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Date: 28th November 2011

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**To: All Members of the Planning, Transport and Environment Policy
Development and Scrutiny Panel**

Councillor Marie Longstaff
Councillor Caroline Roberts
Councillor Malcolm Hanney
Councillor Geoff Ward
Councillor Neil Butters
Councillor David Martin
Councillor Douglas Nicol

Cabinet Member for Homes & Planning: Councillor Tim Ball

Cabinet Member for Transport: Councillor Roger Symonds

Cabinet Member for Neighbourhoods: Councillor David Dixon

Chief Executive and other appropriate officers
Press and Public

Dear Member

**Planning, Transport and Environment Policy Development and Scrutiny Panel: Tuesday,
6th December, 2011**

You are invited to attend a meeting of the **Planning, Transport and Environment Policy
Development and Scrutiny Panel**, to be held on **Tuesday, 6th December, 2011 at 2.00 pm** in
the **Council Chamber - Guildhall, Bath**.

The agenda is set out overleaf.

Yours sincerely

Mark Durnford
for Chief Executive

**If you need to access this agenda or any of the supporting reports in an alternative
accessible format please contact Democratic Services or the relevant report author
whose details are listed at the end of each report.**

This Agenda and all accompanying reports are printed on recycled paper

NOTES:

- 1. Inspection of Papers:** Any person wishing to inspect minutes, reports, or a list of the background papers relating to any item on this Agenda should contact Mark Durnford who is available by telephoning Bath 01225 394458 or by calling at The Guildhall, Bath (during normal office hours).
- 2. Public Speaking at Meetings:** The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group. Advance notice is required not less than two full working days before the meeting (this means that for meetings held on Wednesdays notice must be received in Democratic Services by 4.30pm the previous Friday)

The public may also ask a question to which a written answer will be given. Questions must be submitted in writing to Democratic Services at least two full working days in advance of the meeting (this means that for meetings held on Wednesdays, notice must be received in Democratic Services by 4.30pm the previous Friday). If an answer cannot be prepared in time for the meeting it will be sent out within five days afterwards. Further details of the scheme can be obtained by contacting Mark Durnford as above.

- 3. Details of Decisions taken at this meeting** can be found in the minutes which will be published as soon as possible after the meeting, and also circulated with the agenda for the next meeting. In the meantime details can be obtained by contacting Mark Durnford as above.

Appendices to reports are available for inspection as follows:-

Public Access points - Riverside - Keynsham, Guildhall - Bath, Hollies - Midsomer Norton, and Bath Central, Keynsham and Midsomer Norton public libraries.

For Councillors and Officers papers may be inspected via Political Group Research Assistants and Group Rooms/Members' Rooms.

- 4. Attendance Register:** Members should sign the Register which will be circulated at the meeting.
- 5. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.**
- 6. Emergency Evacuation Procedure**

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are sign-posted.

Arrangements are in place for the safe evacuation of disabled people.

**Planning, Transport and Environment Policy Development and Scrutiny Panel - Tuesday,
6th December, 2011**

at 2.00 pm in the Council Chamber - Guildhall, Bath

A G E N D A

1. WELCOME AND INTRODUCTIONS

2. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out under Note 6.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

4. DECLARATIONS OF INTEREST UNDER THE LOCAL GOVERNMENT ACT 1972

Members who have an interest to declare are asked to:

- a) State the Item Number in which they have the interest
- b) The nature of the interest
- c) Whether the interest is personal, or personal and prejudicial

Any Member who is unsure about the above should seek advice from the Monitoring Officer prior to the meeting in order to expedite matters at the meeting itself.

5. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

6. ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

At the time of publication no notifications had been received.

7. PLANNING CONTROL (ARTICLE 4 DIRECTION) FOR HOUSES IN MULTIPLE OCCUPATION (HMOS) IN BATH (Pages 7 - 72)

A study into the options and implications of implementing an Article 4 Direction to restrict the future growth of Houses in Multiple Occupation has been undertaken. The

recommendations from the draft study are presented here for consideration, in advance of consideration of the issue by the Development Control Committee and Cabinet in March 2012. The suggested options relate not only to planning controls but also to HMO Licencing by Housing Services and other management tools.

8. MEDIUM TERM SERVICE & RESOURCE PLANNING - 2012/13 -2015/16 (Pages 73 - 118)

The draft Service Delivery Medium Term Service & Resource Plan (MTSRP) is presented for consideration by the Panel.

