

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE KING GEORGE'S FIELD CHARITY BOARD

HELD AT 6.30 P.M. ON WEDNESDAY, 23 NOVEMBER 2011

**COMMITTEE ROOM M72, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

Councillor Ohid Ahmed (Vice-Chair, in the Chair)
Councillor Shafiqul Haque
Councillor Shahed Ali
Councillor Abdul Asad
Councillor Alibor Choudhury
Councillor Rania Khan

Officers Present:

Michael Rowan	– (Director of Mile End Park)
Stephen Adams	– (Finance and Resources Manager, Communities Localities & Culture)
Jill Bell	– Head of Legal Services (Environment), Legal Services
Antonella Burgio	– (Democratic Services)

Councillor Ohid Ahmed, Deputy Mayor took the Chair.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mayor Rahman and Councillors Rabina Kahn, Oliur Rahman and Rofique Ahmed.

2. DECLARATIONS OF INTEREST

No Declarations of personal or prejudicial interest were made.

3. UNRESTRICTED MINUTES

The minutes were presented for approval. Members considered the minutes and asked for the following information:

- the requests for information made by Board members at the meeting
- the requested information on the shop premises and leases
- the requested information concerning the rents

It was agreed that a report would be presented by officers on the above matters at the next meeting

RESOLVED

That the unrestricted minutes of the meeting held on Wednesday 20th of July 2011 be deferred.

4. REPORTS FOR CONSIDERATION

At the request of Councillor Rania Kahn, the Chair agreed to vary the order of business. Accordingly, agenda item 4.2 "King George's Fields Charitable Trust Powers and Duties" was considered as the first business item. Following this, the agenda order was resumed.

4.1 King George's Fields Charitable Trust Annual Accounts, 2010/2011(KGFCB 003/1112)

The item was considered as the second business item. Stephen Adams, Finance and Resources Manager presented the report circulated at agenda item 4.1 which set out the annual financial accounts for the King George's Fields Charities of Mile End and Tredegar Square. Appendix 1 set out how monies had been spent, governance arrangements, and objectives.

In response to questions from the Board of the following information was provided:

- Councillor Abdul Asad made the following enquires:
 - Regarding what monies were presently available, Councillor Asad was informed that the books were balanced. All income generated was spent on the Charity's parks.
 - Concerning expenditure for salaries, the Finance and Resources Manager Resources confirmed that no single employee had earned more than £60,000 in the financial year. The sum indicated in the reconciliation was a total figure.
 - Concerning why the boundaries of the charity had been extended from the original area in Stepney Green to Mile End Park. He was informed that part of the understanding when the park had been built was that money generated would be used for the park.
 - Concerning why income generated at Mile End was not used for the Stepney Green Tredegar Square, he was informed that both were administered as separate charities. The charity for

Tredegar Square did not generate its own income. The Council provided one quarter of the funds to maintain Mile End site and all of the monies for the maintenance of Tredegar Square (Stepney Green).

Councillor Asad noted that there was greater need of monies at the Tredegar Square site and suggested a review of funding be undertaken. He also proposed that the charities be combined and was advised that this would require an application to the Charity Commissioners. There would also be legal fees that need to be paid by the Trust. The Board was advised that monies that monies spent for Trust purposes would need to be taken from the Trust's funds. Councillor Asad asked Legal Services to research the proposal to combine the Mile End and Tredegar Square charities and report back.

Action Jill Bell, Head of Legal Services – Environment

- Councillor Ohid Ahmed made the following enquires:
 - The Chair requested details of sums in the 'other incomes and other services categories' and of the '£365,000 public realm' contribution. He was advised that shop closures because of the recession had impacted negatively on the budget; these had now been mostly completed and it was expected that there would be more settled leases (going forward). In turn, this would mean that less support was necessary from the Council. Additionally, as the new rentals tended to be corporate chains the shop units were expected to generate a more steady income.
 - The Chair requested a discussion paper be brought to the next meeting around a proposal to merge the Mile End and Tredegar Square charities.

Action Jill Bell, Head of Legal Services – Environment

- Councillor Shahed Ali made the following enquires:
 - Concerning details of monies spent in the categories: "other rentals" valued at £297,000, Councillor Shahed Ali was informed that the rentals were achieved from community leisure facilities.
 - The board asked for more detailed breakdown of the categories of "other rentals", "other lettings", "categories for incoming resources", details of "repairs and maintenance" and "resources expended". It was proposed that the accounts be deferred until this information was provided.

Action Stephen Adams, Finance and Resources Manager

The Board proposed that approval of the annual reports and accounts be deferred pending further information and requested that an extra Board meeting be scheduled on a Wednesday once the information was available.

Action Democratic services

RESOLVED

1. That the annual reports and accounts for the Mile End charity and Tredegar Square charity be deferred pending further information
2. An extraordinary meeting be scheduled once the requested information was available.

4.2 King George's Fields Charitable Trust Powers and Duties (KGFCB 004/1112)

The Finance and Resources Manager presented the report circulated at agenda item 4.2. This informed the Board of the composition of the charitable Trust, its history, the current governance arrangements, the specific powers of the Council as a trustee of the charity, and the properties managed by the trustees.

