

Agenda item: 

**Decision maker :** Culture, Leisure and Sport Decision Meeting

**Date of meeting:** 6 February 2015

**Subject:** Allotment charges

**Report by:** Head of Transport and Environment Service

**Wards affected:** All

**Key decision:** Yes

**Full Council decision:** No

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## **1. Purpose of report**

- 1.1. In line with the ambition of Portsmouth City Council to ensure that the fees for discretionary services are set to cover the costs of delivery, officers are recommending two options to increase fee levels to meet this objective.
- 1.2. To inform the cabinet member that allotments will no longer be offered for rent in rods (an obsolete unit of measurement) but will instead be offered in square meters.

## **2. Recommendations**

- 2.1. **That the cabinet member approves one of the options presented to move closer to the aim to ensure that fees generated from discretionary services cover the full cost of service delivery. In officers opinion, both options result in the same outcome financially, but option 1 has less risk, consequently option 1 is recommended.**
- 2.2. **That the cabinet member notes the change in units of measurement of allotment plots.**

## **3. Background**

- 3.1. When setting rental charges for allotments, the council must have due regard to the relevant legislation - in this instance section 10 of the Allotments Act, 1950 which 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: .*

*Provided that land may be let by a council as aforesaid to a person at a less rent if the council are satisfied that there exist special circumstances affecting that person which render it proper for them to let the land to him at a less rent.*

- 3.2. In giving consideration to s10 of the Allotments Act, 1950 the cabinet member should be satisfied that the rent charged is at a level that a tenant may reasonably be expected to pay. Information relating to this test of reasonableness can be found in sections 8 and 9 below.
- 3.3. For many years allotments were subsidised by Portsmouth City Council. On 16 December 2011, officers were instructed to increase allotment rental charges over two years to arrive at a level of income that met expenditure and eliminated the subsidy.
- 3.4. On 12 December 2012, officers were instructed to achieve full cost recovery relating to allotments i.e. including administration staff costs also. The timescale was extended by a year to accommodate this further increase in income.
- 3.5. The rental charges that came in to effect on 1 Nov 2014 were such that income from allotments covered expenditure and staff costs. It was expected that rental charges would increase by inflation only thereafter.
- 3.6. Allotment budgets for 2015/16 are expected to generate a net income of £18,300; this is the cost of allotment staff.
- 3.7. Full cost recovery of the administration of allotments, however includes more than just staff employment costs. To achieve full cost recovery of the administration of allotments additional support costs would have to be included (e.g. insurance, HR support, training, IT support and equipment, finance support, office costs, transport costs incurred in employing those staff). If allotment budgets were to be adjusted to achieve full cost recovery of the administration, net income would rise to £36,400. The additional income represents approximately 25% of the budgeted income for the letting year beginning 1 November 2015.
- 3.8. Any additional income could not be achieved in full in the 2015/16 financial year as allotment rental charges are fixed until November 2015. In addition we are required under the terms of the tenancy agreements to give 12 months' notice of changes to rental charges. It is therefore not possible to implement the increase until the expiry of a twelve month notice period expiring between 29 September and 6 April. Thus the increase will not be possible before February 2016 meaning that less than 2/12ths of the additional income would be achieved in the 15/16 financial year. The full additional income would be achieved in the 16/17 financial year.

#### **4. Units of measurement**

- 4.1. Allotment plots have historically been measured in rods. A rod is a linear measurement equal to 5½ yards, but for allotments the term 'rod' is commonly

used as a unit of area equivalent to a square rod (30¼ square yards or 25.3m<sup>2</sup>). The council is required by law to use metric units as the primary measure (although non-metric units can be included as a secondary measure). Consequently plots will be measured in m<sup>2</sup> from now on.

- 4.2. Aside from a simple process of updating management software, there is little that will change as a result of this action. However, by moving from measuring in rods (rounded to the nearest half-rod) to m<sup>2</sup> (a much smaller unit) it may be anticipated that allotment tenants will decide to re-measure their plots themselves and approach the council for an adjustment to their annual rental charge if measurements are incorrect. It is unlikely that tenants would ask the council to correct measurements when their plot is larger than the area stated, so the effect of this would be to reduce income, although the impact is likely to be low.

