

**Report of Director of Neighbourhoods and Housing**

**Report to Executive Board**

**Date: 4<sup>th</sup> September 2013**

**Subject: The Future Management and Pricing Arrangements for Allotments**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

- 1 The Parks and Countryside service had a £2 million budget reduction from 2011/12 and a further reduction of £0.6 million in 2013/14, with a likelihood of further reductions to 2015/16. The projected cost associated with providing and administering allotment facilities in 2012/13 was £178k, resulting in a net subsidy of £133k each year.
- 2 A consultation document was widely distributed to relevant allotment stakeholders, including all ward members with a view to making the service break even. From the options considered, nearly 60% were in favour of a price rise, with the overwhelming majority in favour of the option to apply a price increase evenly to all plot holders, including those entitled to concessions. Only 22% were in favour of a third party operator taking over the management of allotments. There were a number of comments expressing concern at the overall level of price increase proposed and that concessions were available primarily on an age related basis.
- 3 In response to the consultation, it is proposed to meet the challenge of the recovery of the costs of the service in a different way to that set out in the options. It is proposed to lessen the impact of any price rise by reducing the level of cost. If a vacant Community Food Growing Officer post is not filled, then there is scope to reduce the level of expenditure by around £29k. There is also scope to reduce the improvements budget by around £24k, creating an overall saving against budget of £53k. This would reduce the overall level of subsidy to around £80k. If further opportunities to reduce

cost are identified then action will be taken and any savings reflected in future charges.

- 4 With regard to the consultation results on concessions, the equality and diversity, cohesion and integration assessment is attached as appendix 1. In particular it highlights the importance of being sensitive to the needs of those unable to afford a price increase, whilst at the same time taking steps to reduce the cost of allotment provision. For this reason, it is proposed to retain the current level of concessions for those who are registered disabled, unemployed, a full time student or in receipt of pension credit however, rather than eradicate concessions for those in receipt of a state pension, it is proposed to introduce a new 20% concession allotment charges.
- 5 A phased price increase is proposed, commencing in autumn 2014 to recover £50k subsidy, with a £15k above inflation rise in 2015 and 2016, projecting a full subsidy recovery of £80k in 2016/17. The proposed rental charges over the next three years are set out in the table below.

Rental	2014/15			2015/16			2016/17		
	Con-cession	Con-cession Pensioner	Full	Con-cession	Con-cession Pensioner	Full	Con-cession	Con-cession Pensioner	Full
Full plot price (250sq m)	£27.00	£46.40	£58.00	£32.50	£52.00	£65.00	£36.00	£57.60	£72.00
Half plot price (125sq m)	£13.50	£23.20	£27.00	£16.25	£26.00	£32.50	£18.00	£28.80	£36.00
Quarter plot price (62.5sq m)	£6.75	£11.60	£13.50	£8.00	£13.00	£16.25	£9.00	£14.40	£18.00

## Recommendations

- 6 It is recommended that Executive Board approve the following:
- 7 A phased price increase commencing in autumn 2014 to recover a £50k subsidy, with a £15k above inflation rise in 2015 and 2016, projecting a full subsidy recovery of £80k in 2016/17.
8. That allotment associations are given notice to terminate the existing lease on 29<sup>th</sup> September 2013 to allow a renegotiation based on the allotment associations keeping 32% of allotment rental by 2016/17 which with the proposed price increases is the equivalent in monetary terms to the value currently retained.

## 1.0 Purpose of this report

1.1 This report summarises the findings from consultation and provides recommendations on the future management and pricing of allotments.

## 2.0 Background information

2.1 The Council continues to face serious budget pressures and will need to identify £145 million savings to 2015/16 in addition to the £150 million already identified to 2012/13. This has also impacted on the Parks and Countryside service, with a £2 million budget reduction in the last 2 years and a further reduction of £0.6 million in 2013/14, with a likelihood of further reductions to 2015/16. In meeting these challenging budget targets there are a number of service areas under review, including the provision of allotments.

2.2 There are currently 97 allotment sites in Leeds that fall under the responsibility of the Parks and Countryside service, of which there are 37 sites directly managed by the service, with 60 managed by allotment associations. There are nearly 4,000 rented plots and a waiting list of around 1,500, which reflects the growing popularity of allotment gardening in recent years. This report concerns these allotment facilities managed by Parks and Countryside.

