the catering trade to view such a facility as a centre of supply.

Given the amount of current sales that are directly to consumers, there is a basis from which it would be possible to develop a public market / farmers market at the weekend. This would not only structure the current direct sales and promote their development, but would bring farmers, wholesalers and consumers into a closer relationship with obvious long-term marketing benefits.

Central London only requires one such facility. Billingsgate and Smithfield are inappropriate locations and Nine Elms has spare space. The strategic logic is overwhelming. The issues in establishing such a development, apart from capital and freedom to trade, are obvious.

In summary, to survive and prosper markets have to offer a full catalogue and additional services to the catering trade either through expansion or consolidation. Failure to maximise the benefits of multiple businesses working together from a single location will result eventually in market wholesalers losing their trade to those who deliver directly and more efficiently from depots based outside the markets.

4.3. Should Government Or Local Authorities Care?

Do wholesale markets provide a public good that would be unavailable through other methods of distribution? Markets were once at the centre of the food supply chain where supply and demand was balanced by transparent pricing. The centralisation of trade provided a place for the imposition of trading and food safety standards. At that time the regulation and well being of markets mattered to the whole of society. Supermarkets are now responsible for supplying some 60% of household food purchases and do not procure their supplies from markets. Wholesale markets supply less than a quarter of London and the South East with fresh meat, fish, fruit and vegetables. Trading standards officers and food-safety inspectors impose regulations

³⁸ 'High Risk' food preparation includes those products that are considered prone to contamination by bacterial organisms that might be of danger to consumers e.g. the cooking of meat products.

on all trading premises, whether in markets or not. It would be easy to deduce that the survival of wholesale markets should not be a cause for concern to anyone other than market wholesalers.

However, there remain four issues that should matter to Government and Local Authorities. New immigrants have always gravitated to the fresh food business as a starting point for their economic establishment within society. For many Afro-Caribbean, Asian, Chinese, Cypriot, Dutch, Italian, Jewish, Spanish and Turkish immigrants wholesaling and retailing perishable fruit and vegetables in particular required few skills and little capital. The same is true today. With the increase in ethnic restaurants and corner shops, ethnic wholesalers and distributors are a significant sector of the trade. These small businesses need wholesale markets within which to operate. Without the provision of an economic environment that they can use to their advantage, few would be able to raise the investment or working capital to start their own businesses. In addition, raw material supplies for small catering establishments are better procured in a transparent market place where cash and carry opportunities and choice of daily comparisons between suppliers make scale of purchasing power less of a disadvantage.

The second reason why well-run composite market sites should perform a public good is that they provide the opportunity through consolidating trade for much improvement in the integrated management of inward supplies and outward distribution, which is going to be of vital importance in reducing traffic congestion in central London. Restaurants are an essential component of the tourist industry. There is no option for them to relocate out of central London. To force them, either directly or through their suppliers, to pay taxation or charges aimed at reducing congestion will only be of benefit if it results in consolidation of distribution rather than a reduction in their profit margins. Consolidated and composite wholesale markets would be well placed to take up the challenge.

The third reason why dynamic, large markets could provide 'public good' is that consolidation of supplies should enable more economic inspection services. With inspection services generally a non-chargeable function, apart from licensed meat plants, it should matter to the relevant authorities that their inspectors can carry out their duties in a single location where there is a concentration of supplies.

Lastly, removing waste from individual High Street catering establishments is increasingly becoming an issue. Consolidation of preparation facilities on large composite sites will allow for the introduction of greater control and improved waste management. If the site for central London were to be Nine Elms, effluent disposal would need to be reviewed, as would a reconsideration of the potential for moving waste away from the site by river.

In summary, wholesale markets are becoming peripheral to the needs of today's main supply chain. They no longer form the centre of a Government responsibility for ensuring fair trade and safe supplies for the public. Their reduced ability to balance supply and demand has resulted in their being of less strategic importance for farmers and growers. Yet in terms of small food and catering businesses they are still of significant importance. If well managed for the future they could play a major role in reducing traffic congestion by improving the distribution of food to central London's

catering establishments. Also they would provide opportunities for improving inspection and waste management services.

The key to whether markets warrant public support hangs heavily on their ability to recognise the opportunities and deliver the benefits.

5. RECOMMENDATIONS

1. Are existing London wholesale market facilities well adapted to the needs of the business communities and users which they serve?

Wholesale markets only represent some 20% of total fresh meat, fish, fruit and vegetable supplies to London and the South East. The wholesale markets are increasingly dependent on supplying the catering industry. Even here the markets only supply a section of the trade. The rest is supplied by distributive wholesalers who operate from outside the markets or larger catering groups or units who increasingly are able to organise direct deliveries from producers and manufacturers.

However, the review concludes that the markets are still important in supplying SMEs, especially small catering establishments, the remaining independent retailers and street markets. Given the preponderance of small businesses, often run by ethnic traders, who rely on the markets for supplies, it is recognised that, without markets, alternative supply chain arrangements would be to their disadvantage.

In order to continue to provide a useful service markets need to recognise who their customers are and that they will increasingly be seeking to improve their efficiency by a consolidation of the collection or delivery of their supplies.

London's wholesale markets will need to consolidate onto a limited number of composite sites that meet customers' and society's needs for the future. These sites must provide modern and suitable facilities in the right location. Consolidation will result in significant opportunity to reduce traffic congestion by providing customers a one-stop shop or a location from which suppliers can arrange consolidated deliveries. Such sites would also provide the opportunity to reduce costs in terms of security, administration and waste disposal.

Markets still perform an important, but reduced function in the distribution of perishable foods. It is recommended that in order to maintain and upgrade the services provided by markets they need to operate from a limited number of composite sites. Consolidation of all perishable food products and other services would permit catering customers to collect in a single market or deliveries to individual high street outlets to be better organised. Improving distribution efficiency through integrating collection and increasing drop size is a vital element in reducing traffic congestion.

The review also highlights the increasing inability of some markets to act as efficient clearinghouses for matching fluctuating volume with volatile demand. The nature of the change from retail to catering customers has largely determined the situation. However, farmers, growers and distributors of imports must carry much of the blame for previously using the markets as a dumping ground for supplies unsuitable or surplus to supermarket needs. The growth in catering offers real opportunities that have been identified and exploited by some. Most still see markets as a destination of last resort rather

than producing, preparing and packaging their products specifically for the catering trade.

Some of the London markets conduct a meaningful business directly with consumers. Many wholesalers do not seem to consider that this conflicts with their retail customers' interests. Borough market is the most developed example, but the survey conducted by the review team indicated that some wholesalers in other markets consider their retail sales as very important to their business. The opportunity exists for markets to consider the development of separate, dedicated areas or the increased use of market space out of market hours to open better-publicised retail markets at certain times of the week. This could possibly be incorporated with the establishment of on site Farmers Markets.

It is recommended that farmers and their organisations should work with wholesalers to develop a better understanding of the changes that have taken place in wholesale markets and the opportunities that might be available for improving the distribution of British produce.

2. What is the effect on the operation of the markets of the legislation which governs them?

The review argues that the current prohibitions protect some wholesalers' profits at the expense of the future prosperity of markets, customers and society in general. Some wholesale markets are significantly protected and others constrained by legislation. Hence there are those who seek to protect historic rights and the defence of the status quo, whilst others argue that without change the very future of markets may be at risk.

Most of the 'public good' historically made available through markets is now firmly established throughout the supply chain.

The need to rationalise and consolidate markets to allow for the sale of a wide catalogue of foods is critical for the future of markets. In so far as current legislation limits the freedom for that to happen, it is undesirable. It is also argued that the removal of prohibitions would encourage market consolidation and a new will to maximise the opportunities that will become available.

In order to bring about constructive change with the minimum disruption, before the removal of prohibitions, it is recommended that Defra and the Corporation should seek to agree between themselves and with other stakeholders a strategy for the wholesale markets. Also it is suggested that Covent Garden Market should temporarily forebear from challenging the prohibition of the face-to-face selling of meat, fish and other non horticultural produce in the market. It is obviously preferable to avoid protracted legal action and competitive activity that will result in economic deterioration, particularly at Billingsgate and Smithfield, if all stakeholders could reach a voluntary agreement.

A time limit of six months should be established within which stakeholders must agree on a programme for the implementation of the recommendations contained in this report. Agreement might be either to a method by which the recommendations could be achieved quickly to be followed by subsequent legislation or a programme for the introduction of legislation and a plan for change to be accomplished as fast as possible. If the stakeholders fail to agree a programme within six months, it is recommended that prohibition should be challenged or alternative constructs put in place to allow for those markets that wish to extend their catalogue and activities to do so.

Much of the legislation now restrains trade. It benefits some wholesalers, but results in inefficiency, uneconomic distribution and waste. It is recommended that such legislation should be removed to allow competitive dynamics to produce a more effective supply chain.

3. What is the potential impact of product diversification and changing demand for the services provided by the wholesale markets?

Many market customers are specialists with no business interest in products other than those offered by product specific markets. It is often argued that butchers are butchers and fishmongers are fishmongers. However, the review demonstrates that catering has become the engine of the London markets. In order to service the catering trade efficiently wholesale markets need to offer a broad catalogue of products. Caterers will increasingly seek to improve their efficiency and that means that consolidation of supplies will need to take place at some stage earlier in the supply chain than their kitchens. They will seek to collect their supplies from sites that offer a full product range or require their supplies be delivered in consolidated loads. Increasingly they will purchase prepared raw material to release kitchens to be used efficiently. If the markets fail to recognise the trends and maximise the potential benefits that complex sites could deliver, their customers will increasingly look to procure their supplies direct from producers or through wholesalers who can provide consolidation and added value. As these wholesalers gain business they will procure their supplies direct from source.

It is argued that without consolidation and broad catalogues of availability, wholesale markets will find their catering base eroded, as was their retail base during the 1970s and 1980s with the development of supermarkets.

The review considers that London's requirements for meat, fish, fruit and vegetables could be accommodated efficiently and economically on two composite sites, east and west of the capital. However, there is an apparent dearth of suitable new sites and, although both Spitalfields and Western International markets are well located, neither has space for sufficient expansion to absorb all of the central London markets.

A central London site, largely focused on the London hospitality trade, would reduce the pressure on the expansion needed at the two outer markets. In addition, such a central facility would provide the opportunity to develop an improved supply chain for the central London catering trade, including more

added value and integrated distribution. Of the existing central London markets, Billingsgate and Smithfield are constrained and limited by the size of their sites and the property values available through alternative usage. In addition Smithfield is inappropriate for expansion in view of the public nature of the market, its proximity to residential, leisure and office accommodation and being located within the proposed traffic-charging zone.

Nine Elms is just outside the zone and, although the area is partly residential, Wandsworth council is keen that the market remains as an employment site. The site is not ideal and would be a compromise in terms of size and access. However, similar issues would apply to virtually any alternative site within the central London area. Although the local road systems are limited, access from the north, south and west is reasonable and, using the Embankment, access from the east is acceptable during the night. The market survey indicates that most employees at all the London markets come largely from outside east or south London, or outside the M25. For the sake of this review we have assumed relocation of some 65% of Billingsgate and Smithfield tenants to Nine Elms and 20% to Spitalfields is unlikely to cause significant hardship for employees at the time that they travel to and from work.

There would also be an anticipated reduction in excess journeys. Those customers who currently visit more than one market would benefit from one-stop-shops. Consolidation of outward deliveries are anticipated to become significant over the next few years resulting in a meaningful reduction in overall central London traffic. Most importantly, the Nine Elms site already exists as a market.

In addition, the redevelopment of Nine Elms would offer the opportunity to capitalise on the comparatively high level of retail sales made by Billingsgate and Smithfield tenants by developing an end of week Retail and Farmers Market at the entrance to the site without interfering with the main market.

It is recommended that London should be serviced by three composite markets for meat, fish, fruit and vegetables based at the sites of Nine Elms, Spitalfields and Western International.

4. What is the scope for developing a co-ordinated strategy for the future management of the markets

During the review tenants in each market often seemed to have concordant views. However, individually they frequently demonstrated an underlying diversity of opinions. This superficially adds attraction to the perceived advantage of establishing a strategic authority to deliver leadership and impose change through a central planning and management body for London markets. In this context the Paris model of regulated wholesale trade has some attractions. If such a body, endowed with the power to bring about the review's recommendations were likely to work in the long-term, the very construction of this report would have been much easier.

However, it is suggested that repeating the mistakes of the past in seeking to impose decisions from above by way of regulation and restriction would fail to release the undoubted entrepreneurial talent that exists within the markets to meet the challenges of the future.

The Review does not recommend the establishment of a central planning, management or liaison body for London markets to bring about and regulate change, preferring the removal of legislation that restrains trade and allowing competition between markets to establish competitive efficiency.

However, in the eventual situation that it becomes impossible to obtain general agreement to change, it might prove to be difficult to avoid the need to review this recommendation.

6. IMPLEMENTATION AND ALTERNATIVES

There will be those who will challenge the principal recommendations of this review whilst others will question the practical possibilities of achieving implementation of the recommended changes to the current regime. Additionally there will be those who will seek to use the moment to extract the maximum short-term benefit.

Therefore this chapter has been prepared in order to propose various models for implementation and to consider the alternative scenarios that might result following consideration of the recommendations.

To fully develop the three recommended sites as composite markets, there is a need for London's wholesale markets to trade unfettered by product prohibitions. This requires the removal of existing restrictions and limitations. The release of Billingsgate and Smithfield sites to be developed for alternative uses requires the sites to be unencumbered by historic rights and duties. Both issues are likely to require hybrid legislation.

It would appear that there are therefore at least four alternative scenarios:

1. Agreement between all stakeholders to proceed with all or some of the review's recommendations.
2. Government and the Corporation agree on matters of principle and a programme for implementation, but there is failure to establish unanimous agreement with tenants within individual markets.
3. Failure to agree and Covent Garden Market seeks to allow the face-to-face sale of meat or fish.
4. Failure to agree and The Covent Garden Market Authority explores the potential for achieving its strategic plan to create a food larder for London by other means.

1. Agreement between all stakeholders to proceed with all or some of the review's recommendations.

Agreement between all stakeholders including Government, the Corporation and tenants would allow implementation of the recommendations to proceed with the confidence that no stakeholder would challenge the changes. This would allow any necessary legislation to be jointly sponsored and to follow at a later date.

In order to meet all the recommendations implementation must:

- Release Smithfield and Billingsgate for alternative uses
- Provide sufficient funding for the redevelopment of Nine Elms
- Establish a structure that would allow Government to exit at a realistic value
- Prevent Spitalfields and Western International from being disadvantaged

- Encourage free choice for tenants to take up economic opportunity
- Provide the Corporation with the option to choose whether it wishes to remain invested in markets
- Establish improved alignment of interests of landlords, tenants, local authorities and others
- Allow for change to be implemented within a reasonable timeframe

Models for change

The proposed models are all predicated on a two-phase development of the Nine Elms site. Phase one projections indicate weak interest cover on loan capital and profit before tax. It is therefore assumed that there will be limited commercial interest in investing in the project at this initial stage. Phase 2 development of the site is expected to result in a commercially supportable scheme of investment.

