

Summary Sheet

Council Report

Cabinet and Commissioners' Decision Making Meeting – 13 February 2017

Title

Allotment Rents 2018-19

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report:

Damien Wilson, Strategic Director, Regeneration and Environment

Report author:

Phil Gill, Leisure and Green Spaces Manager

Ward(s) Affected:

All

Summary:

To seek approval to increase allotment rents for the 2018-19 financial year

Recommendations

1. That allotment rents for the 2018-19 financial year be set at levels shown in Appendix 1 (Option 2).
2. That officers in Leisure and Green Spaces write to existing allotment tenants to advise them of the new rents, at least 12 months in advance of their introduction on 1st April 2018.

List of Appendices Included

Appendix 1 – Proposed allotment rents

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public
No

Title: Allotment Rents 2018-19

1. Recommendations

- 1.1 That allotment rents for the 2018-19 financial year be set at levels shown in Appendix 1 (Option 2).
- 1.2 That officers in Leisure and Green Spaces write to existing allotment tenants to advise them of the new rents, at least 12 months in advance of their introduction on 1st April 2018.

2. Background

- 2.1 Leisure and Green Spaces review allotment rents annually. Rents are set one year in advance to allow tenants to be given 12 months' notice of any increase, which is a statutory requirement. Therefore, rents recommended here are for 2018-19. The setting of rents for allotments is subject to further legal considerations, as set out in Section 8 below.
- 2.2 The Council lets plots on some allotment sites directly to individual tenants, whilst others are leased to allotment societies who pay the Council a rent based on the usable area of the site. Proposed rents for both types of site are recommended in this report.
- 2.3 Rents at better equipped (Class A) sites are slightly higher than at other (Class B) sites. All sites managed directly by the Council are Class B, while a mix of Class A and Class B sites are leased to allotment societies.
- 2.4 Although there are waiting lists for many allotment sites across Rotherham, demand on a small number of sites is low, and consequently land can be offered for grazing and commercial growers. Following a review of grazing, the previous fixed rate has been replaced by a tendering process during 2016 as this is believed to be a better way of successfully letting at the best price for the Council. It is proposed that the rent for commercial growers remains unchanged as there has been very little uptake of this recently.
- 2.5 A strategic review of the allotment service is due to take place in 2017. This will include consideration of alternative service delivery options and future rents. Should this result in any proposals that affect the recommendations contained within this report, then a further report will be brought to allow these to be considered.

3. Key Issues

- 3.1 An annual review of allotment rents is an important part of the budget process, as it has a direct impact on the amount of income received by Leisure and Green Spaces, and is therefore critical to ensure sufficient financial resources for continued service delivery.
- 3.2 The process for setting allotment rents is governed by statute. Consideration of information set out in this report is an important part of this process

4. Options considered and recommended proposal

4.1 Increase allotment rents by around 8%

Rents are normally increased each year, reflecting what a tenant might reasonably expect to pay for allotment land, and also to generate sufficient income to meet all relevant costs associated with continued service delivery. An increase of around 8% in 2018-19 has been calculated as being necessary to achieve this outcome, taking into account projections of future costs, planned reductions in budget support as a result of further local government funding reductions, and comparable rents charged elsewhere in England.

4.2 Increase allotment rents in line with the rate of inflation

A rent increase based on the Retail Prices Index (RPI) should, in theory, be sufficient to cover increased costs of service delivery. However, this does not take into account an expected reduction in budget support by 2018-19. The rates shown in Appendix 1 (Option 2) have been calculated using the RPI reported by the Office for National Statistics in December 2016 (2.2%), although HM Treasury currently forecasts that RPI will increase to 3.2% in 2017. This Option would be expected to generate around £3,500 less income than option 1.

4.3 Maintain allotment rents at the same rate as in 2017-18

This option would be expected to generate around £5,000 less income than Option 1.

4.4 Recommended option

In considering the options, it is acknowledged that there is a public interest in sustaining demand for allotment gardening because of the benefit such activity brings, including improving public health, involving local people in their communities, and care of the environment within allotment sites. Therefore, Option 2 (increasing rents by 2.2%, in line with the current RPI) is recommended. Option 1 is not favoured as it would be neither helpful nor appropriate to recommend increasing rents above inflation before the findings of the forthcoming strategic review of the allotment service have been fully considered. Option 3 would lead to a reduction in real terms in income available to support service delivery, and is therefore not recommended.

5. Consultation

5.1 The matter has been discussed with Rotherham and District Allotments Association who agreed that the three options described above should be presented to Cabinet. The Association has raised concerns that Option 1 could create affordability issues for some members.

5.2 Consultation will take place with Rotherham and District Allotments Association and allotment tenants as part of the forthcoming allotment service review. Should this review result in proposals that affect the recommendations contained within this report, then a further report will be brought.

6. Timetable and Accountability for Implementing this Decision

- 6.1 Proposed allotment rents would apply for one year from 1st April 2018.
- 6.2 Managers within Leisure and Green Spaces will be responsible for implementation of the recommended rents.

