

AGENDA 11a, Enc xi) Report on Proposed Allotment Rent Increase for Directly Managed Sites (excluding Nursery Park), and held ground rent for self-managed sites

Executive Summary

This report addresses the need to increase rents on the allotment sites now directly managed by the Council: Hirst East End, Woodhorn Road, and North Seaton Colliery.

We propose an increase from £31 to £35 per plot per year, or an alternative sum as the Council deems appropriate.

While the increase to £35 represents a 12.9% increase, it amounts to only £4 across the year, or less than 8p per week. This modest increase is necessary to improve our budget for allotment maintenance and development while balancing the needs of our allotment holders.

We recommend maintaining the £10 ground rent for self-managed sites to encourage continued independent management. It's also proposed that the rent for Nursery Park, which has always been directly managed by the Council, be maintained at its current level of £65 per plot per year.

Additionally, we propose establishing a five-year plan for maximum rent increases on directly managed sites (excluding Nursery Park). This approach aims to provide financial predictability for both the Council and allotment tenants, while allowing for gradual adjustments towards sustainable rent levels. The report outlines the advantages and challenges of this strategy, balancing the need for financial responsibility with tenant security and transparency.

The report also considers the historical context of low allotment rents, the challenges of engaging with tenants who prefer traditional communication methods, and the Council's responsibility to manage these assets effectively for all residents. We present a PEST analysis of the risks associated with rent increases and suggest strategies for mitigating these risks.

This comprehensive approach seeks to address immediate financial needs while setting a sustainable course for the future of Ashington's allotments.

Background

Following the Council's decision to directly manage these additional sites, we must now consider the financial implications and ensure that rents are set at an appropriate level. Historically, allotment rents in Ashington have been low, which has created challenges in maintaining and improving these valuable community assets.

That being said, the Council has invested heavily in roadways, water systems and capital site improvements over the last couple of years. Less positively, we have also picked up some large bills for damage, clearance, vandalism, and asbestos.

There are active waiting lists for Hirst East End, North Seaton Colliery, and Nursery Park allotment sites, indicating demand. Only the Woodhorn Road site currently does not have a waiting list.

AGENDA 11a, Enc xi) Report on Proposed Allotment Rent Increase for Directly Managed Sites (excluding Nursery Park), and held ground rent for self-managed sites

Proposal

Increase annual rent from £31 to £35 per plot for directly managed sites (or an alternative sum as determined by the Council).

Implement this increase from the next renewal date.

Communicate clearly with allotment holders about the reasons for the increase and the benefits it will bring. At the same time acknowledging that the increase is small, and that will be reflected in the development work that is achievable.

Implement a five-year plan for rent increases on these directly managed sites to provide long-term stability and transparency, whilst maintaining an annual review to ensure the increases remain appropriate given economic conditions and the Council's financial situation. The plan sets maximum increases, allowing the Council flexibility to implement smaller increases if circumstances permit.

Five-Year Plan for Future Increases:

Year 1 (Current proposal): £35

Year 2: £40 (£5 increase)

Year 3: £45 (£5 increase)

Year 4: £50 (£5 increase)

Year 5: £55 (£5 increase)

Justification

Budget improvement:

The additional income will allow for better maintenance and improvements to allotment sites. A five-year plan will allow the Council to project income more accurately for medium-term budgeting and will provide allotment holders with a clear understanding of potential future costs, reducing uncertainty.

Gradual approach:

This increase should be adopted as part of a long-term strategy to bring rents more in line with other local authorities and our own Nursery Park site, which is £65/year. The gradual adjustment proposed enables a smoother transition towards sustainable rent levels and demonstrates openness and long-term thinking to the community.

Value for money:

At £35 per year (or the Council-determined sum), plots still represent excellent value at less than 68p per week. The maximum increases proposed still maintain a rent far below the £80 average of the neighbouring towns surveyed in March 2023.¹

¹ Those Councils surveyed include Blyth, Cramlington, Seaton Valley, West Bedlington, East Bedlington, Choppington, Newbiggin, Haltwhistle, Hexham, Prudhoe, Alnwick, Amble, Berwick, Morpeth, Pegswood, Ponteland.

