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Committee(s):	Dates:
Markets Committee – For decision	17th July 2019
Subject: City Harvest Partnership with New Spitalfields Market	Public
Report of: Interim Director of Markets and Consumer Protection	For Decision
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 2,018 square feet on a Tenancy-at-will, at a peppercorn rent. The City of London Corporation would reduce its liability for the service charge and business rates payable on the vacant property by £10,879.43. Tenants would see waste disposal costs reduced, and City Harvest would provide thousands of meals for those affected by food poverty.

Recommendation

1. Members to approve a tenancy-at-will for City Harvest, in the former CHEP site, at a peppercorn rent, on the proviso that service charge and business rates are met by City Harvest.

Main report

Background

2. 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.
3. 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.
4. 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.

5. 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.
6. The City has express power to let a “*stall or standing*” for market purposes under the City of London (Various Powers) Act 1979) “*on such terms and conditions as the City Corporation think fit*”. The Committee therefore has the power to authorise the grant of a tenancy-at-will at a peppercorn rent, provided that the Committee considers that this would serve the purposes of the Market, which is the overriding consideration for the purposes of this decision, leaving aside any broader public or charitable benefit.

Current position

7. 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 preferred operator would be able to operate much more efficiently.
8. City Harvest would like to become our preferred 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. Other charitable organisations would still be accommodated on site, but this would be via liaison with City Harvest. They already support a wider network of 300 frontline charities and would include other charities that already work with the Market.
9. 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 tonnes (2018), there is still an issue to address.
10. Food waste at New Spitalfields is recycled by Countrystyle Recycling Limited at an Anaerobic Facility outside London. Ideally these products would 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.
11. 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 free disposal 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.

12. City Harvest have been working in partnership with the Market since before Christmas, taking produce out of the Market twice a week. So far this has resulted in over 10 tonnes of produce being diverted from the waste stream and repurposed. Produce from March 2019 totalled 4 tonnes resulting in a total of 10,000 meals for those in need. This is valuable work and should be supported.
13. Tenants would benefit from reductions in waste costs – they would be allowed to dispose of these end-of-life products for free. Currently Tenants “self surrender” these goods for destruction at the following cost:

Description of self surrendered goods	Loose half pallet	Loose full pallet	Pre-packed half pallet	Pre-packed full pallet
Cost	£12	£26	£29	£59

Instead, vulnerable or needy individuals would be provided with wholesome fresh produce.

14. When asked about their view on the partnership, the Spitalfields Market Tenants Association (SpMTA) stated via email:

“it is worth noting that many tenants already work with City Harvest. We fully support City Harvest’s partnership with the market, and we are keen that they take space within the site to create a base. Their work is valuable to the local area, and they help us reduce our waste costs. We would urge the City to act quickly to endorse their tenancy at the market.”

15. 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

16. 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.
17. 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).

18. This proposal supports the Corporate Plan: -

- Contribute to a flourishing society - People enjoy good health and wellbeing
- Support a thriving economy - Businesses are trusted and socially and environmentally responsible

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. In this instance 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. City Harvest already receive funding from the City Bridge Trust (granted £79,000 in October 2018 over three years), and are therefore excluded from seeking further funding until their current agreement expires. Should they cancel their current arrangement there is a two-year moratorium between applications.
- iv) Proposed CHEP site rented at a peppercorn rent on the proviso that service charge and business rates are met by City Harvest. The relevance of switching to a full lease with a 3 or 6-month break clause would be considered by the City after 6 months of the Tenancy-at-will.

Conclusion

19. 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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