The Committee Administrator for this meeting is Mark Durnford who can be contacted on 01225 394458.

Bath & North East Somerset Council	
MEETING:	Planning, Transport & Environment Policy Development Scrutiny Panel
MEETING DATE:	6 th December 2011
TITLE:	Planning Control (Article 4 Direction) for Houses in Multiple Occupation (HMOs) in Bath
WARD:	Bath wards
AN OPEN PUBLIC ITEM	
List of attachments to this report:	
Appendix 1: Draft Report “Article 4 Direction for HMOs in Bath”	

1 THE ISSUE

1.1 A Study into the options and implications of implementing an Article 4 Direction to restrict the future growth of Houses in Multiple Occupation has been undertaken. The recommendations from the draft study are presented here for consideration, in advance of consideration of the issue by the Development Control Committee and Cabinet in March 2012. The suggested options relate not only to planning controls but also to HMO Licencing by Housing Services and other management tools.

2 RECOMMENDATION

2.1 The Panel is asked to consider the findings of the report into the options for, and implications of, implementing controls over the conversion of dwellings into HMOs, and give its views on the proposal that the report to Cabinet on 14th March 2012 will recommend that ;

- a. option 3 of the Consultant’s report should be pursued (subject to greater clarity on cost implications),
- b. the implementation of an Article 4 Direction should be preceded by 12 month notice period to avoid third party compensation claims, and
- c. public consultation is undertaken within the 12 month notice period on the likely impacts of the measures selected.

3 FINANCIAL IMPLICATIONS

- 3.1 Each of the 4 options will have different financial implications for the Council, primarily for Planning and Housing Services. The actual costs of each option are difficult to estimate because they are highly dependent on the assumptions made and circumstances eg likely number of future planning applications for HMOs. However further work is underway to attempt quantify these costs before a decision is made in March 2012. Whilst costs relating to licensing can be recouped through charging, this is not the case for additional planning applications arising from an Article 4. Any additional costs arising will therefore need to be considered in 2013/14 when the Direction would become effective if agreed.
- 3.2 It is recommended that a 12 month notice period is given before an Article 4 Direction becomes effective to minimise the risk of potential compensation claims arising from the withdrawal of permitted development rights

4 THE REPORT

The Issue

- 4.1 In June 2011 the Cabinet requested that an Article 4 Direction be implemented in order to exert greater planning controls over the spread and increase in Houses in Multiple Occupation (HMOs) in Bath. Arup was appointed to support the planning Service in gathering the evidence and formulating the options for action.
- 4.2 The primary concern is the effect of the high concentration of student HMOs in parts of Bath, particularly in the wards of Widcombe, Oldfield Park and Westmoreland. However, it should be noted that HMOs also play a wider role in providing housing for groups other than students for example: young professionals and graduates, lower paid workers, singles on housing benefit etc.
- 4.3 Issues of concern expressed by residents have been: inflation of cost of family housing, noise, litter, parking, environmental degradation and poor property maintenance, impact on perception of areas, and other impacts on the community related to high levels of transient population. However the study identifies both the positive and negative impact of HMOs. It also reviewed mechanisms other than planning controls that might contribute to alleviating problems, along with the approach taken in other cities in the UK.
- 4.4 A stakeholder workshop was held in October with local residents, HMO landlords, Business representatives, the Universities, Councillors and cross-service officer representation. Both the Bath Chamber of Commerce and HMO landlords have expressed strong concerns about proposals by the Council to restrict HMO growth in the city using planning or other controls.

Article 4 Direction

- 4.5 An Article 4 Direction would mean that planning permission would be required for a material change of use from a dwelling house (i.e. family house) to a small HMO (3-5 unrelated people living together) although B&NES will **not** be able to collect fees for processing the processing of these applications. Reasons for refusal of planning permission will still be required on a case by case basis and must be based on local policy.

- 4.6 The implementation of an Article 4 Direction needs to be justified and based on evidence and must have a defined geographical coverage. A 12 month notice period is advised prior to implementing to minimise the risk of legal liability issues for planning related costs.

