


King George’s Field Charity Board Wednesday 30 October 2024	
Report of: David Joyce, Corporate Director Housing and Regeneration	Classification: Partially restricted (exempt Appendix 1 and Appendix 2)
Leases Update, King George’s Field Trust (KGFT)	

Lead Member	NA
Originating Officer(s)	Ralph Million, Acting Head of Asset Management
Wards affected	Mile End and Bow West
Key Decision?	No
Reason for Key Decision	This report has been reviewed as not meeting the Key Decision criteria.
Forward Plan Notice Published	N/A
Strategic Plan Priority / Outcome	N/A

Executive Summary

This report provides an update on the lease arrangements for the King George’s Field Trust (KGFT) retail and rental units, income from which supports the Charity to maintain park land and amenities for the benefit of Tower Hamlets residents.

Recommendations:

The Board is recommended to:

1. Note the ongoing discussions with “Tenant A” in respect of outstanding arrears and their lease arrangements and decide whether to approve the proposal from the tenant to offset their arrears as part of a lease assignment.
2. Note additional information provided in respect of the lease arrangements for “Tenant B”.
3. Note the current position with “Tenant C” and decide whether to approve their request to assign their lease.

4. Approve the marketing of an arch located in Mile End Park with the outcome to be reported back to the Board at a future meeting to decide on the tenant to be selected and the granting of the lease.

1 REASONS FOR THE DECISIONS

- 1.1 The King George's Fields charity is registered with the Charity Commission as King Georges Field, Mile End Charity, registered number 1077859.
- 1.2 The Council is the trustee of the Charity, and the Council as trustee is the freehold owner of the land which is subject to this report.
- 1.3 King George's Fields Trust (KGFT) Board should consider its charity's responsibilities as landlord of the Green Bridge retail and other commercial units. This includes ensuring that all statutory requirements are met.
- 1.4 In order to ensure the Charity is in receipt of the funds owing to it, it is incumbent upon the Council to ensure that all tenants are up to date with their rental fees and charges.
- 1.5 "Tenant A" in Table 1 of exempt Appendix 1 have historical arrears, for which discussions to offset the debt are ongoing. The trust needs to take a decision to accept their proposal or not to clear these arrears through the assignment of the lease.
- 1.6 To ensure the Charity is in receipt of the funds owing to it, it is incumbent upon the Council to ensure the rent being received reflects market values in line with the lease provisions.
- 1.7 At the 29 May 2024, the Board requested additional information regarding the lease arrangements relating to "Tenant B" in Table 1 of exempt Appendix 1. Further advice from Legal Services and Asset Management has been provided in Appendix 1.
- 1.8 "Tenant C" in Table 1 of exempt Appendix 1 have put forward a request to assign part of their lease.
- 1.9 The Charity has an arch located near to the skate park in Mile End Park that is currently being used for storage. The arch has the potential to be let to generate income for the Charity.
- 1.10 To market the arch, an external property agent would be appointed to advertise the opportunity and to evaluate proposals. Details of the proposals received, including recommendations, will be provided to the Board at a later date to approve.

2 ALTERNATIVE OPTIONS

- 2.1 There are no viable alternative options. The Charity and Leaseholders are required to adhere to the terms of the leases.
- 2.2 The Charity needs to recover the rental and utility arrears so that the Charity is not deprived of funds to undertake its remit.
- 2.3 The Charity needs to ensure that market value rent is obtained for leases in accordance with the lease terms.

3 DETAILS OF THE REPORT

- 3.1 All tenants with the exception of "Tenant A" are up to date with their rent and utility demands.
- 3.2 "Tenant A" have submitted a proposal to assign their lease and use the rental deposit to offset part of their arrears. All arrears would need to be cleared before any assignment could be completed.
- 3.3 "Tenant A", under the terms of the lease, have the right to request to assign their lease.
- 3.4 "Tenant B" remains as the same company under the lease with a change of company director and change of business/trading name.
- 3.5 "Tenant C", have requested to assign their leases. Under the terms of the lease, they have the right to request to assign it.
- 3.6 The arch located in Mile End Park (415-416) provides an additional opportunity for the Charity to generate income on an ongoing basis. Consent will be required under the lease that is held with Network Rail.
- 3.7 On receipt of bids being received, an initial review will be undertaken by the property agent in order to provide a recommendation. Best value for the Charity will need to be considered and the Board will be provided a report with details of the bids received at a future Board meeting.

4 EQUALITIES IMPLICATIONS

- 4.1 The King George's Field Trust manages lands and facilities which are open to all. Where charges have to be made, such as artificial football pitches, charges are kept at affordable levels for the local community.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 None applicable.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report provides an update on the lease arrangements for the King George's Field Trust retail and rental units. Income generated through leases supports the Charity to maintain park land and amenities for the benefit of Tower Hamlets residents. King Georges Fields Trust is a self-financing Charity with no direct contributions from the Council general fund. To ensure its sustainability it is important that the Charity maximises the income from these available sources through negotiation of longer-term leases and pursues any non-payment of monies owed promptly.

7 COMMENTS OF LEGAL SERVICES

- 7.1 The London Borough of Tower Hamlets is the corporate trustee of the King George's Field Trust ("the Charity"). Decisions of the Council as trustee are made by the King George Trust Board. When Councillors are sitting as Board members they must act in the Charity's best interests and manage the Charity's resources responsibly and ensure that the Charity complies with its legal obligations.
- 7.2 Before granting a lease for 7 years or more, the charity trustee must obtain and consider a written report on the proposed lease from a qualified person. A surveyor who is a member of the RICS and has experience in the relevant area is such a person.
- 7.3 The trustees must then decide if they are satisfied (having considered the written report) that the terms of the lease are the best that can be reasonably obtained.

Linked Reports, Appendices and Background Documents

Linked Report

Appendices

- Appendix 1 (exempt) – Commercial Property Recommendations and Updates
- Appendix 2 (exempt) – External Management Agent Letter

Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

- None

Officer contact details for documents:

Ralph Million, Acting Head of Asset Management