The models essentially focus on how the Nine Elms site could be used to unlock change. They do not deal in detail with the issues surrounding the potential involvement of Spitalfields and Western International Markets in providing additional facilities for the sale of 'boxed' meat, fish and other products. It is considered that in their case the necessary resources would follow the economic opportunity. However the Corporation would need to provide some further investment or change the structure of the market to allow for tenants or outside investors to participate in the funding of the sites.

The models avoid addressing the issue of the value of the Nine Elms site and the Corporation's complicated ownership of the Billingsgate site, which are inevitably for negotiation elsewhere. However, the models do seek to establish an environment in which all parties could achieve significant financial benefit by working together for timely change.

The models are based on the following assumptions -

Nine Elms – the site:

- The Market Authority will delegate its duties to manage the market to a new company (Newco) and either let the site to Newco with an option for it to purchase the site at a later date; invest the site in Newco for equity; or sell it to Newco. In any event it is assumed that at the appropriate time the Government will dispose of its interest.

Phase 1

- The development will trigger the consolidation of London markets
- It will release two important sites for alternative development
- Newco's projected profit reflects the low added value activities of most incoming tenants, but provides a platform for phase 2 development of the site to establish a 'food larder' for London, attracting as tenants commercial added value catering, distribution and support companies.

Capital expenditure:

- £80.0 million for phase one development and repairs
- £40.0 million provided by Newco
- £40.0 million through grants / soft loans or commercial borrowings

Income:

- 65% of current Smithfield and Billingsgate tenants move to Nine Elms
- Market rents are increased and tolls levied on all customers' vehicles to increase rental income by £1.0 million

Expenditure:

- Significant savings available on an amalgamated site include 67% of current Billingsgate and Smithfield expenditure on administration, security, waste disposal and management. Repairs and renewals are to be reduced overall by 50% as a result of the capital to be invested in renovating and developing the site.

PHASE ONE £ millions	NEW COVENT GARDEN ACTUAL 2001	SMITHFIELD CENTRAL MARKETS ACTUAL 2001	BILLINGSGATE ACTUAL 2001	NEWCO PROJECTED 2004 (at current values)
INCOME				14.80
Rent	3.70	4.60	0.40	
Service Charge	3.60		1.40	
Other	1.30	1.40	0.20	
TOTAL INCOME	8.60	6.00	2.00	

EXPENDITURE				
Employees	1.20	1.00	0.70	1.80
Administration	1.30	1.20	0.30	1.80
Security	0.60	0.80	0.50	1.10
Waste Disposal	1.60	0.40	0.05	1.80
Rates	0.20	0.30	0.06	0.30
Maintenance and repairs	1.30	0.30	0.30	0.90
TOTAL EXPENDITURE	6.20	4.00	1.90	7.70

Operating Profit before interest and depreciation	2.30	2.00	0.10	7.10
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The following might form the basis for a critical path:

1. Agreement in principle by Defra and the Corporation of the preferred model for implementation
2. The creation of a working group to investigate the detailed issues for the creation of a Newco and to:
 - Develop a detailed business plan for Nine Elms
 - Propose a fiscal and equity structure in order to obtain agreement and alignment of stakeholders interests and the generation of the necessary financial resources to implement the scheme
 - Establish the basis for an agreement with Billingsgate and Smithfield tenants on behalf of and answerable to the Corporation. This might include:
 - Compensation for termination of existing leases for those tenants who wish to retire.
 - Tokens for tenants who want to continue market trading to be swapped for equity in Newco or to invest in a Spitalfields or Western International scheme to be determined.
 - A promissory note to the value of tenants' existing investments in fixtures and fittings to be re-invested in fitting out new units in chosen market/s.
 - A similar but more limited scheme for New Covent Garden tenants to allow them to invest in Newco
 - Market the scheme commercially to additional traders, processors and distributors and explore the possibility for other alternative industrial applications.

MODEL 1

- A Property Company purchases Nine Elms from the Market Authority subject to an obligation to maintain it as a market. This would be supported by a side agreement with the Corporation underpinning the consolidation provided by the relocation of a guaranteed minimum number of Billingsgate and Smithfield tenants
- The Corporation / property company contracts with tenants to vacate the Billingsgate and Smithfield markets and relocate at Nine Elms, Spitalfields, Western International or retire
- Legislation is introduced to rescind all redundant legislation
- The Corporation develops or realizes its interest in Billingsgate and Smithfield with vacant possession

MODEL 2

- The Corporation agrees to manage the Nine Elms site on behalf of the Market Authority (Defra) with an obligation to maintain it as a market, perhaps with certain agreed escape clauses. The Corporation agrees to purchase the site at a specified time for a pre-determined price, consideration based on an independent site valuation or on the financial success of the project.
- The Corporation and / or Commercial Partners establish Newco and invest in the development of Nine Elms
- Compensation is paid to Billingsgate and Smithfield tenants, which they reinvest as equity in Newco
- Legislation is introduced to rescind all redundant legislation
- The Corporation develops or realizes its interest in Billingsgate and Smithfield with vacant possession

MODEL 3

- The Market Authority and the Corporation form Newco.
- Nine Elms site is invested as Market Authority (Defra) equity
- Market Authority carries out its statutory duties by delegating to Newco
- The Corporation or commercial partner invests new capital for equity
- Compensation is paid to Billingsgate and Smithfield tenants, which they reinvest as equity in Newco
- Commercial lender provides loan funding
- Legislation is introduced to rescind all redundant legislation
- The Corporation develops or realizes its interest in Billingsgate and Smithfield with vacant possession
- Defra exits through sale of shares in Newco at flotation, through a private placement or under a pre-emptive right to existing shareholders

2. Agreement between Government and the Corporation on matters of principle and a programme for implementation, but failure to establish unanimous agreement with tenants.

It is probable that hybrid legislation would be required to secure change. This would need to precede implementation of the recommendations with the resultant time and opportunity cost. In such a situation it would be advantageous to seek to maximise the short-term changes that could take place without legislation. The interim could be used to plan the full implementation programme.

3. Failure to agree and Covent Garden Market seeks to allow the face-to-face sale of meat or fish.

Total failure to agree to change could result in:

a.) The Covent Garden Market Authority challenging the restrictions to sell fish and meat face-to-face that prevents it from implementing its strategic development plans. The Minister might consent to the Market Authority extending its activities. But extension of face-to-face wholesaling to include fish, poultry or meat would be likely to result in court actions brought by those who see their rights being threatened. Any action would undoubtedly focus mainly on a purported infringement of the $6\frac{2}{3}$ rd-mile rule. Such a situation would be wasteful and disruptive and would sour relations, which might make it even more difficult to establish an eventual agreement to proceed with the recommendations.

If 'franchised monopoly' rights were successfully challenged, Nine Elms would seek to build on its embryonic strategy to establish a 'food larder' for London. It would still need to find ways to finance its renovation and new tenants' requirements. Spitalfields and possibly Western International tenants would seek to introduce a wider catalogue of 'boxed' fish, poultry and meat. Billingsgate would under all scenarios require significant capital investment to stay in business. Yet, neither Smithfield nor Billingsgate would be able to establish a composite market due to site restrictions. Over a period of time both markets would lose business, as many catering customers found the composite markets of New Covent Garden, Spitalfields and Western International more convenient places in which to do business.

b) If The Covent Garden Market Authority did not pursue the right to widen its catalogue and change is left to economic pressure and attrition, both the Corporation and Defra would come under increasing pressure to invest further in bringing Billingsgate and Nine Elms up to standard. Over a period of time many customers would leave markets in search of those wholesalers able to provide composite delivery. With increasing congestion problems in central London, existing market wholesalers and others will seek to operate from multi-product distribution depots outside the markets. The central markets would in any event decline.

In summary, failure to agree, whether Covent Garden or other markets seek to sell a full range of perishable foods or not, will be followed by an extended period of economic deterioration. In addition the Corporation has a specific duty to maintain certain sites as markets in their current locations, which will result in the need for

continuing expenditure in declining markets where retrenchment will not be able to match the minimum services and investment necessary to meet increasing regulatory demands. Defra will either have to invest further funds in the maintenance and upgrading of the Nine Elms site or renege on its commitment to maintain it as a market.

4. Failure to agree and The Covent Garden Market Authority explores the potential for achieving its strategic plan to create a food larder for London by other means.

The Covent Garden Market Authority might not challenge the right to grant leases for the face-to-face selling of meat or fish, but decide to develop its strategic plan to create a food larder for London by other means. The Authority might consider consolidating the wholesale fruit, vegetable and flower market activities into part of the Nine Elms site and, using its existing powers, establish a separate structure to take responsibility for the development of the vacated portion of the site as a food park.

Such a development could seek support from local authorities and commercial investors to fund the food park development as a specialist industrial estate to attract meat, fish, dairy and other businesses focused on supplying central London's catering establishments. The development could provide facilities for wholesaling, preparation and distribution as described in the report, but without the market activity of face-to-face selling. Such a site might seek to attract some large London hospitality companies to establish procurement or preparation and distribution facilities at Nine Elms. Food companies might be attracted to mentor and possibly finance SMEs who, with business and financial support available might find such an 'incubator' ideal for second stage development. Much could be achieved with innovative marketing and telephone / Internet sales without the need for face-to-face wholesaling. Many of the review's recommendations could be achieved on a local basis, but to the disadvantage of the other London markets.

7. APPENDICES

1. MARKETS REVIEW LEGISLATION AND REGULATIONS (LIST)

• ROYAL CHARTERS

- First charter of Edward III 6th March 1327
- Second charter of Edward III 6th March 1327
- Charter of King Charles I 18th October 1638
- Charter of King Charles II 29th July in the 34th year of his reign (1683)

• BILLINGSGATE MARKET

- The Billingsgate Market Act 1846
- The Billingsgate Market Act 1871
- City of London (Various Powers) Act 1920 – Section 10
- City of London (Various Powers) Act 1937 – Sections 1 to 27
- City of London (Various Powers) Act 1939 – Section 7
 - REPEALED BY THE LOCAL LAW (CITY OF LONDON) ORDER 1965
- City of London (Various Powers) Act 1963 – Section 31
- City of London (Various Powers) Act 1969 – Section 11
- City of London (Various Powers) Act 1971 – Section 12
- City of London (Various Powers) Act 1973 – Sections 1 to 6
- Local Government (Miscellaneous Provisions) Act 1976 – Section 36
- City of London (Various Powers) Act 1979 – Sections 10 to 17
- City of London (Various Powers) Act 1987
- Billingsgate Market Bylaws 1982 amendments 1988

• SPITALFIELDS MARKET

- City of London (Spitalfields Market) Act 1902
- Stepney Borough Council (Spitalfields Market) Act 1912
 - REPEALED BY SECTION 24 OF THE 1922 ACT
- City of London (Various Powers) Act 1914 Sections 14 - 20
 - REPEALED BY SCHEDULE 2 OF THE 1990 ACT
- Special Acts (Extension of Time) Act 1915
- City of London (Various Powers) Act 1920 Sections 4 – 6
 - REPEALED BY SECTION 24 OF THE 1922 ACT
- City of London (Various Powers) Act 1922 Sections 4 – 24
- City of London (Various Powers) Act 1959 Sections 6, 7, 8 and 10
- City of London (Various Powers) Act 1960 Section 16
- City of London (Various Powers) Act 1961 Section 23
- City of London (Various Powers) Act 1963 Section 31
- City of London (Various Powers) Act 1971 Section 12
- Local Government (Miscellaneous Provisions) Act 1976 Section 36
- City of London (Various Powers) Act 1979 Section 20
- City of London (Various Powers) Act 1987 Section 31
- City of London (Spitalfields Market) Act 1990
- Spitalfields Market Bylaws 1968

SPITALFIELDS CASE LAW

- Attorney-General v Robert Horner 1885
- The Corporation of London v Lyons & Son and Company (Fruit Brokers) Limited 1934

- **SMITHFIELD MARKET/LONDON CENTRAL MARKETS**

- The Metropolitan Meat and Poultry Market Act 1860
- The Newgate and Metropolitan Meat and Poultry Market Abolition Act 1861
- The Metropolitan Meat and Poultry Market (Western Approach) Act 1862
- The Metropolitan Meat and Poultry Market (Borrowing) Act 1964
- The Holborn Valley and Farringdon Market improvement Act 1872
- The London Central Markets Act 1875
- The Metropolitan Markets (Fish etc) Act 1882
- London Central Markets Act 1886
- City of London (Various Powers) Act 1956 Section 11
- City of London (Various Powers) Act 1959 Sections 6, 7, 8, 10
- City of London (Various Powers) Act 1961 Section 42
- City of London (Various Powers) Act 1963 Section 31
- City of London (Various Powers) Act 1971 Section 12
- Local Government (Miscellaneous Provisions) Act 1976 Section 36
- London Central Markets Bylaws 1953

- **COVENT GARDEN MARKET**

- Covent Garden Market Act 1961
- Covent Garden Market Act 1966
- Covent Garden Market Act 1969
- Covent Garden Market (Financial Provisions) Act 1977
- Covent Garden Market Bylaws 1977
- Covent Garden Market Bylaws 1995

2. MARKETS LEGISLATION (SYNOPSIS)

OVERVIEW OF LEGISLATION CONCERNING ALL MARKETS

First Charter of Edward III 6th March 1327: that no market shall be granted by the king or his heirs "to any within seven miles in circuit of the said city"

First Charter of Charles I 18th October 1638: confirmation to the mayor and commonalty and the citizens of the city of London, and their successors, that no market shall be granted, erected, or permitted by the Crown within 7 miles compass of the said City.



LEGISLATION COVERING ALL THE CORPORATION MARKETS

- City of London (Various Powers) Act 1963 Section 31

Allowed the Corporation to charge for land use and services provided in connection with all the markets.

- City of London (Various Powers) Act 1971 Section 12

Increase of penalties for breaking bylaws in the markets from £5 to £20.

- Local Government (Miscellaneous Provisions) Act 1976 Section 36

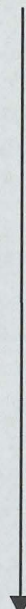
Empowers the Corporation to appoint market holidays, days, and times at which the market is to be held.



LEGISLATION COVERING SPITALFIELDS AND SMITHFIELD ONLY

- City of London (Various Powers) Act 1959 Sections 6, 7, 8 and 10

This Act allowed the Corporation to create storage facilities (including compulsory purchase), maintain and govern their use, prevent nuisance, obstruction and regulation of persons using them.



1. SPITALFIELDS

2. SMITHFIELD

3. BILLINGSGATE

4. NEW COVENT GARDEN

INDIVIDUAL MARKET LEGISLATION

SPITALFIELDS

- Charter Of Charles II

Granted one John Balch Esq. his heirs and assignees the right to hold two markets every week on Thursday and Saturday in or near a place called Spital Square.