Study Findings and Recommendations

- 4.7 The findings of the study are set out in Appendix 1 to this report. The study has collated a great deal of data on HMOs in the city and concludes that there is no strong link between indicators of harm (e.g. crime data, environmental health, anti-social behaviour and complaints to University hotline etc.) and the concentration of HMOs. However, anecdotal evidence shows that the impacts are more low level and concentrated at street scale.
- 4.8 It is clear that while we have good data on student HMOs, the data on other HMOs that is monitored by the local authority is patchy as there is no requirement for the majority to be registered with the local authority and planning permission is not currently required for change of use.

Options

- 4.9 The study identifies 4 alternative options to pursue. These include both planning controls and other powers under Housing legislation. The study describes the impacts of each, both positive and negative. Further work is required on the financial implications. Option 3 appears to be the most effective although it is also entails the greatest degree of intervention and is likely to be the most costly.

Implementation

- 4.10 An Article 4 Direction can be brought in immediately but it is strongly recommended that a 12 month notice period is given before an Article 4 Direction comes into effect.
- 4.11 The Article 4 Direction does not directly prevent HMOs from being created but merely requires that a planning application will now be required. If the Article 4 Direction is implemented then the Council will need to assess whether it has the appropriate planning policy in place to specify in what circumstances it will refuse planning permission.

Public Consultation

- 4.12 The Council has the discretion to undertake public consultation before an Article 4 Direction is implemented. This will not delay its introduction because this can be undertaken during the 12 month notice period.

5 RISK MANAGEMENT

- 5.1 An assessment of the risks and effectiveness of each of the options has been included within the study.

6 EQUALITIES

- 6.1 The impacts of different groups within the community forms part of the study eg section 4. A full Equalities Impact Assessment is currently underway and will be available before the Panel meeting.

7 CONSULTATION

7.1 *Ward Councillor; Cabinet Member; Other B&NES Services; Local Residents; Community Interest Groups; Stakeholders/Partners; Other Public Sector Bodies;*

7.2 A stakeholder event was held in October 2011 with representatives including ward councillors, Oldfield Park/Westmoreland ward residents, HMO Landlords and Developers, Student Union Representatives, University Representatives and Business Community representatives.

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 *Social Inclusion; Other Legal Considerations(see sections 4 & 6 above)*

9 ADVICE SOUGHT

9.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication. The S151 sign off is on the basis that further work on the costings has still to be done, and any decision would have to be clear on how such costs would be met in accordance with the Council's Budget Management requirements

Contact person	David Trigwell, Divisional Director Planning & Transport Services 01225 4774124
Background papers	Equalities Impact Assessment of the study into Planning Control for Houses in Multiple Occupation(HMOs) in Bath
Please contact the report author if you need to access this report in an alternative format	

Bath & North East Somerset Council

**Article 4 Direction for HMOs in
Bath**

Feasibility Study

218116-00

Final Draft | November 2011

Draft

Document Verification

Job title		Article 4 Direction for HMOs in Bath		Job number	
				218116-00	
Document title		Feasibility Study		File reference	
Document ref		218116-00			
Revision	Date	Filename	B&NES Article 4 Direction Feasibility Study.docx		
Draft 1	13/09/11	Description	First draft		
			Prepared by	Checked by	Approved by
		Name	Isabel Keppel/Ann Cousins	Ann Cousins/Wayne	Wayne Dyer
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7 Conclusions

55

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1 Introduction

1.1 Scope

Houses of Multiple Occupation (HMOs) can be defined as houses with 3 or more people not from the same family living together. High densities of HMOs are often associated with issues such as noise disturbances, litter and parking difficulties, however they also play a vital role in a balanced and effective local housing market.

The aim of this feasibility study is to consider whether there is a correlation between these environmental management issues and high densities of HMOs in Bath. The study also reviews the current mechanisms and interventions that are in place in Bath that contribute to alleviating any potential environmental problems, along with the approach taken in other cities in the UK.

This will form an appropriate evidence base to consider, in particular, whether an Article 4 Direction would be a suitable planning tool to assist in the control of conversion of dwelling houses (i.e. family homes) to HMOs in the City of Bath. The study also consider other planning policy and management measures that could be implemented, either in tandem with, or in place of an Article 4 Direction, to help maintain sustainable communities with a balanced mix of housing types.

1.2 Houses in Multiple Occupation

Under the Housing Act 2004 a House in Multiple Occupation (HMO) is defined as a building or part of a building (e.g. a flat):

- which is occupied by more than one household and in which more than one household shares an amenity (or the building lacks an amenity) such as a bathroom, toilet or cooking facilities; or,
- which is occupied by more than one household and which is a converted building which does not entirely comprise self contained flats (whether or not there is also a sharing or lack of amenities); or
- which comprises entirely of converted self contained flats and the standard of conversion does not meet, at a minimum, that required by the 1991 Building Regulation and more than one third of the flats are occupied under short tenancies.