## 5. Options for increasing income

- 5.1. Income from allotments comes from renting the plots of land themselves (currently 88% of the income) and from renting the council owned brick or concrete huts found on some sites (currently 12% of the income).
- 5.2. While there are around 500 people waiting for an allotment plot, there are vacant huts with no waiting list. Any significant increase to the cost of a council owned hut would likely mean that income from these assets would fall due to people giving up their tenancies. Consequently rental charges for huts have increased by inflation only in recent years. It is recommended that this approach continues for rental charges due in November 2015 (CPI in Oct 2014 = 1.3%).
- 5.3. Assuming that the cost of renting a council owned hut is increased by CPI only, the remainder of the increased income from allotment sites must be met through allotment plot rental charges.
- 5.4. **Option 1: Simple increase to plot rental charges based on area of plot**

Making no other changes to the way allotments are charged and sharing the impact of the required additional income among all tenants based *solely on the area of land they hold* would increase the rental charge per m<sup>2</sup> to £0.49 (from £0.43). The average plot (without a concession) would cost £62 a year.

Year (Nov to Oct)	2011/12	2012/13	2013/14	2014/15	2015/16
Cost per m <sup>2</sup>	£0.25	£0.28	£0.34	£0.43	£0.49

5.5. **Option 2: Apply a standing charge per plot**

5.5.1. Part of the allotment budget is for costs that are independent of grounds maintenance and therefore unrelated to the area of land that a tenant holds.

<b>Budget type</b>	<b>Annual cost (Nov 2015 - Oct 2016) (projected)</b>
Electricity	£360
NNDR (rates)	£1,600
Cleaning of toilets	£1,280
Equipment	£150
Printing	£150
Postages and carriage	£2,000
Software costs	£670
<b>Subtotal</b>	<b>£6,210</b>

To this may be added the full cost recovery of the administration of allotments:

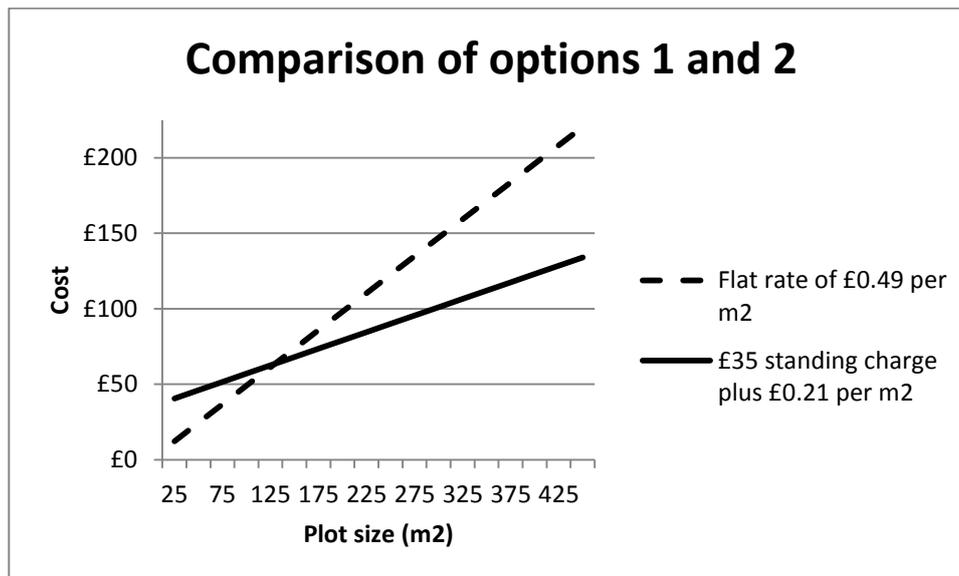
<b>Budget type</b>	<b>Annual cost (Nov 2015 - Oct 2016) (projected)</b>
Administration	£36,430
<b>Subtotal</b>	<b>£36,430</b>
<b>GRAND TOTAL</b>	<b>£42,640</b>

5.5.2. If these overhead costs are spread evenly across all 1771 plots, on the basis that they are not related to the size of the plots, this would result in a standing charge of £35 per plot (with no concession), Leisure card holders and over 60's would continue to receive a discount.

5.5.3. On top of the standing charge of £35 per plot, there would be an additional rental charge per m<sup>2</sup> of £0.21.

## 6. Comparison of options

	Standing charge	Charge per m <sup>2</sup>
<b>Option 1</b>	-	£0.49
<b>Option 2</b>	£35	£0.21



6.1. For each of the options above the cost would be the same for the average sized plot (125m<sup>2</sup> approx.). 55% of tenants have an average sized plot, 31% of tenants have a smaller than average sized plot; 14% of tenants have a larger than average sized plot.

