


King George's Fields Trust Board 23 March 2022	 TOWER HAMLETS
Report of: James Thomas, Corporate Director Children and Culture	Classification: Partially restricted
Stepney City Farm Lease Renewal and Rent Arrears Report March 2022	

Lead Member	Councillor Sabina Akhtar, Cabinet Member for Culture, Arts and Sports
Originating Officer(s)	Catherine Boyd, Interim Head of Arts Parks and Events
Wards affected	All wards
Key Decision?	No
Reason for Key Decision	This report has been reviewed as not meeting the Key Decision criteria.
Forward Plan Notice Published	15 March 2022
Exempt Information	<p>This report and/or its appendices include information that has been exempted from publication as the Monitoring Officer:</p> <ul style="list-style-type: none"> • has deemed that the information meets the definition of a category of exempt information as set out in the Council's Access to Information Rules; and • has deemed that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. <p>The exempt information is contained in Appendix 1</p> <p>The exempt information falls into the following category:</p> <p>Category 3 (information relating to the financial or business affairs of any particular person) (including the Authority holding that information)</p>
Strategic Plan Priority / Outcome	All

Special Circumstances Justifying Urgent Consideration (also known as 'Reasons for Urgency')

Due to the election period and pending council elections in May, there will not be an opportunity for the KGFT Board to meet before June/July 2022.

This report requires permission from the Trust to execute the Deed of Surrender and lease for Stepney City Farm before the current lease expires in August. If this permission is postponed until June/July, it will not leave sufficient time for the necessary arrangements to be put in place.

In addition, the Trust is required to give permission for the council to be able to consider if rent relief should be applied to tenants. On 25 March 2022 it is anticipated that new legislation, Commercial Rent (Coronavirus) Bill, will be passed. Should a tenant initiate this process then any resolution awarded through the arbitration process would need to be actioned before the next Board meeting in June/July.

Furthermore, we are seeking formal approval that we may proceed to taking forward forfeiture action against a tenant who has breached Health and Safety measures, and there are likely to be continuing breaches over the next few months. Delaying the decision would risk further Health and Safety breaches to the possible detriment to the public.

Executive Summary

This report seeks approval from the board to approve the renewal of the Stepney City Farm lease.

The report also provides an update on the charity's Green Bridge retail units and the considerations regarding COVID-19 rent relief and rental arrears. The board is required to make a decision as to whether the rent relief is applied.

Recommendations:

The Board is recommended to:

1. Grant permission to approve the execution of the Deed of Surrender and Lease for Stepney City Farm.
2. Note the update on the Green Bridge retail and other commercial units, including arrears, and give authority to the Corporate Director of Children and Culture and the Corporate Director for Place to agree the level of relief (if any) to be applied to the maximum level that is provided in Appendix 1 (exempt).

1 REASONS FOR THE DECISIONS

- 1.1 The King George's Fields Trust (KGFT) Board is requested to give permission to the Council as Trustee to execute a Deed of Surrender and Lease for Stepney City Farm. The Council requires this permission in order to enter into a new lease agreement for ten years.
- 1.2 King George's Fields Trust (KGFT) Board should consider its charity's responsibilities as landlord of the Green Bridge retail and other commercial units. The Board should consider, not only the provisions of their leases, but existing and known legislation. This applies not only in respect of the matter of arrears, but other breaches.
- 1.3 As a result of the global coronavirus pandemic, the government initiated measures to protect tenants going forward. The first component of this was a moratorium against taking debt recovery action for rent arrears during the periods when coronavirus restrictions were in place. There is currently a Bill passing through parliament (see 2.3 below) which will introduce a binding arbitration process to settle any arrears accumulated during statutory coronavirus restriction periods where landlords and tenants are not able to reach agreement as to the settlement of any arrears. The proposals contained in this paper (exempt Appendix 1) are to try and reach a commercial and sensible resolution, which also has the benefit of avoiding the cost and uncertainty of using the arbitration process.