- City of London (Spitalfields Market) Act 1902

This Act reconfirmed the Charters of Edward III and Charles II. The Act also empowered the Corporation to buy the market with the power to improve, extend and maintain. The Corporation would not use the powers of this Act or anyone deriving title through them to prevent the establishment, holding, acquisition and maintenance of any market by the London County Council or by the Council of any Metropolitan Borough constituted under the London Government Act 1899.

- City of London (Various Powers) Act 1914 Section 35

As to expenses of this Act (all relevant provisions repealed).

- Special Acts (Extension of Time) Act 1915

This Act gave temporary power for the extension of time limits for the performance of duties or exercise of powers under special Acts.

- City of London (Various Powers) Act 1922 Sections 4 – 24 (Part II)

Allowed the Corporation to make further improvements at Spitalfields and to charge expenses in connection with the market and other expenses to the General Rate.

- City of London (Various Powers) Act 1960 Section 16

Allowed Corporation to provide, alter and maintain buildings, conveniences and other premises, parking areas and other facilities for the use of accommodation of persons resorting to the market.

- City of London (Various Powers) Act 1979 Section 20

Empowers the Corporation to lease or license any stall or standing on the markets as they see fit for any period not exceeding 21 years.

- City of London (Spitalfields Market) Act 1990

This Act provided for the move of the market to a new site to meet modern marketing needs; and the applications to the market site of the law, rights, obligations etc, to this market disapplying.

SMITHFIELD

- Charter of Charles I

The Mayor and Commonalty and Citizens and their successors authorizes to hold markets and fairs in the field called Smithfield.

- Metropolitan Meat and Poultry Market Act 1860

This Act allowed the Corporation to establish a meat and poultry market at Smithfield. The driving force behind the Act was to make one market instead of many small, confined markets that were inadequate to fulfil the needs of the populace.

- *The Newgate and Metropolitan Meat and Poultry Market Act 1861*

Allowed the Corporation to abolish Newgate Market and remove nuisances and obstructions in the vicinity and build dwellings, shops and buildings for other purposes.

- *The Metropolitan Meat and Poultry Market (Western Approach) Act 1862*

Allowed the Corporation to improve the western approach to the market; and to authorize the raising of additional money.

- *The Metropolitan Meat and Poultry Market (Borrowing) Act 1864*

This Act repealed and amended parts of the 1860/1861/1862 Acts with respect to borrowing and set out new provisions.

- *The London Central Markets Act 1875*

This Act allowed the Corporation to set up a fruit and vegetable market in London, extend the Metropolitan Meat and Poultry Market and provided for the abolition of Farringdon Market and the disposal of surplus lands.

- *The Metropolitan Markets (Fish etc) Act 1882*

Allowed the Corporation to turn the fruit and vegetable market into a fish market and keep Farringdon Market open.

- *London Central Markets Act 1886*

Allowed the Corporation to make further provision with reference to the London Central Markets and for other purposes:

To annex land and

To turn the fish market into a general market.

The Act also authorized the abolition of Farringdon Market.

City of London (Various Powers) Act 1956 Section 11

The tolls and rents set out under section 37 of the 1860 Act were to continue when the interest and the principal had been paid off.

- *City of London (Various Powers) Act 1961 Section 42*

This section sets out the Corporation's borrowing powers to finance the rebuilding and improvements made to the poultry section of the London Central Markets.

BILLINGSGATE

- *The Billingsgate Market Act 1846*

This Act repealed all previous legislation concerning Billingsgate Market and gave the Corporation the right to enact bylaws, rules, orders and regulations to maintain and control the market. These bylaws had to be approved by the Board of Trade (historically the Privy Council) before coming into force.

- *The Billingsgate Market Act 1871*

This is an Act that allowed the Corporation to extend the market.

- City of London (Various Powers) Act 1920 Section 10

This section allowed the Corporation to close the market on special occasions: Christmas Day and any other day e.g. public mourning days, holidays and feast days; provided that notices were to be posted 7 days before the event.

- City of London (Various Powers) Act 1937 Sections 1 to 27

This Act allowed the Corporation to extend and improve the market i.e. the power to construct a quay; there is also a variation in the Corporation's financial powers in relation to the market.

- City of London (Various Powers) Act 1969 Section 11

This Act allowed the Corporation to borrow monies, not in excess of £4 million, to defray any expenses incurred or to be incurred by them in connection with Billingsgate Market.

- City of London (Various Powers) Act 1973 Sections 1 to 6

Allowed the Corporation to extend the market, and provided for the extension of the marketable commodities that are sold there to commodities and articles which are customarily associated with the processing, preserving, storage, sale or consumption of fish and fish products i.e. not just fish

- City of London (Various Powers) Act 1979 Sections 10 to 17

These sections provided for the move of Billingsgate Market to a new site, and that all the relevant previous laws were to apply to the new site as they did to the old. They also took care of traders wishing to move with the market by demanding that the Corporation offer them accommodation at the new site on terms specified.

- City of London (Various Powers) Act 1987

This Act allowed the Corporation to dispose of the lands at the new site to the London Docklands Development Corporation for any purpose other than a market in exchange for land suitable for the market. The lands disposed of by the Corporation were to be free from any restrictions placed on them by their status as a market.

COVENT GARDEN MARKET

- The Covent Garden Market Act 1961

This Act establishes the Covent Garden Market Authority and brings under its control the lands in the parish of St. Paul, Covent Garden and the chattels of the property of Covent Garden Market Limited. It also brings under the Authority's control activities relating to the dealing in bulk in horticultural produce. It repeals the Letters Patent of 1670 and the Improvement Act 1828.

- Covent Garden Market Act 1966

This Act gives the Authority the power to transfer the Market at Covent Garden to a new site in the London Boroughs of Wandsworth and Lambeth, acquiring the lands and easements that they think fit.

- *The Covent Garden Market Act 1969*

This Act gives more powers to the Authority and amends provisions of the Covent Garden Market Acts 1961 and 1966. The 1969 Act makes provision, for example, for:

- The commencement of the use of Nine Elms lands for various purposes.
- Order making powers for the enlargement of the Market Traffic Advisory Committee.
- The General Manager and the Secretary of the Authority to sign sealed documents.
- The appointment of market law enforcement officers to secure observance and enforcement of all regulations and bylaws made by the Authority.

- *The Covent Garden Market (Financial Provisions) Act 1977*

This makes fresh provision in relation to the finances and the financial duties of the Covent Garden Market Authority and for related matters, for example:

- The reduction of the debt of the Covent Garden Market Authority by £13 million, and the consequent reduction of the assets of the National Loans Fund.
- For the Secretary of State to suspend some of the liabilities of the Authority. A direction shall specify the assets, which are to be disposed of, and may specify the period/s within which they are to be disposed of.
- The financial duties of the Authority.

3. PRODUCTS IN THE MARKETS

SMITHFIELD	<p><u>The Metropolitan Meat and Poultry Market Act 1860</u></p> <p>Section IX:</p> <p>On the Land by this Act authorized to be taken, a Market House and Market Place, or Market Houses or Market Places, for the Exposure and Sale of Meat and Poultry and other Provision's.</p>
	<p><u>London Central Markets Act 1875</u></p> <p>Section 11:</p> <p>The Corporation may on Lands acquired or appropriated by them under this Act establish and maintain a fruit, vegetable, and flower market, and may thereon and in connexion therewith erect and do all buildings and works necessary and convenient for the establishment, maintenance, and management of that market.</p>
	<p><u>The Metropolitan Markets (Fish) Act 1882</u></p> <p>Section 2:</p> <p>The Corporation may on the lands acquired or appropriated by them for the purposes of the London Central Fruit, vegetable and flower Market and in the buildings erected or to be erected there on establish and maintain an inland fish market instead of a fruit and Vegetable and flower market</p> <p>Section 3:</p> <p>All the provisions of the London Central Markets Act 1875 relative to the London Central Fruit, Vegetable and Flower Market shall as far as the same are applicable and are not repealed or varied by this Act extend and apply to the inland fish market to be established and maintained under this Act and the same shall be one of the London central market with in that Act and be distinguished as the London Central Fish Market.</p>

**SMITHFIELD
(continued)**

London Central Markets Act 1886

Section 6:

The Corporation may on any land authorised to be used for the purposes of this Act an on and over any land in over or affecting which they shall have acquired any easement authorised to be used for the purposes of this Act to the extent of such easement and in the buildings erected or to be erected thereon or and thereover respectively establish and maintain a general market for the sale both wholesale and retail of fruit flowers vegetables fish meat poultry corn hay straw provisions goods wares merchandize and other marketable commodities and things and may thereon and in connexion therewith erected and do all buildings and works necessary and convenient for establishment maintenance and management of that market.

Section 7:

All the provisions of the Act of 1875 relative or applicable to the fruit vegetable and flower market by that Act authorised to be established shall as for as the same are applicable and are not repealed or varied by or inconsistent with this Act extend and apply *mutatis mutandis* to the market by this Act authorised to be established fully as if such market had been established under the Act of 1875 and had been named therein instead of such fruit vegetables and flower market as if the Mayor Commonality and Citizens of the City of London had been mentioned in the said Act instead of the Mayor Aldermen and Commons of the City of London and the market by this Act authorised to be established and in this Act referred to as the market shall be one of the London Central markets within that Act with such distinguishing name or names as the Corporation may from time to time by act of Common Council determine.

Bylaws

MARKETABLE COMMODITIES: meat, poultry, provisions, fish, fruit, flowers, vegetables, hay, straw, goods, wares, merchandise and other marketable commodities and things including live animals and poultry.

BILLINGSGATE	<p align="center"><u>Billingsgate Market Act 1846</u></p> <p>Section 7:</p> <p>And it be Enacted that from the day after the passing of this Act Billingsgate Market shall be in every day of the week, except Sunday, a free and open Market for the wholesale and retail sale of all sorts of fish; and that it shall and may be lawful for any Person to buy sell, both by wholesale and retail, any sort of fish, or any quantity there of, in the said market, without any disturbance or molestation whatsoever.</p>
	<p align="center"><u>City of London (Various Powers) Act 1973</u></p> <p>Section 4</p> <p>Notwithstanding anything in section 7 (Declaring Billingsgate a free market for wholesales and retail without restriction as to sort of quantity of fish) of the Billingsgate Market Act 1846, the Corporation may permit the sale within Billingsgate Market of such commodities and articles as they think fit in addition to the sale of fish, being commodities and articles which are customarily associated with the processing, preserving, storage, sale or consumption of fish and fish products.</p>
	<p align="center"><u>City of London (Various Powers) Act 1973</u></p> <p>Section 4</p> <p>Notwithstanding anything in section 7 (Declaring Billingsgate a free market for wholesales and retail without restriction as to sort of quantity of fish) of the Billingsgate Market Act 1846, the Corporation may permit the sale within Billingsgate Market of such commodities and articles as they think fit in addition to the sale of fish, being commodities and articles which are customarily associated with the processing, preserving, storage, sale or consumption of fish and fish products.</p>
	<p align="center"><u>Bylaws</u></p> <p>FISH: includes oysters and all other shellfish</p>
SPITALFIELDS	<p align="center"><u>Bylaws</u></p> <p>MARKETABLE COMMODITIES: fruit, vegetables, flowers, nuts and any other horticultural products and horticultural sundries and any other commodities which may lawfully be sold in the market.</p>

<p>NEW COVENT GARDEN</p>	<p style="text-align: center;"><u>Covent Garden Market Act 1961</u></p> <p>Section 18 amended by Schedule 5 of the Covent Garden Market Act 1966</p> <p>1) The Authority shall have the power – (e) to provide (consistently with the discharge of their duties) facilities for enabling persons to carry on, at the place where the Authority are providing market facilities, business consisting of, or comprising, the sale, otherwise than by wholesale, of horticultural produce</p>
	<p style="text-align: center;"><u>Covent Garden Market Act 1966</u></p> <p>Section 5 (1) amended by section 3 and the Schedule of the Covent Garden Market Act 1969</p> <p>Subject to the provisions of subsection (2) of this section the appointed day for the purposes of this Act shall be such day, not being later than 1st January, 1972, as the Authority may appoint for the commencement of the use of land within the Nine Elms lands as a market for dealing in bulk in fruit and vegetables or as a market for dealing in bulk in flowers (which ever shall be the later):</p> <p>Section 21 (2)</p> <p>It shall be the duty of the Authority on and after the appointed day to provide market facilities within the area comprising the Nine Elms lands and on any other lands acquired by them under section 20 (Acquisition of additional lands) of this Act for the purposes of a market.</p>

4. FRESH MEAT, FISH, FRUIT AND VEGETABLES

Retail and catering purchases of Meat, Fish, Fruit and Vegetables (MFFV) in London and the South East.

	London	South East
<i>Population</i>	7,375,100	8,114,900
<i>1. Household Expenditure (per person per week)</i>		
Total food bill, less alcohol, soft drinks and confectionery	£16.82	£17.60
Of which...		
Meat (carcass meat plus other meat and meat products)	£4.22	£4.50
Fish	£1.04	£0.98
Vegetables	£2.74	£2.67
Fruit	£1.83	£1.82
Total	£9.83	£9.97

Expenditure on MFFV represents some 56% of the total food bill.

Regional expenditure on MFFV per week	£72,497,233	£80,905,553
Combined weekly expenditure, London & South East		£153,402,786
Annual expenditure on MFFV for the region		£7,976,944,872

2. Eating out expenditure (per person per week)

Weekly expenditure on eating out (less alcohol)	£8.09	£6.32
Assume same proportion as household MFFV (56%)	£4.53	£3.54
Regional expenditure on MFFV per week	£33,409,203	£28,726,746
Combined weekly expenditure, London and South East		£ 62,135,949
Annual expenditure on MFFV for the region		£3,231,069,348

3. Total annual expenditure of MFFV (household and eating out)

£11.2 bn at RSV³⁹

4. Value of MFFV retail and catering purchases in London and the South East.

Assume 40% mark up on household food⁴⁰,
Annual retail purchase price on MFFV £5,697,817,766

Assume 100% mark up on food eaten out⁴¹,
Annual catering purchase price on MFFV £1,615,534,674

Total value of MFFV in London and South East **£7.3 bn at purchase price**

³⁹ RSV – Retail Sales Value

⁴⁰ Our figure is based on our impressions of the market as mark up varies significantly between meat, fish, fruit and vegetables as well as from trader to trader.

⁴¹ Again, figures vary widely between catering outlets as well as between products. However, a shift of 20% either way in mark up of household food or food eaten out would mean a shift in wholesale market share of MFFV in London and the South East by only 3%.