6.2. The effect of a standing charge is to increase the cost of lower than average sized plots and decrease the cost of larger than average sized plots. The number of larger plots however is low and will continue to decline as they are divided up into smaller plots when they become available.

## 7. Effect of the additional income on rental charges

7.1. There has been an underspend on grounds maintenance in the past 12 months due to fewer plots being vacated in an extremely messy condition which the council have to clear before re-letting. This underspend has meant that the forecast expenditure for the next financial year is lower than this year.

7.2. It is assumed that this reduction in expenditure is due to the measures put in place on 11 November 2010 which have meant that plots are not left vacant for more than a few weeks and that plots which are not being cultivated are repossessed. As such it can be expected that the reduced cost of clearing overgrown plots will be sustained.

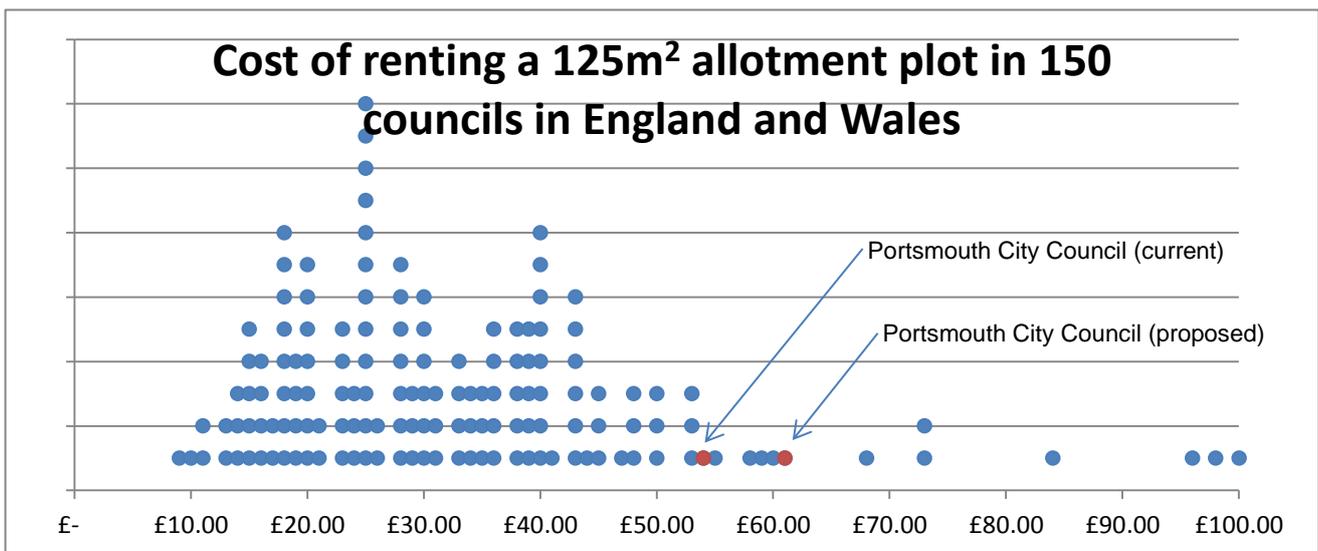
7.3. The effect of this reduced expenditure would be that if the additional income were not to be included in the budget allotment charges would not need to be increased

from November 2015 and could remain at the levels currently in place (i.e. £0.43 per m<sup>2</sup>)

	Option 1	Option 2	Annual charge for an average plot (approx.)
Charge from Nov 2015 if the additional income is implemented	£0.49 per m <sup>2</sup>	£35 + £0.21 per m <sup>2</sup>	£62
Charge from Nov 2015 if the additional income is not implemented	£0.43 per m <sup>2</sup>	£20 + £0.28 per rod	£55

## 8. Comparison to other local authorities

- 8.1. A survey of district/borough councils and unitary authorities in England and Wales who have published their allotment charges on their website is presented below. In many local authority areas allotments are administered by parish councils or allotment associations. In most of these instances charges are not immediately available online.