2 ALTERNATIVE OPTIONS

- 2.1 The current lease for Stepney City Farm (the Farm) expires in August 2022 and incorporates an element of land that was used for Crossrail works, and now forms part of the Farm by way of a licence. Should the agreements not be regularised then the Stepney City Farm will not be able to operate.
- 2.2 Green Bridge Retail Units: the Trust does not enter into a dialogue with tenants regarding rent arrears as a result of the coronavirus pandemic and proceeds directly to arbitration.
- 2.3 To wait until the moratorium expires and to assess the options available to the Trust and consider taking more direct action to recover arrears. However, whilst the moratorium is due to expire at the end of March 2022, it is being replaced under the Commercial Rent (Coronavirus) Bill currently with the House of Lords and the Commercial Rents Code of Practice, November 2021. These bring in the requirement to enter a dialogue, with the option of arbitration should a resolution not be reached. The aim is to avoid tenants ceasing to trade or being made insolvent because of the arrears that have built up during periods of forced closure. The intention is that landlords should also share some of the financial burden with its tenants proportionate to their respective interests.

3 DETAILS OF THE REPORT

- 3.1 Stepney City Farm hold a 10 year lease from 15 August 2012 at a peppercorn rent, which expires this year. The land has also been affected by a Compulsory Purchase Order to facilitate Crossrail, which has subsequently been handed back.
- 3.2 It was first agreed in a Summer 2018 Board Meeting of the Trust to grant the Farm a new 10 year lease, and at the same time incorporate the former Crossrail land, after the Council transfers this land to the Trust and then simultaneously grants the lease to the Farm. This land is currently held by the Farm on a Licence.
- 3.3 The new lease, which incorporates the Crossrail land, will be for an initial 10 years at a peppercorn rent, with an option for a further 15 years. This Option will need to be in accordance with the provisions of the new Charities Act 2022 which recently received royal assent with the relevant secondary legislation to follow. It will also be subject to the provisions of the 1965 Scheme referred to in 7.4 and 7.5 below. The new Charities Act will allow changes in Charity Commission approvals that will permit the grant of a 25-year lease term or terms that equate to that length and will enable the Farm to secure additional funding.
- 3.4 With the initial instructions and Officer Authority dating from 2019, revised authority is required.
- 3.5 The Stepney Green Charity has been running the site since 2010 and has improved the facilities to provide first rate animal housing and grazing for sheep, goats, pigs, donkeys and poultry, as well as studio space for rural artists, and a Café and weekly Farmer's Market where produce raised and grown on the farm is also sold. The Farm is free for all to visit and is open to the general public six days a week, and receives around 78,000 visitors per annum. In the wake of Covid19, the Farm has become even more important to the local community as a place of recovery and respite, offering a place to reconnect with nature, and enjoy the proven benefits to mental health of being outdoors in green space and interacting with animals.
- 3.6 Up to 5,000 local school children per year take part in curriculum-linked activities at Stepney City Farm. Young people, including those from vulnerable and marginalised groups, are involved in over 2,000 hours of supported volunteering each year. Over 500 people annually attend Greencare and animal care sessions, a significant proportion of whom are experiencing poor mental/physical health, have learning difficulties, or have suffered from long term social problems including addiction, trauma, poverty and unemployment. The Farm offers a formal Food Growing Traineeship for those looking to start a career in farming.
- 3.7 The running of the Farm is funded through the development of generated income streams, supplemented by grant funding and donations. The current

Chief Executive has been in post for five years and has developed a resilient long term business plan with the Board of Trustees, and with the support of City Bridge Trust. Unrestricted reserves have been built upon year on year since 2018, and a pot of £45,000 has been designated to complete the development of the land reinstated by Crossrail on completion of the new 10-year lease.

- 3.8 **Update on Green Bridge retail units including arrears:** one of our considerations has been the track record of tenants prior to the pandemic as well as the nature of their business. Part of this entails supporting small businesses, rather than national organisations, who are adversely affected by various lockdowns since March 2020. Where we had a good tenant prior to the pandemic, greater endeavours should be given to support them rather than parties that are in continuous breaches of lease provisions other than rent.
- 3.9 Furthermore, where a business was considered an essential trade, and was able to trade throughout the various lockdowns then reduced support would be considered warranted. Greater support will be allocated to local businesses rather than national chains.
- 3.10 A report outlining the current arrears and suggested rent relief has been provided in Appendix 1 (exempt).
- 3.11 Further authority is sought to use all methods open to the Trust including potentially taking money from any rent deposits as well as investigating forfeiture measures to take back any relevant Property due to persistent breaches of health and safety matters.
- 3.12 Further details on this are provided in Appendix 1 (exempt).