AGENDA 11a, Enc xi) Report on Proposed Allotment Rent Increase for Directly Managed Sites (excluding Nursery Park), and held ground rent for self-managed sites

Postal costs:

With second-class stamps now costing 85p, any smaller increase would be largely absorbed by administrative costs, therefore anything in line with inflation or CPI is worthless.

Risk Analysis (PEST)

Political:

There is a risk of potential backlash from allotment holders, especially in an election year.

Clear communication about the necessity of the increase and the benefits it will bring will mitigate this, as well as the increase being lower.

The 5-year plan extends beyond the current Council term, with elections in May 2025, however the plan represents a long-term strategy for allotment sustainability with an emphasis on setting maximum increases, allowing flexibility for future Councils.

The long-term plan could become a political issue during the 2025 election campaign. Presenting factual and well thought out proposals that are both transparent and forward-thinking will help mitigate this.

A new Council post-2025 may want to change or abandon the plan agreed. This is mitigated with reviews built in and a very thorough report presented for future reference.

A new Council may feel bound by the previous administration. The plan is a framework and guideline, not an irrevocable commitment, but is based on factual and well thought out proposals that are both transparent and in the best interests of the Council and Allotment Management.

Economic:

Some low-income allotment holders may struggle with an increase. The proposed increase is modest (less than 8p per week at £35/year), but the Council has the flexibility to adjust this based on community needs.

Presently we have waiting lists for Nursery Park, Hirst East-End, and North Seaton Colliery, but not for Woodhorn Road. It is hoped that in the future we will have healthy waiting lists for all sites, which will allow for the expected natural turnover on allotments.

Setting long-term maximum increases may result in rents falling behind actual costs if inflation exceeds expectations. An annual review will allow for adjustments if necessary, and the maximum can be set with some buffer for unexpected increases.

The gradual £5 annual increases after the initial move to £35 are designed to balance financial sustainability with affordability for tenants, while capitalising on the demand demonstrated by the existing waiting lists.

Social:

There is a risk of disruption to a way of life for long-term allotment holders, some of whom visit every day, if they feel rents are unaffordable and have to give up their plot. We are aware that allotments are a refuge for many, a diversion, and a coping mechanism. We

AGENDA 11a, Enc xi) Report on Proposed Allotment Rent Increase for Directly Managed Sites (excluding Nursery Park), and held ground rent for self-managed sites

believe the increase is small enough to not significantly impact most holders, therefore the social impact is mitigated.

With improved allotment conditions we hope to attract new, diverse tenants when plots become available.

Fear and uncertainty among tenants about future rent increases is mitigated with the five-year plan as it provides clarity and reduces anxiety about unexpected large increases.

Technological:

Many tenants do not have email, requiring traditional postal communication. Additionally, cash payments are still common, increasing administrative burden and cost.

Postage costs (currently 85p per second class letter) significantly impact the budget for tenant communications. We've made significant progress in transitioning to electronic communications, but with over 400 tenants, this change remains challenging. We will continue efforts to encourage digital communication and online payments will reduce costs and improve efficiency in the long term.

Maintaining Rent for Self-Managed Sites

It is recommended that the Council maintains the ground-rent paid by self-managed allotment sites at £10 per plot per year, as increased last year. This recommendation is crucial for several reasons:

Stability for Associations:

Maintaining this rate provides financial stability for allotment associations that manage their own sites.

Incentive for Self-Management:

Keeping this rate unchanged continues to make self-management financially beneficial for associations, encouraging them to maintain their independence.

Risk Mitigation:

Any further increase in this partial rent could lead allotment associations to question the financial viability of self-management. If associations were to relinquish management, the burden would fall to the Council, potentially increasing our administrative and financial responsibilities significantly.

