

TITLE OF REPORT: Allotment Portfolio – Rent Review 1 April 2019

REPORT OF: Mike Barker, Strategic Director, Corporate Services and Governance

Purpose of the Report

1. This report seeks Cabinet's approval to the proposed increase in allotment rents (as set out in Appendix 2) with effect from 1 April 2019 and requests Cabinet recommend that the Council includes the increased rental levels in the schedule of fees and charges for 2019/20.

Background

2. The Council owns and manages 59 allotment sites with approximately 1310 plots.
3. Under the terms of the standard tenancy agreement, allotment rents can be increased every three years with the next increase due 1 April 2019.
4. The current rental levels have been in place since 1 April 2016.
5. The Council continues to subsidise the cost of allotments, although the subsidy was reduced significantly following the rent increase in 2016. The proposed rent increases would contribute toward reducing the subsidy further.

Proposal

6. It is proposed to increase the rents for allotments by the rate of inflation over the three years since the last increase on 1 April 2016, with effect from 1 April 2019 to the levels set out in the table in Appendix 2.

Recommendations

7. It is recommended that Cabinet:
 - (i) approves the proposed increases in rent as set out in Appendix 2; and
 - (ii) recommends that Council includes the increased rental levels in the schedule of fees and charges for 2019/20.

For the following reasons:

To manage the Council's assets in line with the Corporate Asset Strategy and Management Plan through reducing the current subsidy arising from the management of the allotment portfolio and increasing rents in line with the current allotment tenancy agreements.

APPENDIX 1

Policy Context

1. The proposed rent increase is consistent with the overall vision for Gateshead as set out in Making Gateshead a Place Where Everyone Thrives. In particular, making provision of allotments at an affordable rent to support and encourage people to improve their health and wellbeing.
2. The proposal will also accord with the provisions of the Corporate Asset Strategy and Management Plan 2015-2020. In particular, using assets for the benefit of residents and ensuring they are effectively managed.

Background

3. The Council owns and manages 59 allotment sites with approximately 1300 plots. The majority of the sites (34 sites and approximately 900 plots) are managed on a day to day basis by allotment associations. The remaining 25 sites (approximately 400 plots) are managed directly by the Council.
4. The current total annual rent collected is in the region of £50,000 per annum.
5. Based on current information and forecasts the costs to maintain the allotments in 2018/19 will be in the region of £50,000. Staffing costs amounted to £60,000 in 2017/18 and are expected to be at a similar level in 2018/19: therefore the Council is in effect subsidising the provision of allotments to the value of £60,000.
6. Under the terms of the standard tenancy agreement, allotment rents are increased every three years with the next increase due 1 April 2019.
7. On 9 February 2016, Cabinet approved an above inflation rent increase for the rent review due on 1 April 2016.
8. As part of this process consideration has also been given to the level of rent increases being proposed. As can be seen from Appendix 2 (Table 1) Gateshead Council allotment rents are currently toward the lower end of the rental range charged by other local authorities in the region.
9. A 2018 survey undertaken by the Association of Public Service Excellence (APSE) highlights that most local authorities are now implementing charges which at least cover the cost of maintenance rather than subsidising the allotment service which for many would have been the previous practice. The survey also found that the largest proportion of local authorities now charge over £70 per annum to rent an allotment.
10. However, the APSE survey also notes that it is unlikely that local authorities will ever make high levels of income from allotments with many continuing to subsidise them, recognising that they are a key community asset.

11. Further, councils are not entirely free to set allotment rents: the key test established in case law for rent increases is comparability with charges for other leisure services, rather than rents charged by the Council for its other tenanted properties.
12. However, the relevant allotment legislation councils must have regard to in setting allotment rents is section 10 of the Allotments Act 1950, which provides that an allotment '*shall be let at such rent as a tenant may reasonably be expected to pay*'. In determining what this is, the High Court has held in a recent case that an authority should:

"listen to representations made by interested parties...and take into account all relevant circumstances in a broad, common sense way, giving such weight as it thinks right to the various factors in coming to a conclusion that it thought right and fair"
13. The High Court also considered that a valuation exercise with reference to the rents charged by other authorities was appropriate; and while the cost of providing the service might be a relevant factor, it could not be the only factor.
14. Based on the above estimates it is expected that a rate of inflation increase with effect from 1 April 2019 as per the Appendix 2 (Table 2) has the potential to cover day to day maintenance costs (not excluding staffing costs) and increase income by £6,000 per annum to £56,000.
15. For the average sized allotment this would mean an increase from £52 to £57 per annum. This figure is seen as striking an appropriate balance between cost recovery and affordability for residents across the borough.
16. Rents would not be reviewed again until 1 April 2022.

Consultation

17. In preparing this report, consultations have taken place with the Leader and the portfolio holder for Communities and Volunteering. There were no objections.
18. Representatives from the two largest allotment associations have been consulted. There were no objections.

Alternative Options

19. An alternative option is to not exercise the rent review. This has been discounted as the rents at the Council would lose the opportunity to further reduce the subsidy.
20. The other option is to increase rents beyond inflation which may be deemed excessive following the above inflation increase in 2016 and may also have bearing on affordability.

Implications of Recommended Option

21. Resources:

- a. **Financial Implications** – The Strategic Director, Corporate Resources confirms that the proposed increase in allotment rents will generate an additional £6,000 income to the Council which will contribute towards recovering the cost of delivery of this service / facility.
- b. **Human Resources Implications** - There are no human resource implications arising from this report.
- c. **Property Implications** – Increasing the rents in line with inflation ensures that the Council mitigates its costs in managing the allotments whilst taking into account affordability for the allotment holders

22. **Risk Management Implication** – There are no additional risk management implications arising from this report.

23. **Equality and Diversity Implications** – There are no equality & diversity implications arising from this report.

24. **Crime and Disorder Implications** – There are no crime & disorder implications arising from this report.

25. **Health Implications** – There are no health implications arising from this report.

26. **Sustainability Implications** – It is not considered that raising rents will impact on the number of allotments let.

27. **Human Rights Implications** – There are no human rights implications arising from this report.

28. **Area and Ward Implications** – All

APPENDIX 2

Table 1: Comparison of Allotment Rents Across Authorities in North East

	Gateshead	Gateshead (proposed)	Newcastle	Durham	South Tyneside	North Tyneside	
< 200 m2	38.00	42.00		47.00	64.00 to 95.00	Up to 76.00	
201-300 m2	52.00	57.00	50.00*	49.00 to 51.00	90.00 to 118.00	76.00 to 114.00	
301-400 m2	70.00	77.00		53.00 to 55.00	125.00 to 139.00	114.00 to 152.00	

- * Newcastle City Council only provide an average allotment rent