The London wholesale markets share of grocery retail and catering supply for London and the South East

1. Wholesale Trade:

Assuming wholesale supply is 40% of grocery retail ⁴² ,	
Retail supply of MFFV in region	£2,279,127,106
Assuming that caterers source 75% from wholesaling ⁴³ ,	
Catering supply of MFFV in region is	£1,211,651,005
Total wholesale cost of MFFV in the region	£3.5 bn

2. Total wholesale share of London and South East MFFV retail and caterers purchases:

Retail and caterers purchase	£ 7.3 billion
Wholesale trade	£ 3.5 billion
	48%

3. Market turnover share of London and the South East MFFV wholesale sales.

Turnover at:	Billingsgate	£0.23 bn (2001) ⁴⁴
	New Covent Garden	£0.32 bn (2001) ⁴⁵
	New Spitalfields	£0.40 bn (1999)
	Smithfield	£0.30 bn ⁴⁶ (est.)
	Western International	£0.30 bn (2001) ⁴⁷
		£1.55 bn
Wholesale trade		£3.5 billion
		44%⁴⁸

4. Wholesale market share of total London and South East MFFV retail and caterers purchases:

Wholesale markets	£1.55 billion
Retail and caterers purchase	£7.3 billion
	21%

Note: Turnover figures for Billingsgate and Smithfield, in tonnage, reveal that they represent 26% and 28% respectively of consumption in London, but only 14% and 12% respectively of consumption in London and the South East. This suggests that these markets predominantly supply London rather than the South East.

⁴² IGD estimate that the major multiples make up 60% of the UK grocery market. We are assuming here that they source direct from suppliers and the remaining 40% source from wholesaling. See Appendix 6 for more data on supermarket share.

⁴³ IGD estimate that 75% of costs of food sold to caterers is via intermediaries, the remainder being purchased either directly from suppliers or other sources.

⁴⁴ Corporation of London estimate.

⁴⁵ Covent Garden Market Authority data, less flowers.

⁴⁶ Our estimate of Smithfield turnover is based on total turnover volumes (Corporation of London) at £2800 per tonne of meat.

⁴⁷ Hounslow Council estimate.

⁴⁸ Assumes markets to supply exclusively London and the South East, although we believe a small amount will go outside this region.

5. CONSUMER TRENDS IN EXPENDITURE AND CONSUMPTION OF FOOD

The acquisition and consumption of food, within the context of the marketplace, can be examined conveniently according to two separate categories;

- purchase for consumption at home (household consumption).
- purchase for consumption outside the home (eaten out).

These categories require further definition. 'At home' refers to food that is brought into the home, generally from retail outlets, primarily for consumption at home. It does include food that is bought in this manner but taken outside for consumption (e.g. sandwiches made at home for consumption at work). It does not include take-aways such as fish and chips or pizza which, though purchased with the intention for consumption at home, come from primarily catering, not retail, establishments. These foods fall under the category of food eaten 'outside the home', as would snack products bought from outlets that are not predominantly food retail outlets.

These categories allow us to examine consumption habits over time and hence fluctuations in demand in the food retail and catering sectors. The purpose of this appendix is to provide a consumer driven analysis of market sizes and trends. It will examine consumer trends in eating out and household consumption in terms of volumes consumed (grams per person per week), and expenditure. It will look at these trends generally, and for specific products pertaining to London's wholesale markets (cheese, meat, fish, fruit and vegetables). It will then examine regional breakdowns of food consumption and expenditure to see how London and the South East of England compare with the rest of Britain in terms of consumption habits and market share. The regional breakdowns are based on average consumption / expenditure multiplied by the population of each region.

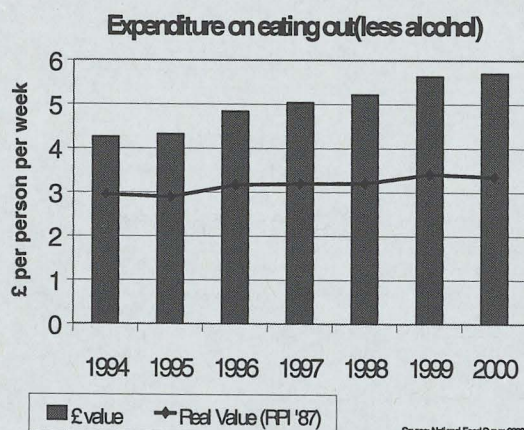


Figure 1

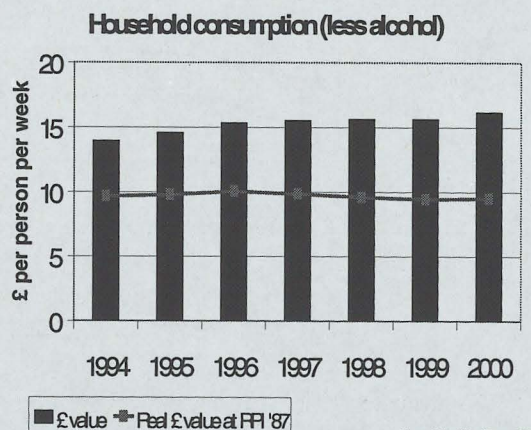


Figure 2

Figure 1 shows the average weekly expenditure of each person in Britain on food and drink (except alcohol) for consumption outside the home, in both actual and real terms. Between 1994 and 2000, expenditure has risen from £4.25 to £5.70, an increase of 34%, or 13.5% in real terms. Figure 2 shows expenditure on food and

drink for household consumption. Over the same period, this expenditure has risen from £13.91 to £16.15, an increase of 16%, but a decrease of 1.8% in real terms.⁴⁹

Figure 3 shows these increases both year on year, and cumulatively since 1994. It can be seen more clearly here how growth in expenditure on eating out has outpaced growth in expenditure on household consumption.

These trends give an indication of how people's spending habits on food are changing. People are prepared to spend more on eating out, and less on household food. Numerous explanations may underpin this, such as the ability to purchase food for household consumption more cheaply, or an increase in disposable income favouring eating out as a leisure activity. The inverse relationship between expenditure on food eaten out and food for household consumption is probably more significantly influenced by wider economic forces.

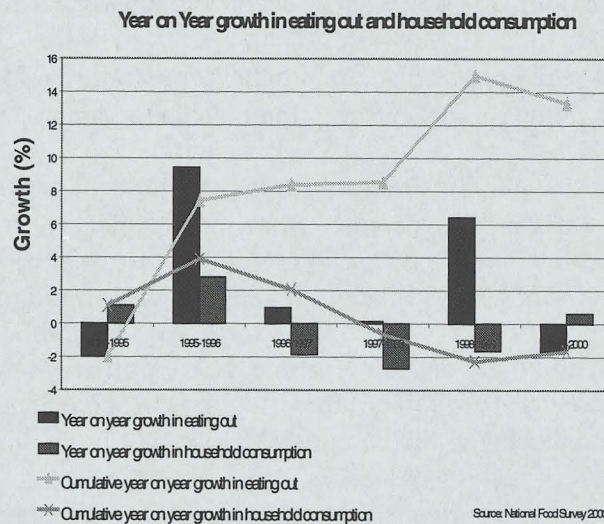


Figure 3

Catering consumption of various food products, 1996-2000

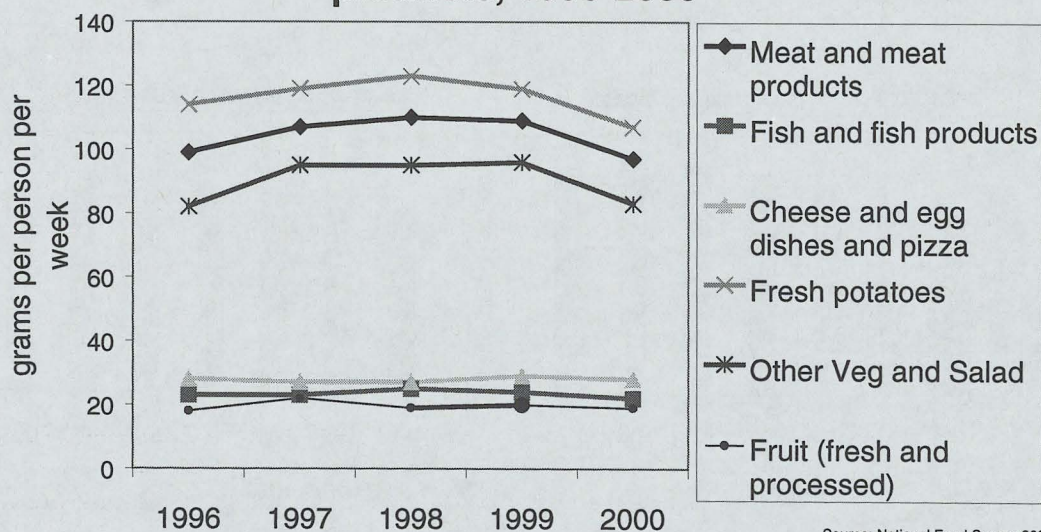


Figure 4

Figure 4 shows catering consumption of selected foods that are typical of those sold in London's wholesale markets. Between 1996 and 2000 there has been a gradual

⁴⁹ Note: There is a difference in scale between figures 1 and 2

rise and then fall in the quantities of various foods that people are consuming outside the home. Meat, fish, vegetables and potatoes all show this trend.

Fluctuations in these consumption volumes do not mirror the corresponding fluctuations in expenditure on eating out. So whilst portion sizes might be decreasing, price is not, indicating that over time a higher value product is being purchased.

Statistics on household consumption of various food products have been recorded for longer than those for food eaten out. These are shown in figures 5 and 6 in terms of volumes consumed and expenditure respectively. Here we see mixed trends for various foods. Fresh potato consumption has dropped significantly, possibly as frozen potato products and other staples such as rice have become more popular. Carcass meat consumption has also fallen significantly, but has been countered by an increase in consumption of other meat products. The increase in demand for pre-cooked or microwave dishes may be influencing this shift in meat consumption. Overall, meat consumption is up by 263 grams (26%). From Figure 6 we see that household expenditure on certain foods has increased over time, although we know from figures 2 and 3 that in real terms, expenditure has decreased since 1994. So despite an overall increase in household consumption, the real amounts spent on these products has reduced over the same period.

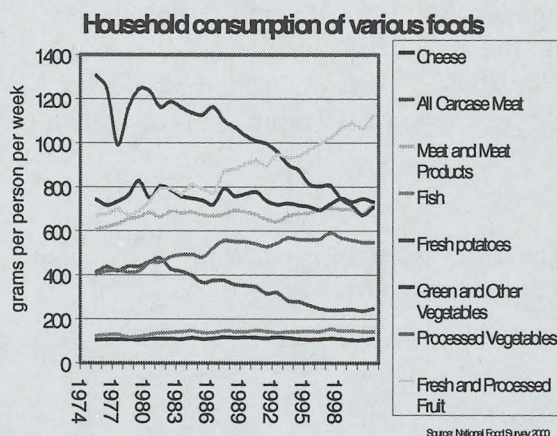


Figure 5

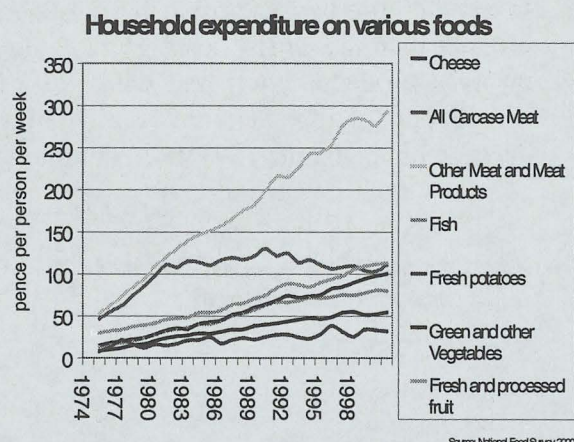


Figure 6

Regional Trends

We believe that the London markets supply predominantly, but not exclusively, to retail and catering food establishments throughout London and the South East. Some trade further, for example Western International is involved in supply along the M4 corridor to Bristol and Covent Garden's flower market attracts customers nationally.

Food consumption at home

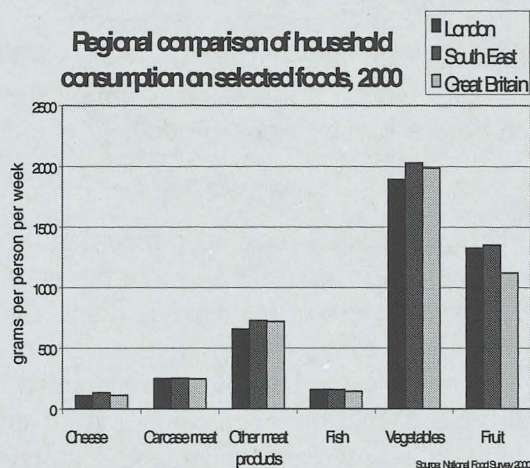


Figure 7.

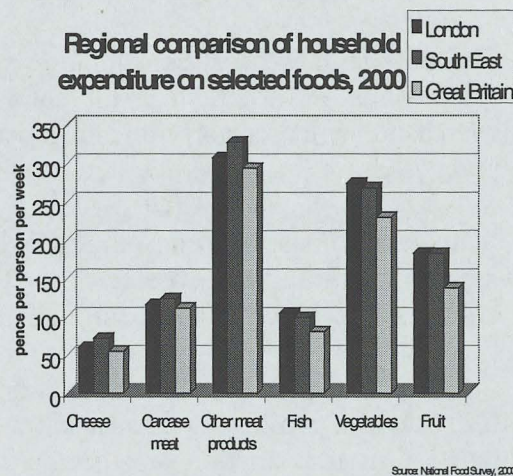


Figure 8.

Figures 7 and 8 compare regional household consumption of various products. They show food expenditure and consumption habits of people from London and the South East compared with those of Britain as a whole. The amount of each product consumed by people in London and the South East is similar to that of Britain, except for fruit which they consume around 45 grams more than the British average. In expenditure terms, people from London and the South East spend more on each product than the British average. People from the South East spend £3.27 per week on meat products, compared with £2.93 for the British average; around 12% more, despite only eating 1% more. For fruit though, they spend 20% more than the British average but consume 33% more in volume.

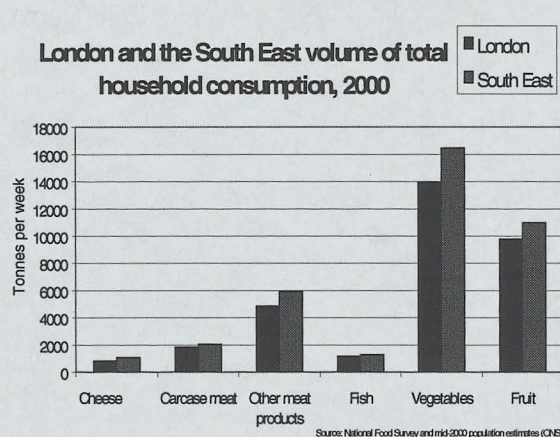


Figure 9.