In discussion the Board members raised the following matters:

- Square footage measurements of the each of the shop premises was missing from the report. It was agreed that a breakdown of the measurements of each shop unit would be provided.

Action Stephen Adams, Finance and Resources Manager

- Whether rents were market tested; and whether there was a break clause in the lease. The Board was informed that to ensure that the Council's best negotiating hand lease rates were reviewed after five years. Commercial agents were appointed to carry out rent reviews and different companies were used for different premises. The Finance and Resources Manager confirmed that a mezzanine was included as part of the rentable area. Councillor Shahed Ali noted that where there a building had potential for a mezzanine floor it would affect the rateable value therefore he requested that details of the square footage of each shop unit in shell form be provided and confirmation whether storage and waste facilities were included in the rateable value and lease.

Action Stephen Adams, Finance and Resources Manager

The Board was informed that different rent review processes were used for different types of premises.

- Councillor Shahed Ali also made the following enquires:
 - Concerning the company which held the lease at 389 Mile End Road, Councillor Ali asked on what date the company had gone into administration. The Board was advised that this occurred 18 months ago. After it had gone into administration, the assets were realised and the lease was assigned to another party. Councillor Ali asked if this affected the lease for the property that was to have been reviewed and was informed that this would be investigated and a written answer provided to the Board.

Action – Jill Bell, Head of Legal Services – Environment

- He enquired when the rent review for premises No 389 would be re-instated and was advised that there had been negotiation with a new firm of surveyors and a lease review agreement was now with this new firm.
- He enquired about the date at which the rent review at 554 Mile End Road had started and was advised that the review could not be started before the rent review date (14th of July 2012) however it could be started after this time and would be backdated to the review date.
- He requested the rental history of all the leases to investigate consistency of patterns of rentals achieved. The information was required to enable comparisons of each of the premises.

Action

Stephen Adams, Finance and Resources Manager

- Councillor Ali asked Officers to clarify the arrangements for letting of the vacant premises at 558 Mile End Road, the Head of Legal Services – Environment advised the Board that Strattons Estate Agents had received an approach from Coral Bookmakers. The Agents advised that Corals were reliable in their payments and asked the Trust Board to give its opinion on the lease application.
- Councillor Ali asked Officers to consider applicants who would give benefit and provide services to users of the park. The Board was advised that in considering the application, it was not possible to raise objections or reject the application based on moral grounds as the Board had an obligation to maximise assets. The Board was advised that that it would be prudent for the Board to consider the application from Coral but also to look for other prospective tenants.
- Councillor Ali commented that a low rental was achieved from

the three units 383 -- 387 Mile End Road" which were leased to Budgen's. The Finance and Resources Manager advised that there had been an unsuccessful appeal relating to the rent the Council had lost because it didn't have a professional negotiator.

- In general, he advised that the Trust Board should allow the leases to expire as rent levels in newly negotiated leases would set the expectation for prospective applicants. This had worked to increase rent levels.
- Councillor Shafiqul Haque made the following enquires:
 - He requested information on monies that were held by the Trust.
- Councillor Abdul Asad made the following enquires:
 - He enquired how the income from shop units run by the Trust were used and was informed that, under the terms of the Trust, income can only be received and used by the Trust.
 - He asked for clarification of the areas that were relevant to the Trust and queried that previously Stepney Green area was pertinent but did not include Green Bridge. To verify the geographical areas pertaining to the Trust, officers referred the Board Members to a map that illustrated the relevant areas. The Board Members inspected the map.
- Councillor Ohid Ahmed made the following enquires:
 - He asked that information be clearly presented so that the figures can be compared. He was advised that a range of factors could be used such as the length of the lease, area of the premises, rental value and type of usage; all of these parameters affected the rental that could be achieved. Leases were reviewed every five years so that they could be brought in line with market rates.
 - He noted the variation in current rents achieved from the premises listed at table 7.1 and asked for the differences to be explained

Action Stephen Adams, Finance and Resources Manager

RESOLVED

That the report be noted

5. ANY OTHER NON RESTRICTED BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

Nil items.

6. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That press and public be excluded from the meeting during consideration of the exempt minutes and agenda item "558, mile end road arrears", since the report contained information falling within paragraphs 1 and 2 and 3 of scheduled 12 A of the Local Government Act 1972. The categories defined were "one, information relating to an individual", "two, information which is likely to reveal the identity of an individual" and " three, information relating to the financial or business affairs of any particular person (including the authority handling the information)".

The public interest in favouring public access to local authority meetings is reflected in the provisions of part V A of the LGA 1972. However the reports contained information relating an individual and to the financial or business affairs of a tenant and the Trust in a commercial transaction still to be completed. The Board considered that in order to discharge its duty the items should only be considered in private.

7. EXEMPT MINUTES

This item was considered in closed session.

8. RESTRICTED REPORTS FOR CONSIDERATION

8.1 558 Mile End Road arrear (KGFCB 005/1112)

This item was considered in closed session.

9. ANY OTHER RESTRICTED BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

Nil items.

The meeting ended at 7.45 p.m.

Chair, Mayor Lutfur Rahman

King George's Field Charity Board