

Committee(s):	Dates:
Markets Committee – For decision	6th March 2019
Subject: City Harvest Partnership with New Spitalfields Market	Public
Report of: Jon Averbs – Interim Director Markets and Consumer Protection	For information
Report author: Ben Milligan – Superintendent New Spitalfields Market	

Summary

City Harvest (Charity number 1163055) would like to take space in the compound area on the Market site to collect end-of-life produce from tenants and redistribute it to those in need in East London. An option has presented itself for the City to offer City Harvest a Tenancy-at-will, at a peppercorn rent, for 2,018 square feet. Tenants would then see waste disposal costs reduced and City Harvest would provide thousands of meals for those affected by food poverty.

Recommendation

Members are asked to note the contents of the report. Report for decision to be presented at the May Committee (or the special Committee meeting in the 3rd April should there be room on the agenda) following steer from members.

Main report

Background

1. City Harvest are a UK registered charity (No 1163055, Company No 08986929). Their business model centres on taking end of life food, or donated food, and distributing it to those in need either directly, or through their 300 partner organisations. Their objective is to reduce food poverty across London. Their base is situated in West London, yet a large proportion of their work is in East London.
2. The Market has an available, 2,018 square foot, compound vacated by CHEP in 2017. This has been vacant since CHEP vacated the area, and, although there has been some interest in the compound, a tenancy agreement has not been achieved.
3. Should the area receive a normal tenancy the rent achieved for this compound would be £12,108 per annum at the current rate of £6 per square foot. The service charge would be equivalent to £9,151.43 per annum (note that compound areas pay a reduced service charge), and business rates would equal £1,728 per annum.

4. As the City of London Corporation must meet the service charge and business rate costs of vacant space it is of benefit to the City to allow City Harvest to take the space under tenancy-at-will, at a peppercorn rent, thereby removing obligations to the City for these costs.

Current position

5. Several businesses operate informally, on a small scale, under this business model across the Market. These businesses cannibalise each other and as such there is no economy-of-scale effect. A single operator would be able to operate much more efficiently.
6. City Harvest would like to become our monopoly partner in this area. They plan to expand their reach by partnering with New Spitalfields Market. They have provided a proposal for involvement (See Appendix 1), a synopsis of their business (See Appendix 2), and an impact assessment (See Appendix 3) for our information.
7. There are large volumes of waste produce generated by the tenants of New Spitalfields Market. This is usually due to natural spoilage of product where a sale has been unachievable, or where there has been an excess of supply. Fruit and vegetable waste levels peaked at 7,000 tonnes per annum in 2015 at the Market. Whilst this has been reduced significantly, by many means over the last three years, to 4,340 (2018), there is still an issue to address.
8. Food waste at New Spitalfields is recycled by Countrystyle Recycling Limited at an Anaerobic Facility outside London, however these products should not enter the waste stream in the first place. These products took countless gallons of water to grow, hundreds of hours of labour to grow and harvest, thousands of kilowatts of electricity to be sorted or wrapped, many gallons of diesel to be transported, all to become waste. Tenants then pay for its disposal. This is needless waste. It is the intention of Market management that there is a shift in Market culture. Tenants must be encouraged to check stock levels to ensure dynamic and timely decisions are made regarding surplus stock, or stock nearing the end of its life. In this way tenants will benefit from a reduced "disposal" rate with City Harvest to repurpose products to the benefit of others. There is a reduction in costs to the tenant business, and a benefit from those who ultimately receive the wholesome goods from the Market. Only once there is a partner of this sort on site daily can these dynamic organoleptic decisions be timely enough to make a repurposing or re-distribution service operationally viable. There will be no negative impact on the Countrystyle Recycling Ltd contract. They have exclusivity rights to all waste. Produce available for City Harvest will not be waste and therefore sits outside the terms of the waste contract.
9. City Harvest have been working in partnership with the Market since before Christmas, taking two or three tonnes of produce out of the Market twice a week. This has resulted in over 4,500 meals for those in need. This is valuable work and should be supported.

10. Tenants would benefit from reductions in costs – they would pay reduced rate for disposal of end-of-life produce. Vulnerable or needy individuals would be provided with wholesome fresh produce.
11. Should a partnership flourish, City Harvest would look to expand the project to include the processing of products (i.e. cut and freeze end-of-life produce for soups or smoothies, thereby expanding the timescales for the product's usefulness), or set up a production kitchen where vulnerable people would be taught cookery skills. These projects are very much in their infancy.

Corporate & Strategic Implications

12. A partnership in this vein would be of great benefit to the City in terms of engagement with the local community, thereby building our brand equity.
13. Facilitating City Harvest's work would be aligned with the Mayor of London's "London Food Strategy", a major part of which is tackling Food Insecurity (when an individual has insufficient or insecure access to food due to resource constraints – N.B. 2.3 million Londoners live below the poverty line).

Options for consideration

- i) City Harvest utilise the 2,018 square foot compound vacated by CHEP in 2017.
- ii) City Harvest pay a full rent. City Harvest maintain that as a charity they do not possess the start-up funds to meet the rental costs. They would not take a tenancy-at-will and the City would continue paying the void charges for the site (service charge and business rates).
- iii) City Harvest pay a full rent that is offset by a grant from City Bridge Trust. This Committee has no powers to authorise such a grant. The City would not want to receive rental income indirectly from City Bridge Trust funds.
- iv) Proposed CHEP site rented at a peppercorn rent on the proviso that service charge and business costs are met by City Harvest. The relevance of a full lease with a 3 or 6-month break clause would be considered after 6 months of the Tenancy-at-will.

Conclusion

14. City Harvest hold great potential for the Market. The Charity would be able to reduce Market waste costs whilst helping those in need in East London.

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