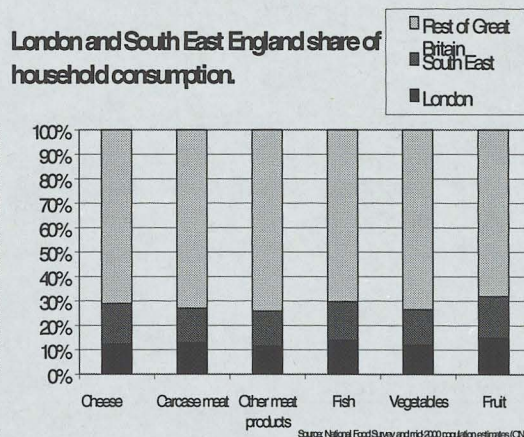


Figure 10.

Figure 9 shows the weekly tonnage of various foods purchased for household consumption within London and the South East. Figure 10 shows these volumes as a percentage of overall consumption in Britain. Of these products, London and the South East make up 27% – 31% of the volume of British trade. This is in line with the regional population, where London and the South East represent 27% of the British population.

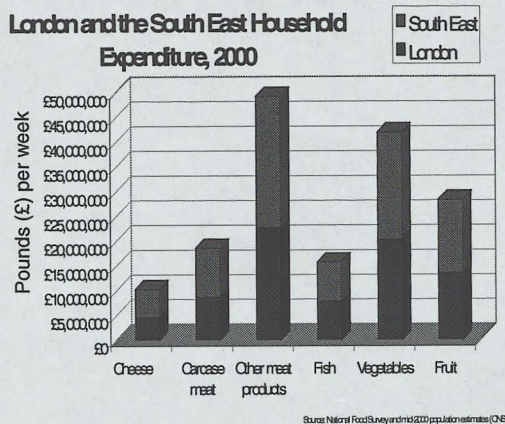


Figure 11.



Figure 12.

Figures 11 and 12 show the same regional comparisons in terms of total expenditure on household food per week. The sum expenditure on the foods shown is £77 million per week in London and £87 million per week in the South East. Combined they represent 31% of total weekly expenditure on household food in Britain. From figure 12, we see this varies between around 29% on meat to 35% on fruit. This expenditure is disproportional with the regional population demographic of 27%.

Food consumption outside the home

Figures 13 and 14 examine regional consumption of market-related foods eaten outside the home. Significantly, Londoners eat out 74% more ethnic food, 41% more fish, and 137% more fruit than the British average. In terms of total volumes of these foods eaten out, London and the South East represent between 17% (meat products) and 37% (ethnic foods) of the British total.

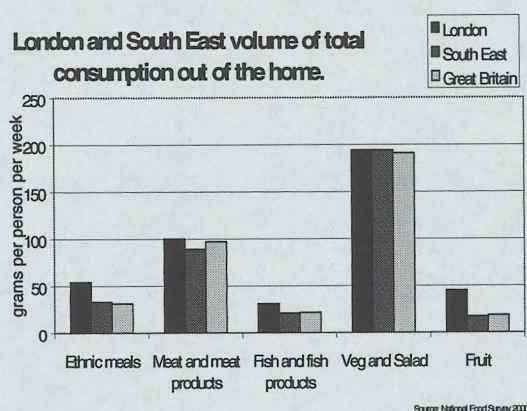


Figure 13.

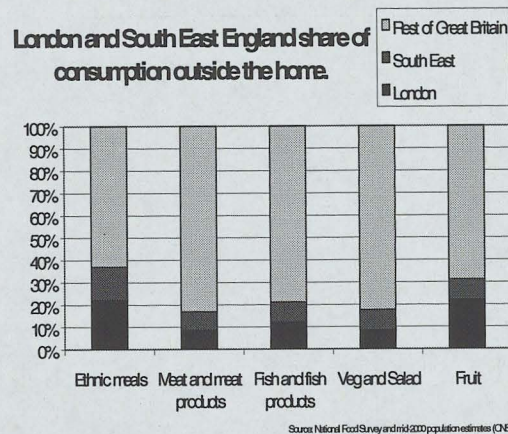


Figure 14.

Breakdowns of these various products according to expenditure instead of volume is unavailable as dishes are made up from varying amounts of each product but are charged for collectively, not individually.

Figure 15 does, however, offer a regional breakdown in expenditure on all food eaten out of the home each week. Here, London and the South East constitute 33% of all British expenditure on food eaten out of the home. This is 6% higher than the proportional representation of the population of London and the South East (27%), indicating that expenditure on food eaten out is greater than the rest of the country and even higher than the regional expenditure on food for household consumption (31%).

Regional share of expenditure on food eaten out of the home each week (£mil)

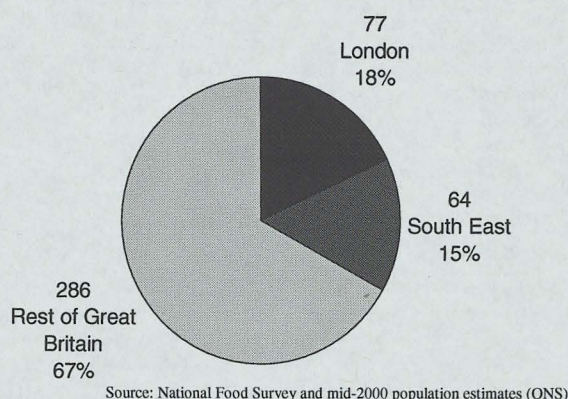


Figure 15.

Information about statistical data

The data used here to examine consumer trends is collated from the National Food Survey, a sample-based inquiry into consumption and expenditure on food eaten both inside and outside the home. Total volumes and expenditure are based on multiplication of these averages per person by population. The populations used are based on the Office of National Statistics mid-2000 population estimates. As these figures are based on sampled data and estimated data, a small margin of error must be allowed. The National Food Survey 2000 and mid-2000 population estimates can be found online.⁵⁰

⁵⁰ National Food Survey: http://www.defra.gov.uk/esg/Work_html/publications/cf/nfs/nfs.htm
Office of National Statistics: <http://www.statistics.gov.uk>

6. SUPERMARKET SHARE

This appendix examines the share of retail food in Britain that is attributable to supermarkets over the last ten years. The data used is IGD's⁵¹ U.K. Retail Market Shares, June 2001 and is based on actual sales data supplied by leading retailers. The data covers the period from December 1990 to June 2001 and is based on sales of the previous 12 months. There is obviously overlap for the final period, and no data is given for 1991 or 1993, although there is still a clear trend identifiable for the full ten-year period.

Findings

In June 2001, the British grocery market was worth £103 billion. Its annual growth for the previous twelve months was 5.2%.

In June 2001, the nine leading supermarkets had a combined share of 59.8% of the total British grocery market. This represents an increase of 4.3% from 1994.

Figure 16 shows the increase in supermarket share⁵² over the last 10 years. It has shown steady growth between 1990 and 1997 and appears to be converging around 60%.

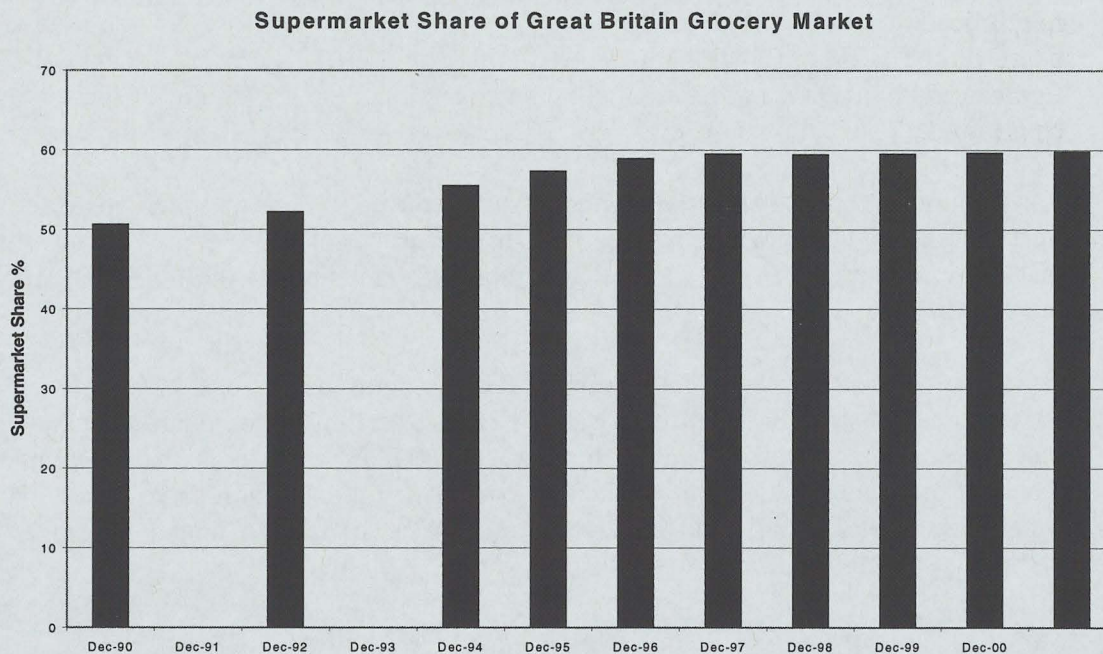


Figure 16.

Source: IGD Research

⁵¹ Institute of Grocery Distribution

⁵² This is the share of total market size held by the nine leading U.K. supermarkets.

Figure 17 shows the actual size of supermarket sales alongside those of the total grocery market over the last ten years. Total market size has grown steadily since 1990, with supermarket size slightly outpacing it until 1997, where it has shown proportional growth to overall market size.

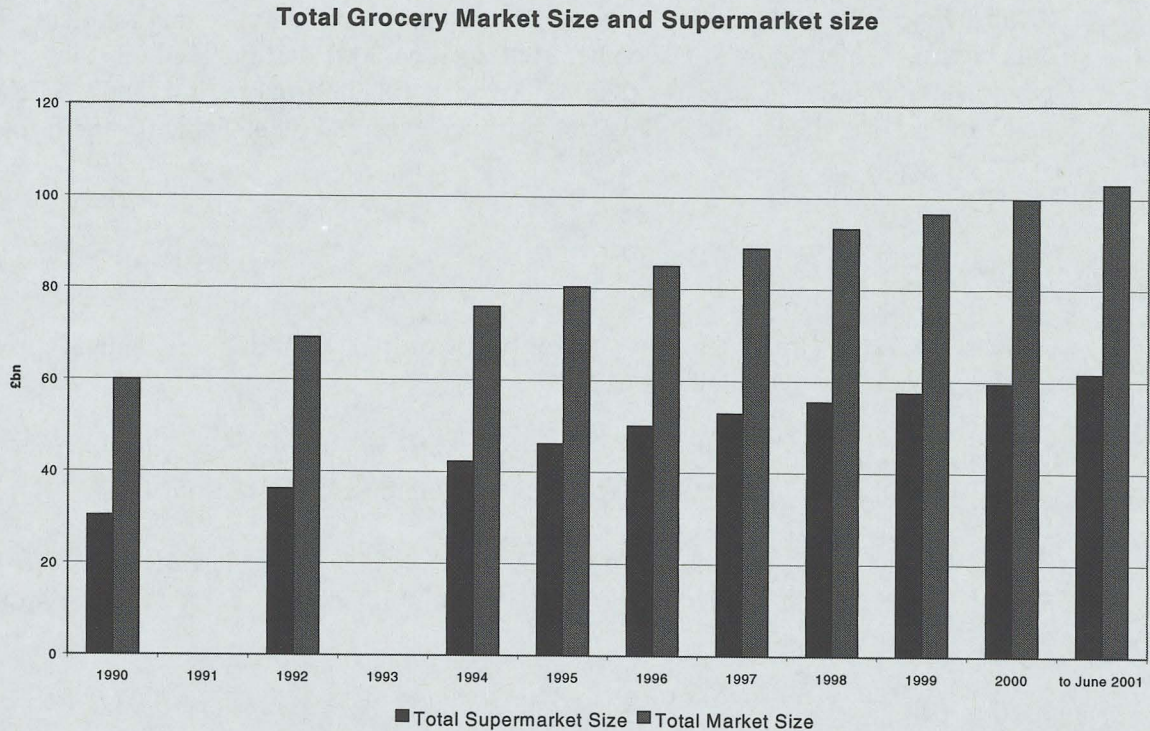


Figure 17.

Source: IGD Research

Notes on data

It is important to note that the total market size referred to here will include non-food lines that exist within what are predominantly grocery retail outlets. This suggests that the total market size, for food related items only, falls below the June 2001 figure of £103 billion.

However, only grocery retailers who meet IGD's market definitions⁵³ are included in the total market size. So, as a comparative exercise we think it reasonable to conclude that supermarket share of food retail is around 60% if we assume that all retailers included here retail roughly the same ratios of food to non-food items. As supermarkets increasingly move into non-food lines, it may no longer be viable to make this assumption.

⁵³ IGD's market definition includes retailers where food related sales exceed 50%, CTN's (Confectioners, Tobacconists and Newsagents) where sales of food related items (including tobacco) exceed 35%, chemists and Marks and Spencer food sales. It does not include petrol and petrol forecourt sales, Marks and Spencer non-food sales, market stalls and home delivery specialists.

7. MARKET TURNOVER IN TONNES AND APPROXIMATE STERLING VALUE

Because of the inconsistency in the data provided on turnover, it is hard to draw firm conclusions and comparisons between the various markets.

Turnover in value

It appears that across the London wholesale markets turnover in value has risen slightly over the last ten years. Billingsgate and Spitalfields have seen rises in turnover of 21% and 14% respectively. New Covent Garden Market turnover has declined by 3%. Figures on turnover value for Smithfield market are unavailable. Those for Western International show no trend.

Covent Garden Market's breakdown of turnover shows that the decline in fruit, vegetable and flower trading has been offset slightly by the rise in catering and non-horticultural trade,. This has contributing to a 14% upturn in market turnover between 1997 and 2000. This indicates some success through diversification.