Balanced Approach:

While we propose an increase for directly managed sites, maintaining the rate for self-managed sites demonstrates a subtle understanding of the different management models and their respective challenges.

Long-term Strategy

We propose a strategy of gradual rent increases over several years, with the aim of eventually aligning rents at all directly managed sites (excluding Nursery Park) to £55 per plot per year. This approach of £5 annual increases after the initial move to £35 will:

AGENDA 11a, Enc xi) Report on Proposed Allotment Rent Increase for Directly Managed Sites (excluding Nursery Park), and held ground rent for self-managed sites

- Minimise shock to long-term allotment holders.
- Allow for incremental improvements to allotment sites.
- Gradually reduce the subsidy provided by non-allotment holding taxpayers.
- Capitalise on the demand demonstrated by the waiting lists at several sites.

By setting maximum increases for the next five years, we can provide a clear plan towards our goal of aligning rents with those at Nursery Park. This approach offers transparency to our tenants while allowing for gradual adjustments that minimise financial shock.

Historical Context and Reputational Considerations:

The Council must acknowledge the historical context of low allotment rents in Ashington. Rapid or large increases could damage the Council's reputation and relationship with allotment holders. However, we must also consider our duty to all residents.

In considering this rent increase, we must balance our responsibilities to allotment holders with our duty to the broader community. While allotment holders are a valued part of our town, they represent only a small percentage of Ashington's population.

As a Council, we have a responsibility to manage our assets effectively for all residents, ensuring that the benefits and costs are distributed fairly.

The Allotment Acts (1908-1950) require us to provide and maintain allotments, but they do not stipulate that we must do so at a financial loss. By implementing this modest rent increase, we aim to fulfil our statutory obligations while also being financially responsible to the entire community we serve.

Conclusion

While increasing allotment rents is a sensitive issue, this modest proposal strikes a balance between improving our budget for allotment maintenance and respecting the needs of our allotment community. By taking a gradual approach and communicating clearly, we can work towards a more sustainable allotment service that benefits both plot holders and the wider community.

While we recommend increasing the rent to £35 per plot per year, we recognise that the Council may wish to set a different figure based on additional considerations. Whatever figure is chosen, it's crucial that we move towards a more sustainable funding model for our allotment service while remaining sensitive to the needs of our allotment community.

The proposal to set maximum rent increases for the next five years demonstrates our commitment to transparent, predictable management of allotment sites. While this approach may slightly reduce our flexibility, it offers significant benefits in terms of financial planning and tenant relations. As we move forward, this structured approach to rent increases will help us balance the needs of allotment holders with our responsibility to manage these valuable community assets effectively.

The five-year plan for £5 annual increases after the initial jump to £35 per plot per year reflects the demand for allotments in Ashington. By implementing this structured approach, we can work towards greater financial sustainability while remaining sensitive to the needs

AGENDA 11a, Enc xi) Report on Proposed Allotment Rent Increase for Directly Managed Sites (excluding Nursery Park), and held ground rent for self-managed sites

of our allotment community, particularly those on waiting lists who are eager to acquire plots.

Recommendation

1. That the Council consider and approve the proposed increase of allotment rents from £31 to £35 per plot per year for directly managed sites, to be implemented from the next renewal date.
2. Alternatively, that the Council determine an appropriate alternative rental sum, taking into account the factors presented in this report, including the need for increased revenue, the impact on allotment holders, and the long-term sustainability of our allotment service.
3. That the Council consider and approve a structure for maximum rent increases for directly managed allotment sites for the next five years, to provide financial predictability for both the Council and allotment tenants.
4. That the Council consider and approves those rents at Nursery Park Allotment site (also directly managed by the Council) are maintained at £65/year, to align directly managed sites.
5. That the Council consider and approve that 'ground rent' paid by self-managed allotment sites is maintained at £10 per plot per year, to ensure self-management is financially beneficial for associations, and to encourage continued independence.