- 8.2. The rental charges published by councils on their websites may not necessarily be up to date and councils charge for allotments in different ways using different units of measurement. However by comparing the cost of the average sized plot in Portsmouth to the same sized plots elsewhere it is believed that the information presented above is a reasonably accurate representation of the range of charges for allotments in England and Wales.
- 8.3. Whilst acknowledging that the sample is only 46% of district/borough councils and unitary authorities in England and Wales, it appears reasonable to conclude, from the information above, that the charges currently in Portsmouth and those proposed, do not fall outside the current range of charges in England and Wales. Both current and proposed charges fall within 2 standard deviations of the mean rental charge from the data above (mean = £32.85, sd £16.73).

**9. Public consultation**

9.1. Portsmouth City Council conducted a budget consultation between Monday 15 September 2014 and 13 October 2014 comprising of an online questionnaire which asked a series of questions on a wide range of issues to gauge public opinion. A total of 2460 responses were received.

9.2. One of the questions concerned allotment charges with respondents offered a choice of:

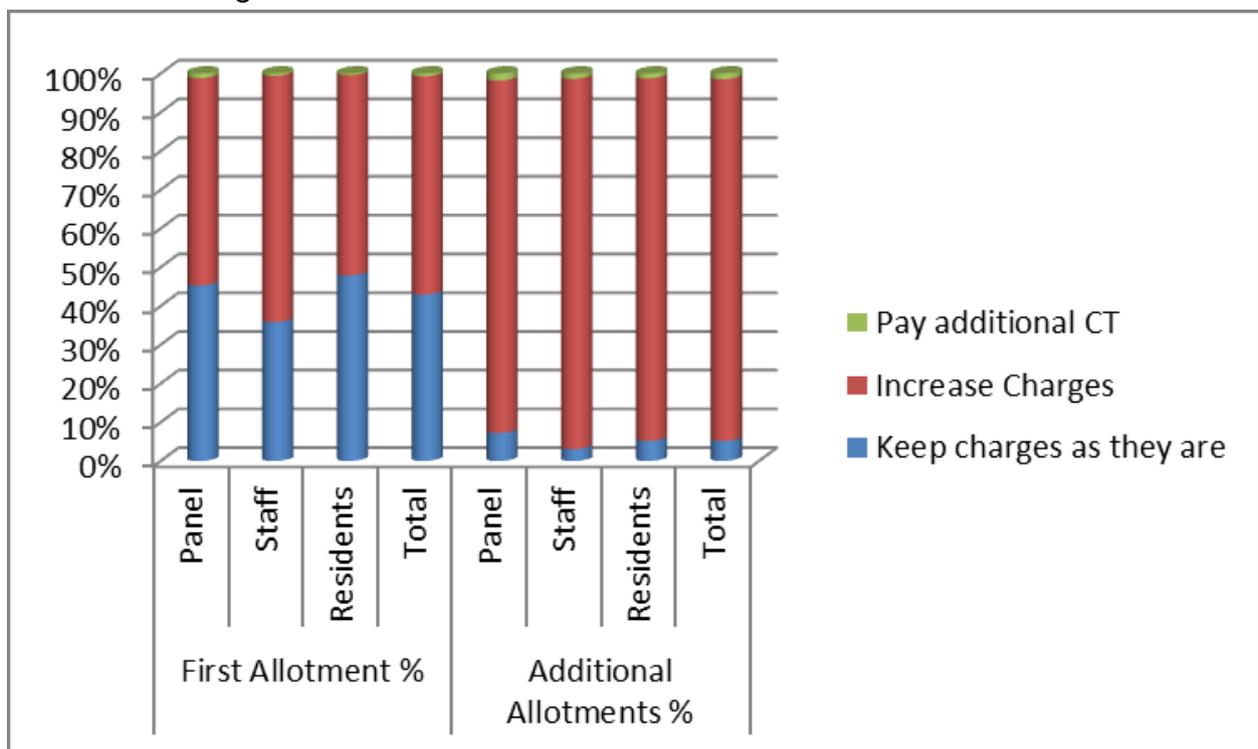
- keeping allotment charges as they are
- increasing allotment charges
- increasing council tax

The question was repeated relating to additional plots where tenants have more than one plot.