2.3 Allotment associations are made up of volunteers who manage each site, including allocating plots, collecting income and enforcing rules and regulations. There are 51 allotment associations, with 48 managed on a single site basis, and 3 others that manage more than 1 site for the remainder. Individual leases with each allotment association have been agreed and are for a period of 7 years and took effect from January 2012. The Council can terminate these leases by giving 12 months' notice ending on or before 6<sup>th</sup> April or on or after the 29<sup>th</sup> September in any year. Under the terms of the lease, associations pay one third of the plot rental collection from each plot holder for the year, thus retaining two thirds of the rental. The associations may grant a 50% reduction of the allotment rent to plot holders who are in receipt of state pension, eligible disabled, unemployed or full-time students.

2.4 Allotment charges are currently advised via the Allotments Working Group (a consultative group representing allotment holders) and a full years notice is given to plot holders of any planned increase. The following outlines the charges applicable from October 2012:

<b>Rental</b>	<b>Non-Concession holders</b>	<b>Concession holders</b>	<b>Water Supply (Council Managed)</b>
Full plot price (250 sq m)	£37.00	£18.50	£17.00
Half plot price (125 sp m)	£18.50	£9.25	£11.00

2.5 In practice, self-managed sites generally apply concessions to all those eligible. With regard to Council managed sites, all people entitled to concessions are granted a 50% discount on the headline price.

2.6 The following table shows the financial position for allotment provision as reported to Safer and Stronger Communities Scrutiny Board in November 2012 based on a projected full year end spend.

Description	Projected	
	Income £	Expenditure £
<b>Income</b> via allotment rent	-44,995	
<b>Expenditure:</b>		
Staffing and administrative		72,331
Water services		10,005
Repairs and maintenance		12,050
Improvements e.g. fencing		47,700
Rental payments		10,000
Grass cutting and hedge trimming (estimated)		25,764
<b>TOTAL</b>	<b>-44,995</b>	<b>177,850</b>
<b>NET DEFICIT</b>		<b>132,855</b>

2.7 This table demonstrates that the council receives income of around £45k each year which includes rental, water charges and the proportion of income via allotment associations. It also indicates £178k costs associated with providing and administering allotment facilities, including repairs and maintenance and delivering improvements. Overall this represents a net subsidy of £133k each year.

2.8 The staffing and administrative costs were calculated as follows:

- Allotments Inspector SO1 top of scale 100%: £31,949
  - Assistant Community Activities Officer 50%: £11,510
  - Community Food Growing Officer 75%: £28,872
- £72,331**

2.9 The Community Food Growing Officer post was identified as part of a partial restructure of Parks and Countryside in 2012. However, due to the imminence of the allotment consultation process, this post has not been released for recruitment. Following the restructure, allotments are now managed as part of the 'Horticulture and Landscapes' function which includes the plant nursery based at Red Hall. There is scope within this management structure to undertake key aspects of this role whilst enabling a saving and thus reduce the level of subsidy.

### 3.0 Consultation and Engagement

3.1 A consultation document was distributed to around 3,400 plot holder households in the city, from which 578 responses were received (15% of those distributed). It was also included on 'Talking Point' and the Council website and sent to all ward members, although no feedback was received from these sources. A copy of the document was also sent to the Leeds and District Gardener's Federation.

3.2 There were three options stated for consideration and feedback as follows:

- Option 1: review prices by applying an increase to all plot holders in proportion to what they currently pay to recover a £133k subsidy.
- Option 2: review prices by applying an increase to plot holders who currently pay the full rate whilst retaining plot rental levels for those entitled to concessions to recover a £133k subsidy.
- Option 3: review the management arrangements to seek a third party operator for allotment provision who would determine pricing arrangements and meet all costs associated with provision.

3.3 The following table provides analysis of options selected by respondents including those where no specific option was chosen.

<b>Option</b>	<b>Number of responses</b>	<b>Proportion</b>
Option 1	304	52.6%
Option 2	34	5.9%
Option 3	128	22.1%
No option identified	112	19.4%
<b>Total</b>	<b>578</b>	

3.3 From this analysis it can be observed that nearly 60% were in favour of a price rise, with the overwhelming majority in favour of option 1. Only 22% were in favour of a third party operator taking over the management of allotments. There were however a number of comments expressing concern at the overall level of price increased proposed and that concessions were available on an age related basis.