4 EQUALITIES IMPLICATIONS

- 4.1 The King George's Fields 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.
- 4.2 Stepney City Farm is an important community asset that is managed by volunteers and is open and used by all members of the local community. The Farm provides a broad range of accessible engagement activities for the benefit of the local community. Their programmes include volunteering schemes (including for young people), food growing traineeships, school visits, community groups programmes and farm users including allotment holders and general farm visitors. As the population of the borough increases the Farm is increasingly important as a facility for healthy living and community activity promoting community cohesion.
- 4.3 The site is also used by partners supporting diverse service users in the local community, including Bengali women's charity, Stitches in Time, who run weekly classes at the Farm; Ocean Women's Association, also running

weekly sessions on site; and several charities who have been allocated community gardening spaces to use through funding from Ocean Regeneration Trust, including the Women's Inclusive Trust, Apersen, the Women's Environmental Network, and Hestia Refuge.

5 OTHER STATUTORY IMPLICATIONS

This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.1 There are no further statutory implications.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 The Trust is primarily funded through the rent income and hire charges of the assets held in its name. Stepney Farm has minimum associated costs. As with other organisations within the Council there has been significant reductions in income through Covid closures and any rental reliefs would be considered for claiming against the Council covid relief grant, if available, to minimise the financial impact on the trust.

7 COMMENTS OF LEGAL SERVICES

7.1 The Council is the Trustee of the Mile End Charity pursuant to the Governing Document which is a Scheme dated 28th February, 2000. The Council's Constitution establishes the King George's Fields Charity Board to administer the charities affairs and discharge the Council's trustee functions.

7.2 The purpose of the charity is to preserve the Park Lands in perpetuity as a memorial to King George V under the provisions of the King George's Fields Foundation. The 1965 Scheme which established the Foundation gave its purpose as "to promote and to assist in the establishment and to promote the preservation throughout the United Kingdom of Playing Fields for the use and enjoyment of the people..." Additionally, the trustees may " apply the land to such charitable purposes as are set out in the Recreational Charities Act 1958

7.3 The Scheme deals with 2 categories of land as identified in Parts 1 and 2 of the Schedule. The first referred to in Part 1 of the Schedule consists of park

lands identified in plan KGF2 and which are as follows:

- Stepney Green Park and nearby lands, namely Belgrave Road open space and White Horse Road Park
- Stepping Stones Farm

7.4 Under Article 5(1)(a) the Scheme in addition to any other powers that the trustees have, it gives the Trustees the ability to “let part or parts of the land ... to Third Parties on leases not exceeding 10 years to provide to the public, recreational facilities or such services reasonably ancillary to recreation as are mentioned in Article 7 of the Greater London Parks and Open Spaces Order 1967”.

7.5 The Scheme therefore allows the Board to consider letting the land referred to but the Lease cannot be for a term exceeding 10 years. The new Charities Act allows more flexibility and greater powers as referred to in 1.3 above and the option will be drafted to ensure that any extension of the term complies with the Scheme and relevant Charity Law.

Generally, however, the Trust must when seeking to lease Charity Land try to:

- get the best deal for the charity and
- take written advice, including a valuation, from a qualified surveyor (normally RICS qualified) before a lease is agreed (although not always needed for a short lease (7 years or less))
- advertise the sale or lease, unless the surveyor says otherwise

To complete the sale or lease without Charity Commission involvement, the Council must comply with the above requirements before entering into an agreement for lease.

7.6 In considering this report and its recommendations, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty).

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1 (Exempt) – Rental Concession Recommendations, Green Bridge Retail and Commercial Units

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

- None

Officer contact details for documents:

Catherine Boyd, Interim Head of Arts Parks and Events.