9.3. The report concludes:

*The data on this question does indicate an appetite to increase the charges for both a first and any other subsequent allotments rented by individuals*

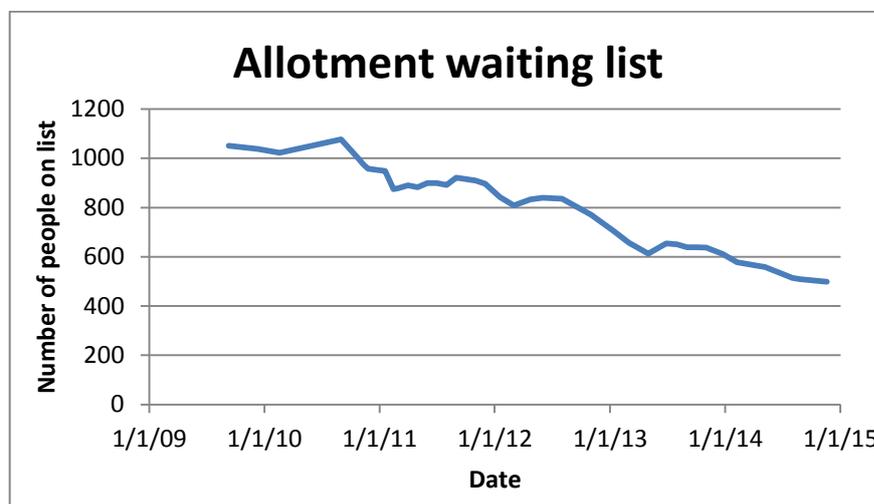
*While there were some good points raised on the health benefits and the notion of community pride allotments engender, it was felt by the majority that there could and there should be an increase in charges.*



	First Allotment %				Additional Allotments %			
	Panel	Staff	Residents	Total	Panel	Staff	Residents	Total
<b>Keep charges as they are</b>	45.29	35.87	47.91	43.02	7.27	3.07	5.18	5.17
<b>Increase charges</b>	53.53	63.56	51.69	56.26	90.91	95.63	93.59	93.38
<b>Pay additional council tax</b>	1.18	0.57	0.40	0.72	1.82	1.30	1.23	1.45

## 10. Risks

### 10.1. Declining waiting list



- 10.1.1. The number of people waiting for an allotment in Portsmouth has halved in the past five years. This is due to a combination of a number of factors; i.e. increased numbers of allotment plots available due to splitting larger plots; more rigorous plot inspections to repossess unused plots; and a slight decline in demand.
- 10.1.2. There is a risk that increasing charges further may encourage some existing allotment tenants to give up; may discourage people on the waiting list from taking on a plot; and may discourage people from applying to join the waiting list. The effect of this may be to accelerate the decline in the waiting list.
- 10.1.3. If the level of rental charge identified in this report proved too high for tenants to bear, and occupancy levels fell below 100% (i.e. no waiting list), there would be time for adjustments to be made to revert to the existing levels before invoices are sent for tenancy renewals in November 2015.

## 10.2. Opposition from tenants with multiple plots

Number of plots held	Number of tenants
1	1648
2	107
3	10
4	5
5	1
<b>TOTAL</b>	<b>1771</b>

10.2.1. There are 123 people with more than one plot. In most cases these multiple plots were let when the waiting list was zero in the 1990's and early 2000's.

10.2.2. If a standing charge were implemented then a tenant with, for example, two plots of 125m<sup>2</sup> would incur two standing charges whereas a tenant with a single plot of 250m<sup>2</sup> would only incur one standing charge and so would be paying less for the same area of land than the tenant with two plots.

## 11. Equality impact assessment (EIA)

11.1. An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

## 12. Legal comments

12.1. The legal issues raised by this report are addressed in the body of it.

## 13. Finance comments

13.1. The approval of the first recommendation of this report is forecast to generate an additional £20k of income. This will contribute to the full running costs of the allotment service. Currently the full costs of the allotment service is not met by the income generated by the fees charged.

13.2. This is in line with the ambition of the council to ensure that the charges for discretionary services are set at a level to cover the cost of service provision.

13.3. The approval of the second recommendation to transfer from measurement in rods to m<sup>2</sup> is not envisioned to have any immediate impact on the income received as it will be a like for like charge. Any change to the income received will be as a result of tenants measuring their plot areas although at this stage this impact is not considered to be significant.

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Signed by:  
Simon Moon  
Head of Transport and Environment Service

**Appendices:**  
**None**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>

The recommendation(s) set out above were approved / approved as amended / deferred / rejected by Cabinet Member for Culture, Leisure & Sport on the 6<sup>th</sup> February 2015

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Signed by:  
Councillor Lynda Symes  
Cabinet Member for Culture, Leisure and Sport