7. Financial and Procurement Implications

- 7.1 All income from rents will continue to be ring-fenced to support service delivery. It is anticipated that the overall cost of this Service will be £82,800 in 2018-19. This comprises around £60,500 staff costs, £8,000 premises costs, £8,500 transport costs and £5,000 miscellaneous other costs.
- 7.2 The Council has pursued actions over recent years to reduce the cost of delivering the service. The gross cost is budgeted to be around £34,000 (or 30%) less in 2016-17 than it was in 2010-11. This saving has been achieved by reducing the number of allotment operatives from two to one, and by reductions in most non-salary budgets. Whilst further efficiency savings continue to be made where possible, scope to do so is less than previously. Increasing rents as a way of achieving budget savings has only been considered after reductions in service costs have been implemented.
- 7.3 Assuming that demand for allotments continues at current levels, then the recommended option of a 2.2% increase in rents would be expected to generate around £79,300 income, which is around £3,500 less than projected service costs. Therefore, continued core revenue budget support (subsidy) will be required in that year, unless service costs can be reduced or alternative funding can be identified.
- 7.4 There are no procurement implications arising from this report.

8. Legal Implications

- 8.1 Section 10 of the Allotments Act 1950 states "Land let by a council under the Allotments Acts 1908 to 1931, for use as an allotment shall be let at such rent as a tenant may reasonably be expected to pay for the land if let for such use on the terms (other than terms as to rent) on which it is in fact let.
- 8.2 A previous Fees and Charges report taken to Cabinet Member for Culture and Tourism on 12th January 2015 referred to a recent court ruling that the most usual way of determining what a tenant might expect to pay would be to look at rents charged by other Councils. The report also contained data published by the Association of Public Service Excellence (APSE), showing how rents charged in Rotherham compared with 15 other districts in the north of England. A similar comparison is shown in Figure 1, using updated rent information for 2016-17.

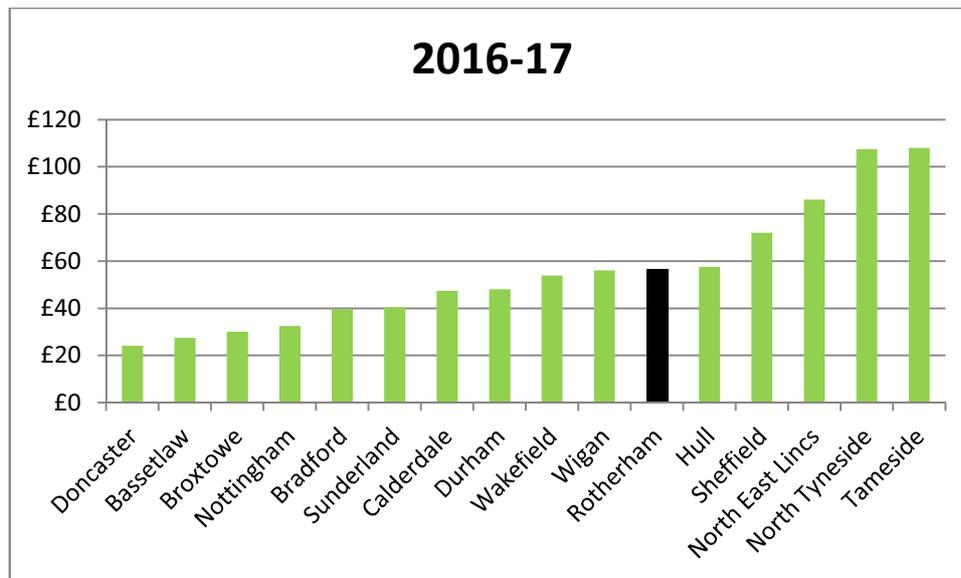


Figure 1. Annual Rent Charged for 250m² plot (2016-17)

This shows that current rents in Rotherham are within the range of rents charged in comparator authorities. Whilst similar comparative data is not available for future years, the recommended rent for 2018-19 would still be within the 2016-17 range, at £60.75 for a 250 m² plot.

8.3 The Council is required by law to give tenants a minimum of 12 months' advance notice of rent increases.

9. Human Resources Implications

9.1 Not applicable with regards to this report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 Not applicable with regards to this report

11. Equalities and Human Rights Implications

11.1 Not Applicable with regards to this report.

12. Implications for Partners and Other Directorates

12.1 None Identified

13. Risks and Mitigation

13.1 Given the length of time before the new rents are due to come into force, it is possible that there will be significant changes in levels of demand for allotments, and in the cost of delivering the service. Consequently, there is a risk that actual income might fall short of, or exceed, the service cost. If this happened, then any mitigation would need to involve controlling service costs or identifying alternative sources of income.

14. Accountable Officer

Damien Wilson, Strategic Director, Regeneration and Environment

Approvals Obtained from:-

Strategic Director of Finance and Customer Services:-

Jon Baggaley, Finance Manager, Regeneration & Environment and Capital

22nd November 2016

Assistant Director of Legal Services:-

Stuart Fletcher, Service Manager (Commercial and Governance)

23rd November 2016

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