3.4 It is clear from consultation undertaken that the provision of allotments is valued and there is a strong desire to see this provision retained in a high quality, sustainable way. However there is also a clear need to address a budget deficit and users and stakeholders strongly expressed a desire to see proportional increases including to concession holders. Whilst many preferred option 1, this does not recognise the importance of concessions for those who would not be able to afford the proposed price increase. It is important to ensure those who genuinely can not afford to pay are not excluded from the enjoyment of renting an allotment.

3.5 The consultation results also showed that less than a quarter of respondents supported a third party provider to operate allotments on behalf of the city council. Some considered this to be an unnecessary tier of management when the council is already the Allotment Authority. Concerns were also raised that the council would not have control or influence over future price rises.

3.6 The Leeds and District Gardener's Federation responded to the consultation and raised the following issues:

- That the cost of allotment provision is projected as too high and in particular salary costs and how the improvements budget is prioritised, along with estimated horticultural maintenance. They also acknowledged that while they are disappointed that higher than inflation price rises may have to be introduced these should be phased in over a number of years.
- The Federation would like to work in partnership with the council to reduce costs by encouraging allotment holders to take a more active part in maintaining and managing their site e.g. to aim to achieve self administered status for all allotment sites. They would also like to assist the council to develop a long term strategy for allotment provision in Leeds.

3.7 The consultation undertaken demonstrates a strong preference for a price rise applied to both concession holders and non-concession holders. A further issue identified during consultation was the number of people currently entitled to a concession and in particular a concession based on age. A number of respondents wanted to end concessions altogether. Managing the cost of allotment provision and identifying opportunities to reduce the level of cost is also an important theme identified in the consultation process.

#### **4.0 Proposals**

4.1 The equality and diversity, cohesion and integration assessment included as appendix 1 provides analysis and conclusions on the consultation findings. In particular it highlights the importance of being sensitive to the needs of those who are unable to afford a price increase, whilst at the same time taking steps to reduce the cost of allotment provision. For this reason, it is proposed to retain the current level of concessions for those who are registered disabled, unemployed, a full time student or in receipt of pension credit. However, rather than eradicate concessions for those in receipt of a state pension, it is proposed to introduce a new 20% concession for allotment charges.

4.2 In response to the consultation, it is proposed to meet the challenge of the recovery of the costs of the service in a different way to that set out in the consultation options. It is also proposed to lessen the impact of any price rise by reducing the level of cost. This would be achieved by not filling the Community Food Growing Officer post, and reducing the improvements budget by around £24k and prioritised to existing allotment sites with provision to improve new sites enabled via grant / funding application bids. If further opportunities to reduce cost are identified then action will be taken and any savings reflected in future charges.

4.3 The following table illustrates the reduction in expenditure from a base position established in 2012/13 that could be achieved from 2013/14 through to 2016/17, along with a phased price increase commencing in 2014/15 to remove the subsidy in 2016/17.

<b>Description</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Income	-£45k	-£45k	-£95k	-£110k	-£125k
Expenditure	£178k	£149k	£125k	£125k	£125k
<b>Net Subsidy</b>	<b>£133k</b>	<b>£104k</b>	<b>£30k</b>	<b>£15k</b>	<b>£0k</b>

- 4.4 In order to achieve this, a notice period of 12 months would need to be given on 29<sup>th</sup> September in order to terminate the existing lease with allotment associations. This would enable a revised lease to be drawn up which would seek to ensure that each allotment association retained the current level of income by applying a reduced proportion of overall income retained.
- 4.5 Given the notice period, it is therefore assumed that any price increases would not be implemented until 2014/15, and in order to recover the projected level of subsidy in 2016/17, the following plot pricing arrangements would need to be put in place, assuming a uniform increase for both concession and full paying allotment holders. It should be noted that these increases do not allow for inflation which would be applied separately. Furthermore there are no proposals to increase water charges for Council managed sites other than for inflation.