Turnover in volume

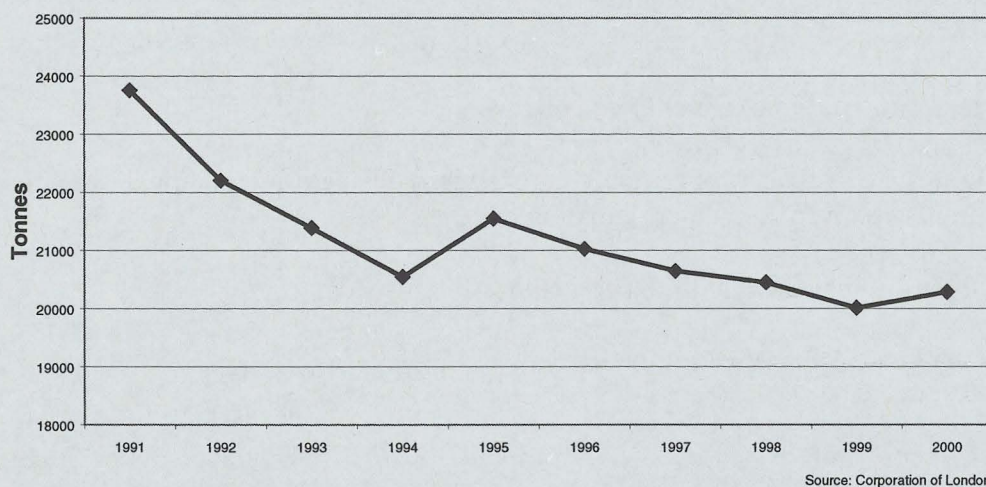
Turnovers in volume appear to have reduced dramatically over the last ten years. Tonnage of fish throughput at Billingsgate has dropped by 15% since 1992 despite an increase in the value of turnover. At Smithfield, tonnage of meat throughput has dropped by 26%⁵⁴. It is not known how this has affected the value of trade at the market. Figures for turnover in volume were not available for Spitalfields, New Covent Garden or Western International.

Billingsgate Fish Market Turnover

In Value: In 1992 - £190 million
In 2001 - £230 million

In Tonnage: In 1992 - 23754 tonnes
In 2001 - 20281 tonnes

**Turnover (tonnage) of fish and associated products at
Billingsgate Market**

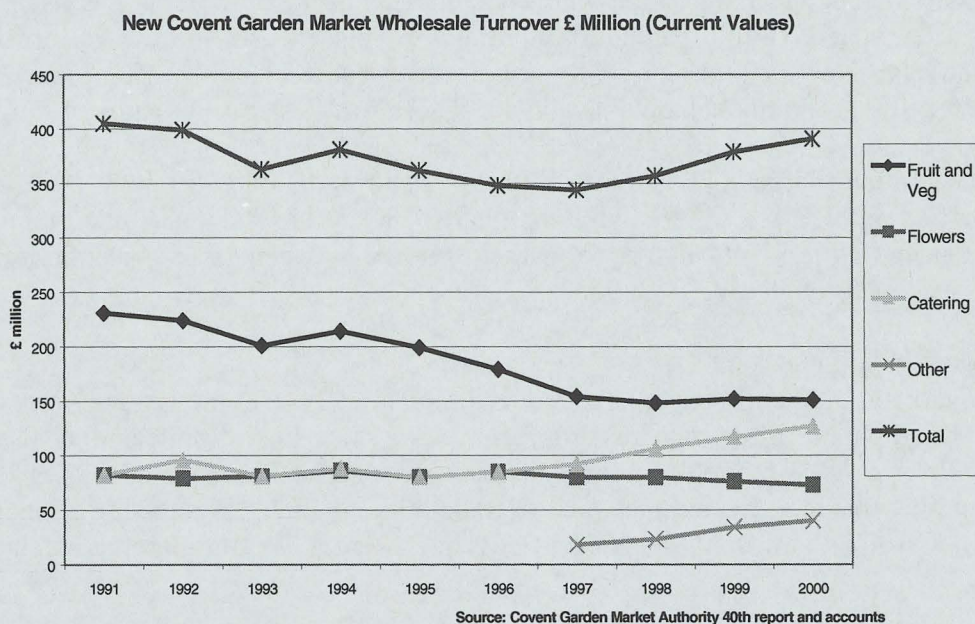


⁵⁴ Although tonnage of meat throughput at Smithfield has risen since 1998

New Covent Garden Market Turnover

Turnover provided in value only.

In Value: In 1991 - £405 million
 In 2000 - £391 million



New Spitalfields Market Turnover

Spitalfields tenants are not required to supply turnover or tonnage figures to the Corporation. Spitalfields Market Tenants Association has carried out surveys and approximate figures are provided at time of relocation (1991) and in 1999.

In Value: In 1991 - £350 million
 In 1999 - £400 million

Western International Market Turnover

No figures are available for turnover in tonnage at Western International. Figures for turnover in volume are given as an approximation only.

In Value: Approx. £300 million per annum

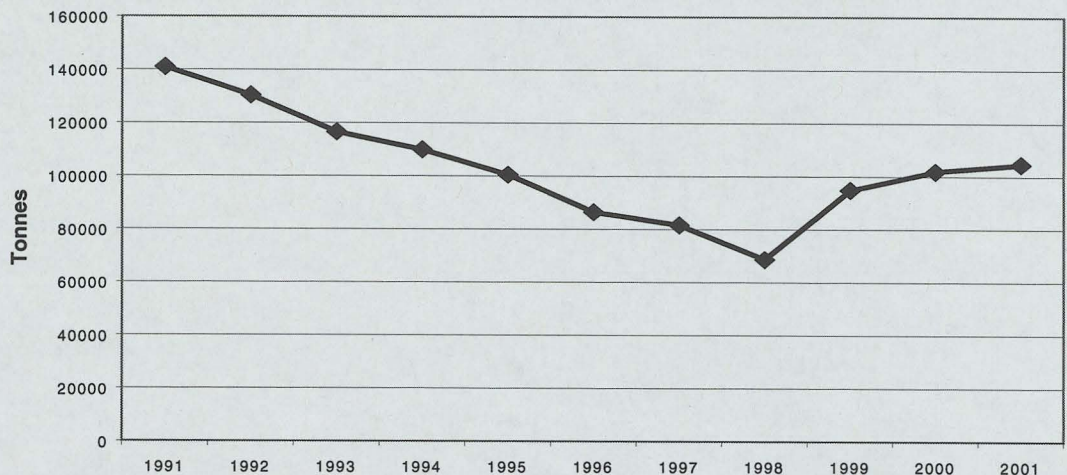
Over ten-year: Approx. £3 billion in total.

Smithfield Market Turnover

Turnover provided in tonnage only.

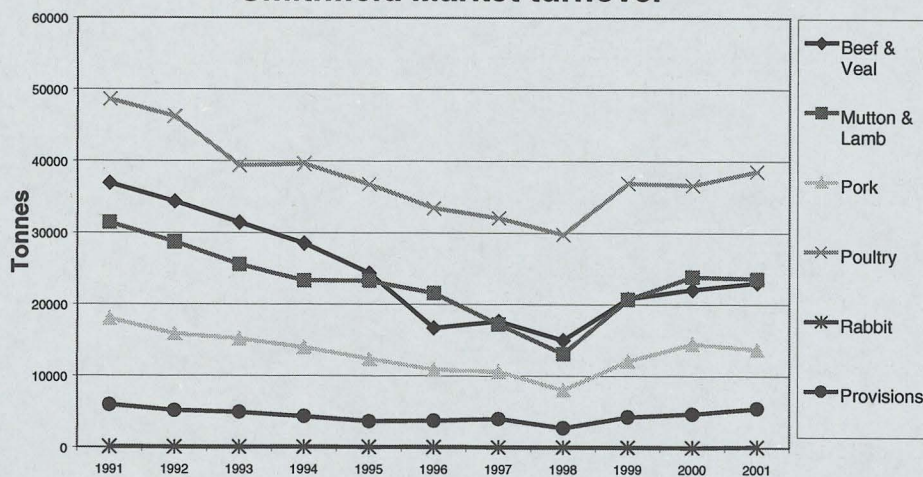
In Tonnage: In 1991 – 140,969 tonnes
In 2001 – 104,504 tonnes

Total Turnover in Meat (tonnage) and associated provisions from Smithfield Market



Source: Corporation of London

Smithfield Market turnover



Source: Corporation of London

8. PHYSICAL ATTRIBUTES OF THE LONDON MARKETS

Size

	Billingsgate Market	New Covent Garden Market	New Spitalfields Market	Smithfield Market	Western International
Total size (ha)	5.5	22.7	13.0	2.35	13.0
Selling Area (sq. ft)	35403	508025 (plus 250000 apron area)	237075	128256	139200
Tenants Cool Storage (sq. ft)	1440	Not known	Not known	Not known	(inc. in selling area)
Common Cool Storage (sq. ft)	46182	72004 (Flower Market)	0	0	0
Tenants Offices (sq. ft)	21926	68649	Not known	36422	15000
Authority's Offices (sq. ft)	5079	8200	2128	3389	1200
Other Offices (sq. ft)	6279	8200	7357	108400	3000
Common Parts/Walkways (sq. ft)	37323	100000 (gangways and buyer's walks)	116942	Not detailed	59000

Tenancies

	Billingsgate Market	New Covent Garden Market	New Spitalfields Market	Smithfield Market	Western International
Number of Tenants	62	240	149	41	82
Warehouse Occupancy Rates	N/A	93%	100%	Nil	100%
Office Space -Tenants and Authority (sq. ft)	27005	76849	8061	39811	16200
Other Office Space (sq. ft)	393	8200	Not detailed	108400	3000
Empty Space (sq. ft)	3693	Not detailed	1424	51111	0

Parking

Parking Spaces	382	1000	950	525	1200
Lorry Parking Spaces	(93600 sq. ft)	550	30	0	800
Other Users Parking Spaces	75	340	825	N/A	Not Detailed
<i><u>Vehicles entering per day:</u></i>					
Suppliers Lorries	80	1280 (arctic, rigid & Luton-type)	Up to 300	100	374 (all trucks)
Buyers Vans	675	2915 (transit vans & cars/estates)	Up to 2200	1000	851 (cars and vans)
Staff Cars	200	385	Up to 800	425	150

Miscellaneous

	Billingsgate Market	New Covent Garden Market	New Spitalfields Market	Smithfield Market	Western International
Capacity for Diversification/Expansion	Half Acre available.	Dependant on time scale and funding. Potential exists, limited by shape of available areas and need to maintain existing market activities.	Limited by borders. Scope to expand on other side of Ruckholt Road. Detailed study required.	Nil	Nil
Surveys/Research carried out in last 5 years	Nil	Tenants' awareness of and interest in electronic trading/internet business.	2001-Best Value customer survey.	2001-Best Value survey carried out amongst tenants, customers, local residents, and local businesses.	Nil
Peak Seasons	Easter, Christmas and around Bank holidays.	Produce: May-July and December Flowers: Valentine's Day, Mothers' Day, Easter & Christmas	May – Early August, December. (Diminishing seasonal trade)	December and around public holidays.	Produce: May – July Flowers: Valentine's and Mothers Day

Other notes on physical attribute survey:

1. The number of floors and usage and area of each floor was only provided by Billingsgate and have been omitted from the report.
2. None of the markets keep a tenants waiting list.

9. MARKET STRUCTURE SURVEY

The Market Structure Survey was undertaken to obtain a snapshot of wholesale trading 'from the market floor'. Most of the questions aimed to assess the size and duration of individual business' at each market, the kind of business taking place and the products sold, the customer base and employment details. The survey also invited comments from tenants pertaining to the operation of their business at each market.

The scope of the survey included all tenants at each of the five London wholesale markets; Billingsgate, New Covent Garden, New Spitalfields, Smithfield and Western International. We endeavoured to provide each business with a survey form and envelope and utilised internal delivery systems.

The survey was conducted throughout the week of 9th – 13th September 2002. The survey was voluntary. Respondents did not have to answer any (or all) of the questions if they chose not to. For some questions may seem at odds with others because of this, although results for each question alone are recorded in their entirety.

Survey Results: Synopsis

Survey responses were, on the whole, poor. Market staff have conducted their own surveys on numerous occasions and have also found response to be poor. The voluntary nature of this survey, scepticism about use of the information, time constraints, survey apathy and tenant responsibility to complete surveys will all have played some role in this low response. Fluctuations in numbers of tenants, official tenancies sometimes in variance with number of businesses (as one business may have a number of tenancies), and some businesses being missed by the survey mean a 100% delivery rate was not achievable, although the rate was still high for all markets. Response rates to surveys handed out varied between 13% and 50%. This gives an overall sample size based on tenancies of between 12% and 42%.

Response Rate and Sample Size

	Billingsgate	Co. Garden	Spitalfields	Smithfield	Western Int.
Tenants	62	240	149	41	82
Delivery rate	81%	96%	94%	98%	73%
Survey returns	26	36	19	5	14
Response Rate	52%	16%	15%	13%	23%
Sample Size	42%	15%	14%	12%	17%

Responses to Individual Questions

1. Many traders (40%) have been operating at their market site in excess of twenty years and 65% have been established for over 10 years. This hard core of established businesses is supplemented by a flourish of new ones (22%).

2. 69% of trade is wholesaling, although the number of retail service (17%) and other services (12%) indicate a level of diversity already existing across the markets. Other kinds of trade included service, catering, contract florist, training, and import distribution.
3. Products for sale are generally those which are pertinent to the nature of individual markets. A small amount of sundries and other products are being sold at each market although this is negligible. New Covent Garden shows the greatest diversity.
4. Most tenants (58%) own their own cold storage facilities.
5. Retail and catering make up the majority of the customer base at each market (57 – 78%), followed by secondary wholesaling. Apart from Western International, catering customers outnumber retail customers. At Covent Garden, Spitalfields, and Smithfield's, catering customers are the most common.
6. Most businesses employ between one and ten staff. Some large wholesalers employ much greater numbers (e.g. 55, 84, 288), although it is unlikely all of these are working out of the market itself. Indirect staff employment is minimal, although some acknowledged their porters.
7. Most tenants live within the vicinity of their market, most noticeably for Spitalfields, and Western International. A significant number live beyond the M25 (11% – 47%), even for the central London markets, or in South London (15% - 59%, Spitalfields excluded).
8. Customers show no obvious preference for where they source their other food supplies.
9. It is hard to draw any conclusions about external accreditation apart from the fact that few businesses have any.
10. Most tenants believe the market meets the needs of their business.
11. Most tenants believe their market will continue to meet their needs in the foreseeable future.
12. 31% of tenants would like to sell a more diverse product range. The kinds of products traders would like to diversify into are predominantly meat and fish products in the fruit and vegetable markets. Other products include frozen goods, distribution services, exotics, cooked products (seafood), dairy, deli, equipment, dry foods, pulses and grains.
13. Most businesses (63%) in the tax year 2001-2002 had a turnover between £1million and £5million. Smithfield and Billingsgate market have more traders with turnovers in excess of £5million than the others. All 5 markets have shown their traders to have steady growth between 1995 and 2002. Billingsgate, Spitalfields and Smithfield traders showed the highest average turnover per business in 2002 (£4.5mil, £6.4mil, £5.0mil respectively), whilst Western International had the lowest (£2.7mil).

Compared with turnover estimates for the markets these figures appear unusually high. This probably suggests that most survey returns came from larger businesses or over-optimism on behalf of some respondents.

London Wholesale Market Review 2002

Room 106, Eastbury House, 30-34

Albert Embankment, London SE1 7TL

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Tel: 020 7238 6879

Sponsored by:

D.E.F.R.A. & the

**Corporation of the City
of London**

Please fill in and return to the Market Superintendent by **13th September**

Market Structure Survey

The London Wholesale Market Review has been set up following a recommendation by the (then) House of Commons Agriculture Committee to consider how well existing London wholesale market facilities meet the needs of the business communities and users they serve. This survey aims to understand and quantify wholesale market trading patterns in order to enable the review team to make sound comment on the current wholesale market situation in London. The survey allows us to collect information directly from traders and is your opportunity to have input to the review. The survey is for market traders/tenants. It is voluntary and should only take 10 – 15 minutes. The data you provide will be treated confidentially. You do not need to supply business or contact details. Please contact us if you have any questions regarding this survey.

-
1. How long has your business operated at this market? (Circle correct answer)
1 to 5 years 6 to 10 years 11 to 20 years longer
 2. What kind of trade does your business do? (Circle correct answer/s)
Wholesale Retail Processing/Prepacking Other
 3. What do you sell? (Circle correct answer/s)
Flowers Fruit Vegetables Meat Poultry Fish Sundries
 4. Do you own cold storage/chillstore facilities? (Circle correct answer)
Owned Leased None
 5. Approximately what percentage of your customers are:
(Please enter amounts for each category)
Retail %.....Catering % Processors %.....
Wholesalers % Other %.....
 6. How many staff do you employ? (Please enter amounts for each category)
Directly Indirectly/Share.....

7. Where do you and your staff live? (Please put staff numbers in the areas corresponding to residence.)

Outside London (M25)

North London	East London
Central London	
West London	South London

8. Where else do your customers source their food supplies? (Circle correct answer/s)

Other Markets
Other Suppliers

Secondary Wholesale
Don't Know

9. Does your company have external accreditation? (Circle correct answer/s)

ISO9000

Investors In People

Other please specify

10. Does your market site provide the services your business needs?

(Circle correct answer)

Yes

No

If no, please specify

11. How long will the current market facilities meet your trading requirements?

(Circle correct answer)

Less than 2years

Less than 5years

Less than 10years

12. Would an opportunity to sell a diverse product/service range enhance your business? (Circle correct answer) Yes No

If yes, which products and services?

13. What is/was your business' approximate turnover for tax year ending: (Please enter amounts for each category)

In 1995 £..... In 2000 £..... In 2002 £.....

Any other comments?

.....

.....

Thank you for your assistance.

10. MARKET STRUCTURE SURVEY RESULTS

Billingsgate		Cov't Garden		Spitalfields		Smithfield		Western Int'l		All Markets	
Value	%	Value	%	Value	%	Value	%	Value	%	Value	%

1. How long has your business operated at this market?

	5	20	10	31	3	16	0	0	3	21	21	22
1 to 5 years	1	4	4	13	4	21	2	40	1	7	12	13
6 to 10 years	4	16	6	19	9	47	1	20	4	29	24	25
11 to 20 years	15	60	12	38	3	16	2	40	6	43	38	40
Longer	25	100	32	100	19	100	5	100	14	100	95	100
Total												

2. What kind of trade does your business do?

	22	55	26	74	15	75	5	83	13	81	81	69
Wholesale	12	30	3	9	2	10	1	17	2	13	20	17
Retail	1	2.5	1	3	0	0	0	0	0	0	2	2
Processing	5	12.5	5	14	3	15	0	0	1	6	14	12
Other	40	100	35	100	20	100	6	100	16	100	117	100
Total												

3. What do you sell?

	0		12		1		0		0
Flowers	0		114		16		0		12
Fruit	0		15		17		0		11
Vegetables	1		2		1		3		0
Meat	1		1		1		3		0
Poultry	22		1		1		0		0
Fish	3		7		1		0		1
Sundries									

MARKET STRUCTURE SURVEY -RESULTS

Billingsgate		Cov't Garden		Spitalfields		Smithfield		Western Int'l		All Markets	
Value	%	Value	%	Value	%	Value	%	Value	%	Value	%

4. Do you own coldstorage/chillstore facilities?

Owned	15	54	18	56.25	16	84	0	0	8	57	57	58
Leased	10	36	3	9.375	1	5	5	100	0	0	19	19
None	3	11	11	34.38	2	11	0	0	6	43	22	22
Total	28	100	32	100	19	100	5	100	14	100	98	100

5. Approximately what percentage of your customers are:

Retail		27		29		36		17		52
Catering		29		39		42		41		14
Processors		4		5		2		14		2
Wholesalers		34		14		19		26		25
Other		6		13		1		2		7

6. How many staff do you employ?

Directly:

1 to 5	12		10		3		1		7		26
6 to 10	6		11		10		2		4		29
11 to 20	2		3		4		2		3		11
20 to 50	4		5		1		0		0		10
50+	0		3		1		0		0		4
Avg./tenant	9		17		25		8.8		6		
Indirectly:	17		7		8		10		7		
Ratio Direct: Indirect	13 to 1		79 to 1		59 to 1		4 to 1		12 to 1		

MARKET STRUCTURE SURVEY -RESULTS

Billingsgate		Cov't Garden		Spitalfields		Smithfield		Western Int'l		All Markets	
Value	%	Value	%	Value	%	Value	%	Value	%	Value	%

7. Where do you and your staff live? (percentage)

Beyond M25		20		17		11		47		23
North London		3		16		8		4		6
East London		54		7		71		23		0
West London		4		8		0		0		59
South London		15		41		6		26		11
Central		4		11		4		0		1
Total		100		100		100		100		100

8. Where else do your customers source their food supplies?

Other Markets	9	21	11	28	5	16	1	13	6	33	32	23
Secondary W/sale	12	28	16	41	6	19	2	25	2	11	38	27
Other Suppliers	15	35	5	13	11	35	3	38	6	33	40	29
Don't know	7	16	7	18	9	29	2	25	4	22	29	21
	43	100	39	100	31	100	8	100	18	100	139	100

9. Does your company have external accreditation?

ISO9000	1		2		1		0		0
Investors in People	0		1		0		0		1
Other	2		1		2		0		0

MARKET STRUCTURE SURVEY -RESULTS

Billingsgate		Cov't Garden		Spitalfields		Smithfield		Western Int'l		All Markets	
Value	%	Value	%	Value	%	Value	%	Value	%	Value	%

10. Does your market site provide the services your business needs?

Yes	14		29		17		2		12
No	11		2		2		3		2

11. How long will the current market facilities meet your trading requirements?

Less than 2 yrs	4		2		2		0		4
Less than 5 yrs	5		9		2		2		2
Less 10 (greater 5 yrs)	11		16		11		3		5

12. Would an opportunity to sell a diverse product/service range enhance your business?

Yes	5		12		6		1		4		28
No	18		19		11		4		10		62

MARKET STRUCTURE SURVEY -RESULTS

Billingsgate Cov't Garden Spitalfields Smithfield Western Int'l All Markets

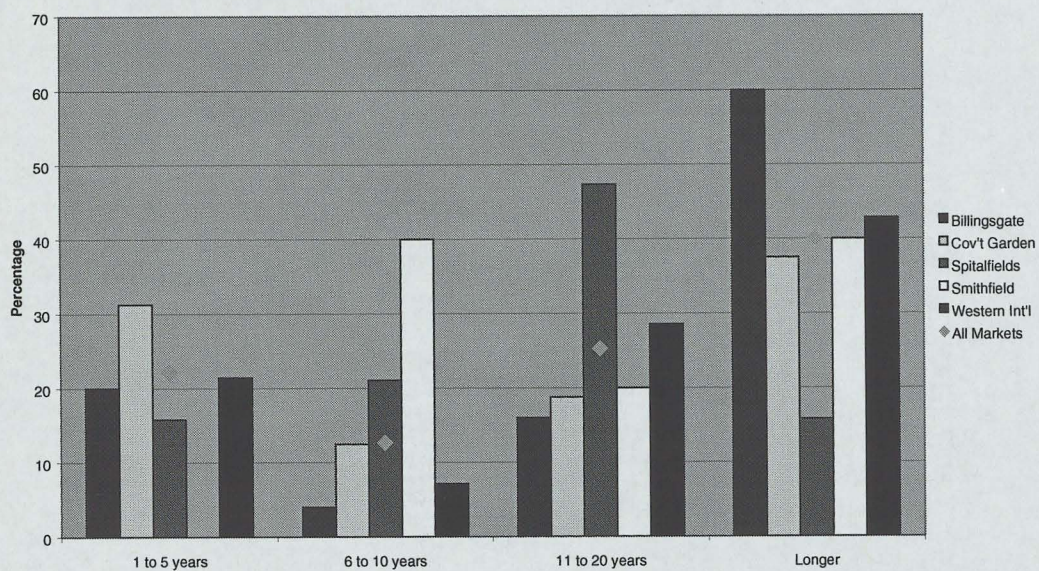
13. What is/was your business' approximate turnover for tax year ending:

(in £ millions per trader)	Total	/trader	Total	/trader	Total	/trader	Total	/trader	Total	/trader
in 1995	64.997	3.611	42.490	2.605	43.850	3.986	9.728	2.432	14.850	2.121
in 2000	78.965	3.760	64.072	3.503	72.700	5.193	19.278	3.851	25.500	2.550
in 2002	99.444	4.520	82.900	3.830	102.574	6.411	25.180	5.036	27.300	2.730

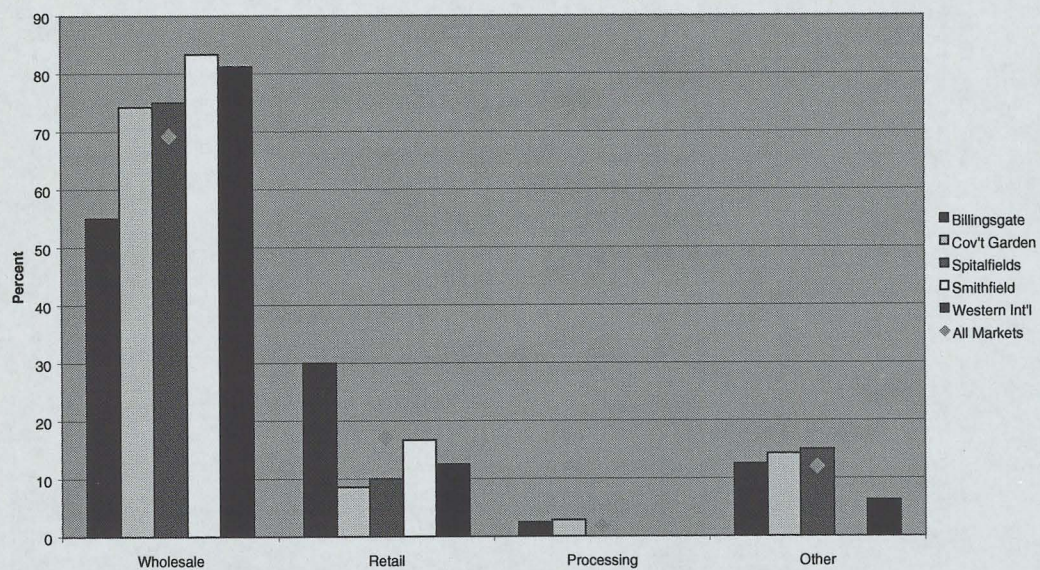
(in number of traders, 2002 only)	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
£0 to £1 million	7	32	9	31	0	0	1	20	1	10	18	10
£1million to £5million	9	41	15	52	11	69	2	40	8	80	114	63
£5million to £10million	3	14	4	14	4	25	1	20	1	10	38	21
Greater than £10million	3	14	1	3	1	6	1	20	0	0	12	7
Total	22	100	29	100	16	100	5	100	10	100	182	100

11. MARKET STRUCTURE SURVEY RESULTS – VISUAL REPRESENTATIONS

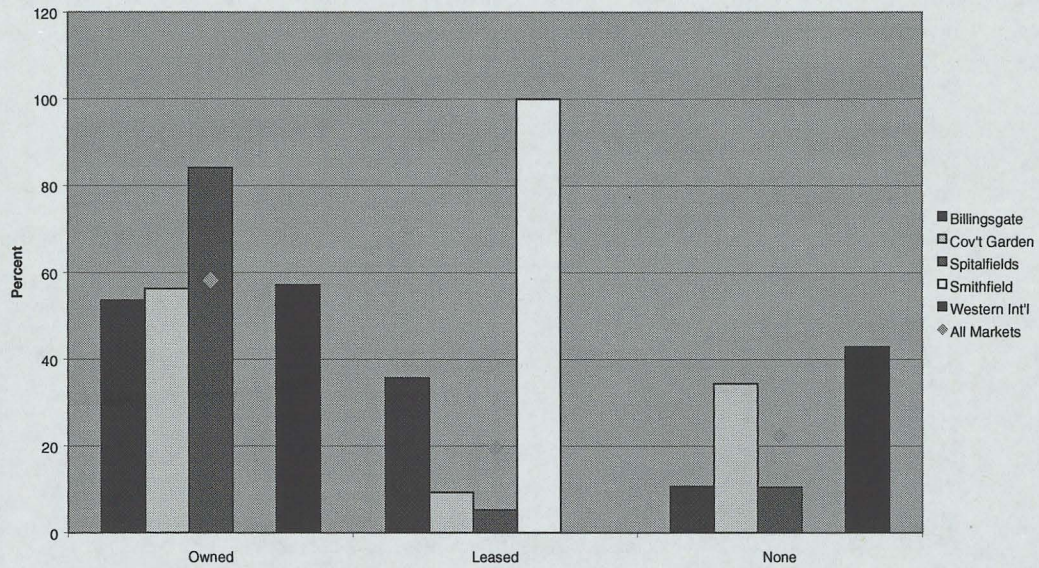
Question 1. How long has your business operated at this market?