<b>Rental</b>	<b>2014/15</b>			<b>2015/16</b>			<b>2016/17</b>		
	<b>Con- cession</b>	<b>Con- cession Pensioner</b>	<b>Full</b>	<b>Con- cession</b>	<b>Con- cession Pensioner</b>	<b>Full</b>	<b>Con- cession</b>	<b>Con- cession Pensioner</b>	<b>Full</b>
Full plot price (250sq m)	£27.00	£46.40	£58.00	£32.50	£52.00	£65.00	£36.00	£57.60	£72.00
Half plot price (125sq m)	£13.50	£23.20	£27.00	£16.25	£26.00	£32.50	£18.00	£28.80	£36.00
Quarter plot price (62.5sq m)	£6.75	£11.60	£13.50	£8.00	£13.00	£16.25	£9.00	£14.40	£18.00

- 4.6 A 'quarter plot price' is indicated as there are already examples where these are rented, and this could be an option for some existing plot holders should they feel unable to meet the rent increase. Similarly, a plot holder who currently has a full plot could consider renting a half plot as an alternative. This could have the further benefit of freeing up new plots to help fulfil demand in certain areas of the city.

## **5.0 Corporate Considerations**

### **5.1 Equality and Diversity / Cohesion and Integration**

5.2 A full equality and diversity, cohesion and integration assessment has been completed following a wide ranging consultation process and is attached as appendix 1 of this report.

## **6.0 Council policies and City Priorities**

6.1 There is a clear link to the Council value of 'spending money wisely' and the priority to keep within budget.

## **7.0 Resources and value for money**

7.1 The table in paragraph 2.6 demonstrates that the council receives income of around £45k each year which includes rental, water charges and the proportion of income via allotment associations. It also indicates £178k costs associated with providing and administering allotment facilities, including repairs and maintenance and delivering improvements. Overall this represents a net subsidy of £133k each year.

7.2 If a vacant Community Food Growing Officer post is not filled, then there is scope to reduce the level of expenditure by around £29k. There is also scope to reduce the improvements budget by around £24k, thus an overall saving against budget of £53k. Furthermore there is scope to have a phased price increase commencing in autumn 2014 to recover £50k subsidy, with a £15k above inflation rise in 2015 and 2016, projecting a full subsidy recovery of £80k in 2016/17.

7.3 The following table illustrates the reduction in expenditure from a base position established in 2012/13 that could be achieved from 2013/14 through to 2016/17, along with a phased price increase commencing in 2014/15 to remove the subsidy in 2016/17.

<b>Description</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Income	-£45k	-£45k	-£95k	-£110k	-£125k
Expenditure	£178k	£149k	£125k	£125k	£125k
<b>Net Subsidy</b>	<b>£133k</b>	<b>£104k</b>	<b>£30k</b>	<b>£15k</b>	<b>£0k</b>

## **8.0 Legal Implications, Access to Information and Call In**

8.1 Allotment associations are made up of volunteers who manage each site, including allocating plots, collecting income and enforcing rules and regulations. Individual leases with each allotment association have been agreed and are for a period of 7 years and took effect from January 2012. The Council can terminate these leases by giving 12 months' notice ending on or before 6<sup>th</sup> April or on or after the 29<sup>th</sup> September in any year. Under the terms of the lease, associations pay one third of the plot rental collection from each plot holder for the year. The associations may grant a 50% reduction of the allotment rent to plot holders who are in receipt of state pension, certain welfare benefits, unemployed or full-time students.

## **9.0 Risk Management**



9.1 There are financial risks associated with meeting the budget should price rises not be implemented.

## **10.0 Conclusions**

10.1 The results of the consultation identified that many allotment holders accept that price increases are required but that the extent was unacceptable. In response to this, the proposals have significantly limited the increase by reducing expenditure and phasing implementation. It is recommended that Executive Board support this revised approach.

10.2 The equality and diversity, cohesion and integration assessment highlights the importance of being sensitive to the needs of those who are unable to afford a price increase, whilst at the same time taking steps to reduce the cost of allotment provision. For this reason it is proposed to retain concessions for those who are registered disabled, unemployed, a full time student or in receipt of pension credit and introduce a new 20% concession for all those in receipt of a state pension.

## **11.0 Recommendations**

11.1 It is recommended that Executive Board approve the following:

A phased price increase commencing in autumn 2014 to recover £50k subsidy, with a £15k above inflation rise in 2015 and 2016, projecting a full subsidy recovery of £80k in 2016/17.

That allotment associations are given notice to terminate the existing lease on 29<sup>th</sup> September 2013 to allow a renegotiation based on the allotment associations keeping 32% of allotment rental by 2016/17 which with the proposed price increases is the equivalent in monetary terms to the value currently retained.

## **12.0 Background documents<sup>1</sup>**

12.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

## **Appendix One**

Equality, Diversity, Cohesion and Integration Impact Assessment