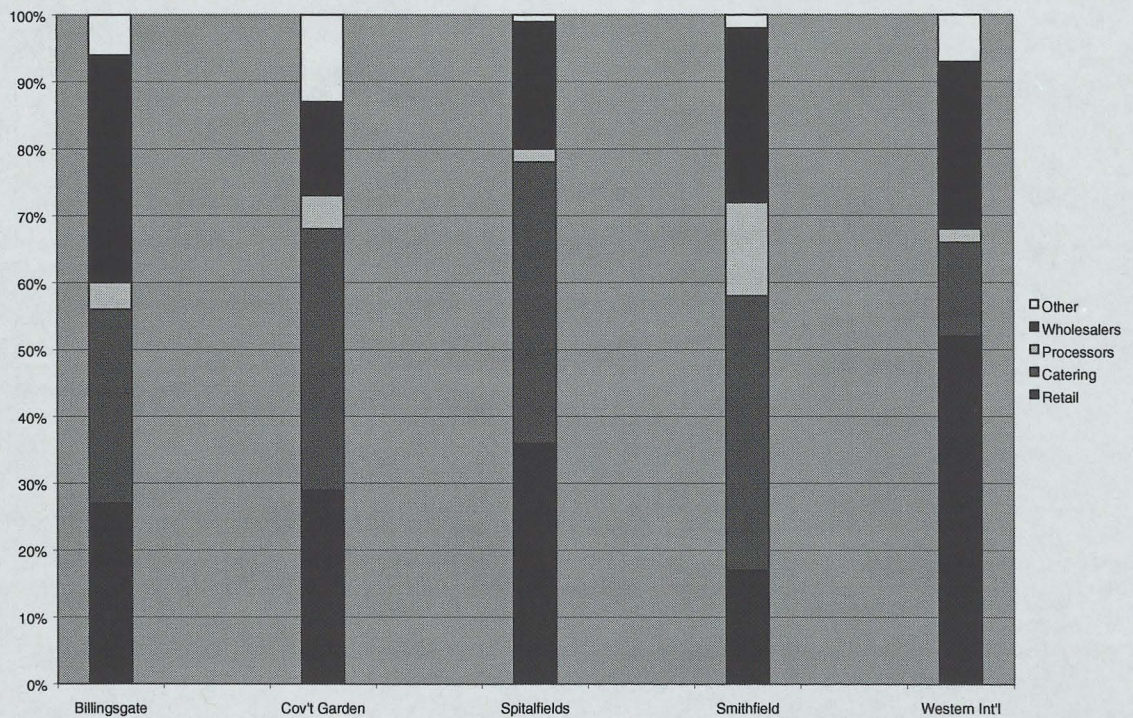
Question 2. What kind of trade does your business do?



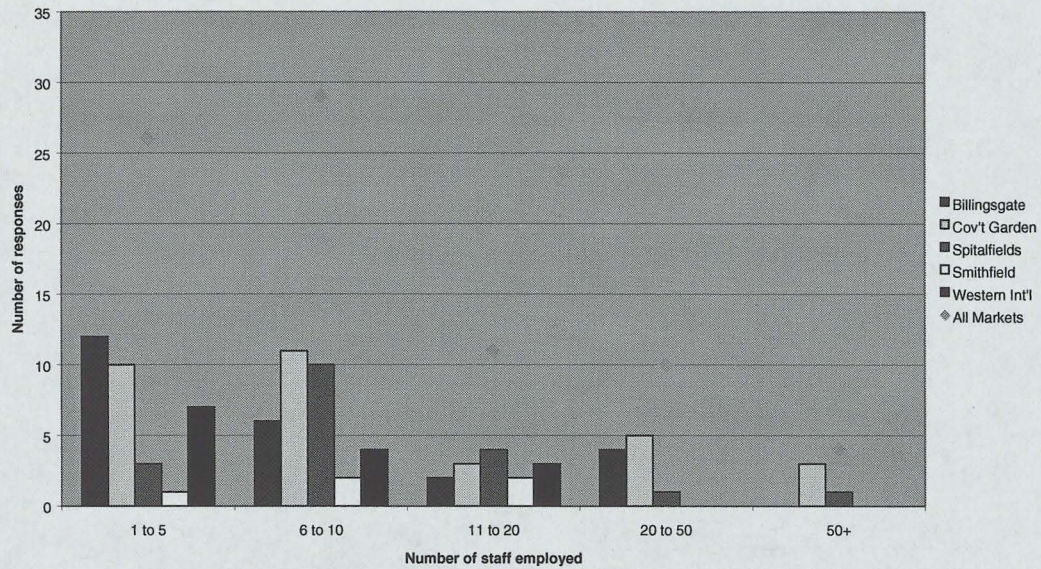
Question 4. Do you own coldstorage/chillstore facilities?



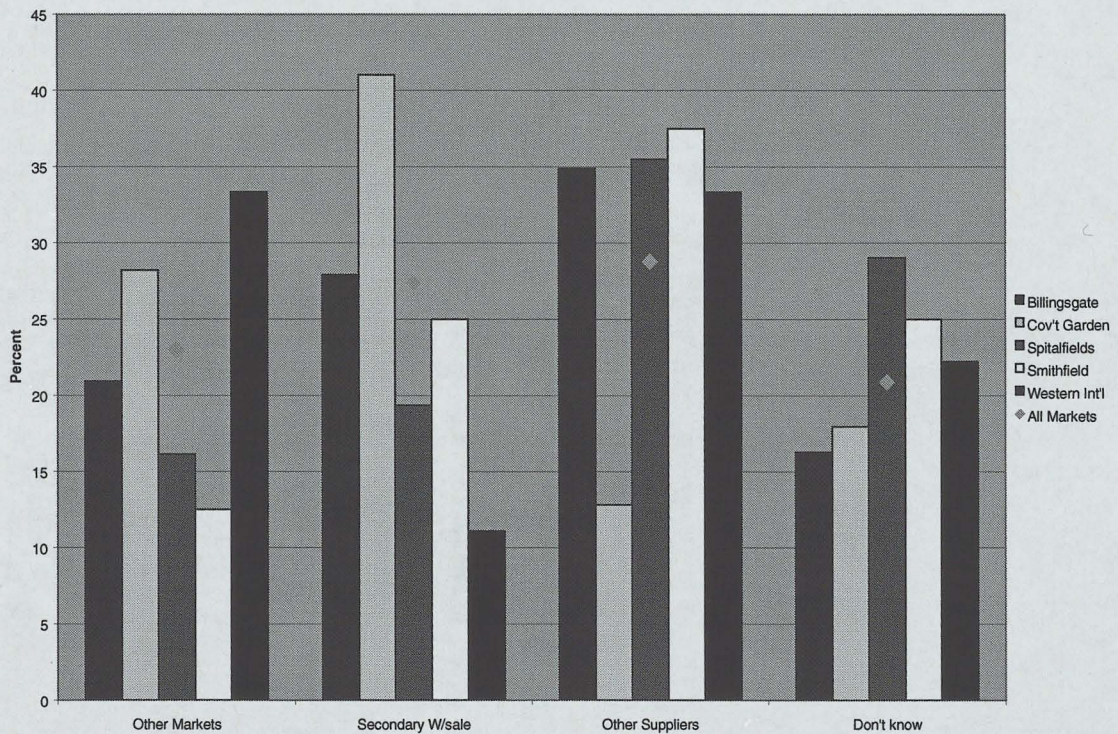
Question 5. Approximately what percentage of your customers are:



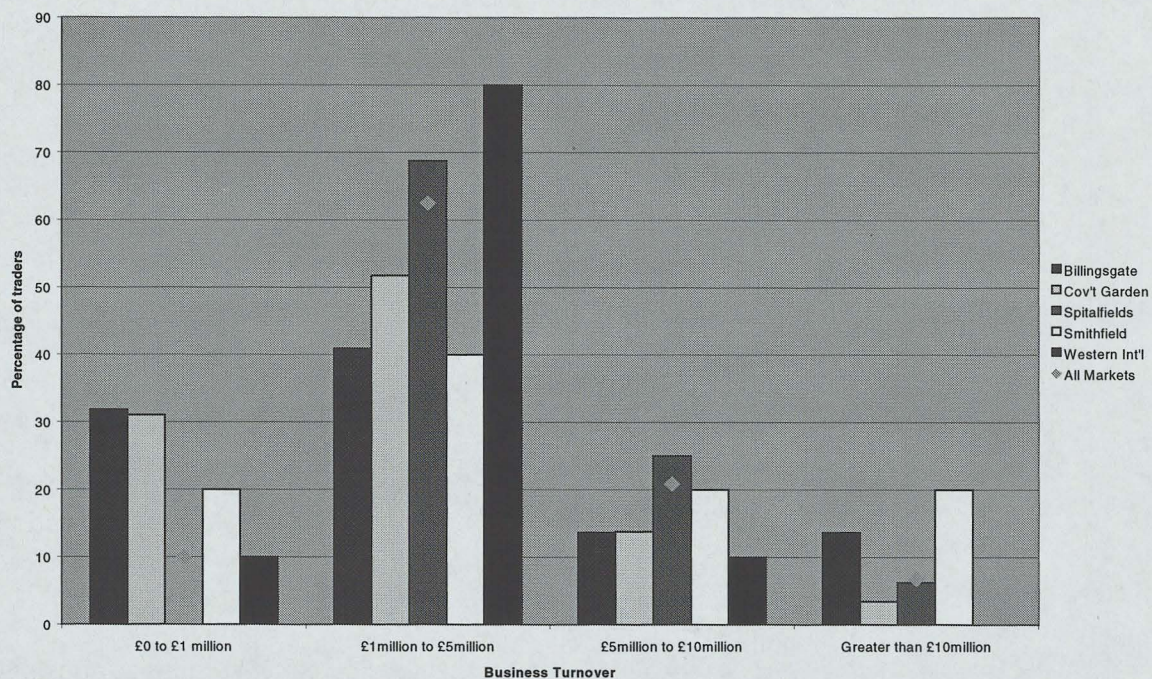
Question 6. How many staff do you employ?



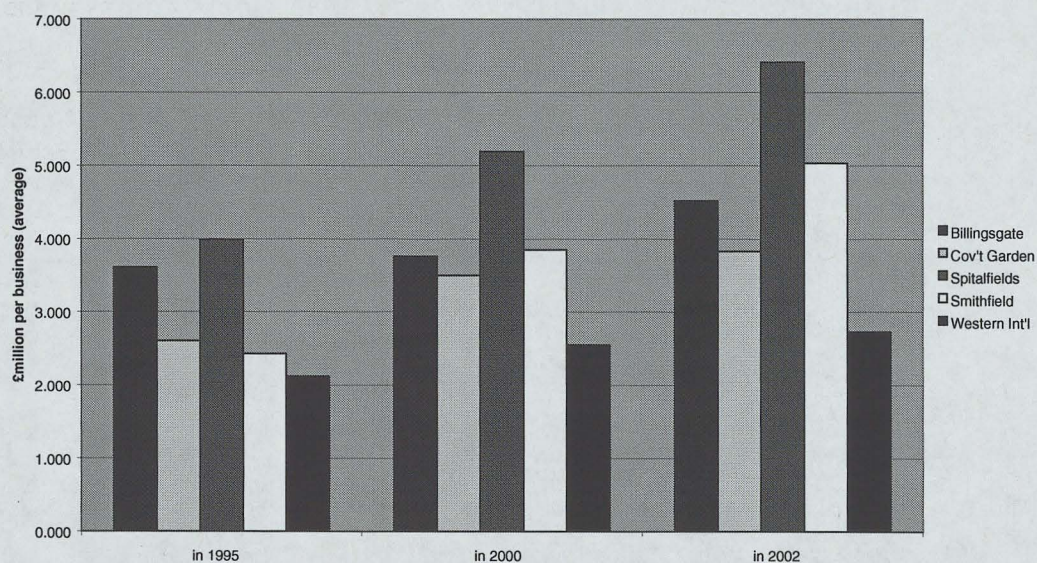
Question 8. Where else do your customers source their food supplies?



Question 13 - Business turnover in 2002 expressed as percentage of traders



Question 13. What is/was your business' approximate turnover for tax year ending:



12. MARKET STRUCTURE SURVEY COMMENTS

Billingsgate Market

- The current speculation and uncertainty regarding the future of the market makes investment decisions difficult.
- Restrictive practices cause major problems, goods having to be double/triple handed due to this plus lack of own cold storage facilities is restricting growth at the company. Time taken to try to arrange any change of facilities unacceptable.
- We are a registered charity handling free fish courses to school children – which we find through commercial sources.
- We are happy with Billingsgate market as it is at present.
- This business is being restricted by lack of investment by landlord, bad management of market by landlord, antiquated bylaws and Spanish practices by union labour. Future investment must be in conjunction with 21st century working arrangements.
- Landlord and staff costs are too high. Restrictive practices ruining our business.
- You have stated at the beginning of the letter “London Wholesale Markets”, but Billingsgate is now a public market. I would guess that 40% of the fish sold in the market is to the general public and I would think that 70% of firms in the market rely heavily on this trade.
- The Corporation promised £13 million for development of the east canopy. If they are not prepared to spend the money then let the LFMA take over the lease of the market and find their own funding.
- The market needs upgrading (repairs etc). Then the facilities will meet trading requirements indefinitely.

New Covent Garden Market

- So many things are going against the markets; congestion charges, Dutch exporters allowed on our roads with no charges, going to shops directly charging no VAT or paying for fuel in this country.
- This Market will suffer greatly from congestion charges. Also we need Dutch wholesalers stopped from selling directly to retailers within the M25 as is done in France and Holland to protect their wholesale markets! In this country the government helps the foreign traders and hinders its own.

- Trade was adversely effected by the foot and mouth outbreak and the events of September 11th, both of which had an effect on the tourist trade last year.
- It is essential that major and small catering companies based in New Covent Garden buy products from the wholesalers based there, rather than the importers who do not support our market.
- New Covent Garden Market is ideally located to serve the London hotel and catering outlets with the least impact on the environment. Any market near its customer base should be developed as such.

New Spitalfields Market – None

Smithfield Market - None

Western International Market

- I, along with many other wholesalers, am quite happy to stay where we are for at least the next 10 years. Possibly by then the current site will need updating.
- Western International Market is doing a marvellous job in providing all facilities towards wholesale fruit and vegetable and flower outlets.
- Market needs upgrading to meet the rising demand of small customers. Small customers should have free entry into the markets. You cannot charge your customers to come to buy from you (entrance fee). Market should be more chilled to keep fruit and vegetables at its best.

13. THE LONDON WHOLESALE MARKETS IN PICTURES



BILLINGSGATE MARKET





NEW COVENT GARDEN MARKET





NEW SPITALFIELDS MARKET





SMITHFIELD MARKET





WESTERN INTERNATIONAL MARKET



14. NICHOLAS P.G. SAPHIR

Nicholas Saphir farms in Kent and is a director and advisor to several international farming and food companies. He is also Chairman of the Agricultural Forum⁵⁵. Previously he was founder chairman of Food from Britain⁵⁶, Chairman of the Central Council for Agricultural and Horticultural Co-operation⁵⁷, President of the Fresh Produce Consortium⁵⁸, a member of the Ministry of Agriculture Fisheries and Food's Inputs Task Force, a member of the Food and Drink Economic Development Council and a non-executive director of Dairy Crest plc. Commercially he was Chairman and Chief Executive of Hunter Saphir plc, which he sold to the Albert Fisher Group plc in 1992 and for whom he was the main board director responsible for fresh foods until 1997, including being responsible for developing group activities in Russia, South America and Southern Africa.

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⁵⁵ The Agricultural Forum was formed in the 1970s to promote understanding and development within the various parts of the UK agriculture and food industry

⁵⁶ Food from Britain was set up by the UK Government in 1983 to improve and promote the marketing of British food and drink in the UK and world export markets.

⁵⁷ The Central Council for Agricultural and Horticultural Co-operation was a Government agency responsible for the development of agricultural co-operatives and the distribution and monitoring of grants.

⁵⁸ The Fresh Produce Consortium is the trade association that represents the interests of the UK trade and retailers of fresh fruit and vegetables.

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