And is 'occupied' by more than one household:

- as their only or main residence , or,
- as a refuge by persons escaping domestic violence, or,
- during term time by students, or,
- for some other purpose that is prescribed in regulations.

And the households comprise:

- families (including single persons and co-habiting couples (whether or not of the opposite sex), or,

- Any other relationship that may be prescribed by regulations, such as domestic staff or fostering or carer arrangements.

In 2010, the legislative planning framework for Houses in Multiple Occupation (HMOs) changed significantly with the introduction of a new planning Use Class (C4); an HMO with 3 or more people. This change aligns the Use Classes Order with the definition of a HMO within the Housing Act 2004. This is in addition to the previous planning definition of 6 or more people living together (sui generis Use Class).

1.3 What is an Article 4 Direction?

Since the amendments to the Use Classes Order came into effect on the 6th April 2010, a further amendment was brought in by the coalition Government, from 1st October 2010¹, meaning that all changes of use from a C3 dwelling (a family home) to a C4 HMO are now classed as permitted development.

The introduction of an Article 4 Direction would remove these permitted development rights requiring the property owner to apply for planning permission for a material change of use from a dwelling to a HMO. In its role as the local planning authority B&NES will not be able to collect fees for the processing of these applications. Reasons for refusal of planning permission will still be required on a case by case basis.

More detail on the legal background of Article 4 Directions is set out in Section 2 below.

1.4 Who Lives in Baths HMOs?

The complex nature of the private rented housing market in Bath and the diverse nature of demand for flexible housing means that generalisation about who lives HMOs can be unhelpful. Nevertheless, making sense of what groups occupy HMOs is crucial since, without a better level of understanding, appropriate and effective policy interventions are difficult to devise. The best way to understand the sector is to distinguish its constituent markets. Sub-markets can be spatially concentrated or widely dispersed, depending on the demand group and on the supply of particular property types in a given area.

It is not the case that landlords let exclusively in one market or another: indeed, some landlords who manage their businesses more strategically and have larger portfolios will target a number of groups, and market and let their properties accordingly. HMOs are let to a wide range of groups including young professionals, immigrants, asylum seekers, those on housing benefit and contract workers.

A large proportion of those living in HMOs in the city are students, and whilst the scope of this study is the consideration of the impacts of HMOs regardless of tenancy issues around students and 'studentification' are still key concepts to be addressed.

¹ <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1708912.pdf>

Studentification can be defined as ‘the social and environmental changes caused by very large numbers of students living in particular areas of a town or city.’² Whilst the definition is neutral in tone, local residents often perceive the impacts of an increased student population as negative.

A 2006 report³ by Universities UK, the principal representative body for the higher education sector, usefully defines the impacts of students on local environments as falling into four categories; social, economic, physical and cultural. Both the positive effects and challenges identified by the Universities UK research are set out in the tables below.

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² Macmillan English Dictionary (2003)

³ Universities UK, *‘Studentification’: a guide to opportunities, challenges and practice*, 2006, http://www.universitiesuk.ac.uk/Publications/Documents/studentification_guide.pdf

Table 1: Student populations: positive effects

Social	Cultural	Physical	Economic
<p>Student volunteering makes an important contribution to many aspects of social life</p> <p>Student housing needs prevent serious depopulation in many inner-city areas</p> <p>Increases the range of goods, services and attractions available to the town/city's population</p> <p>A critical mass of students can ensure transport links to the benefit of the whole community</p> <p>Student communities can also support nurseries and multi faith centres</p>	<p>Create a critical mass and demand for diverse range of cultural events</p> <p>Enhances reputation of city/town as vibrant, dynamic location and as an attractive destination for eg, night-clubbing, evening economy, or tourism</p> <p>Creates an international/cosmopolitan feel/outlook</p>	<p>Higher/rising property prices provide a level of incentive for upgrading properties which might otherwise remain empty, languish in a neglected state or be generally unfit for habitation</p> <p>Many older properties receive considerable investment by private landlords which extends their life</p> <p>The existence of large numbers of young people help to make city centres attractive to social and retail spaces</p> <p>Changes in type of retail and entertainment services available – e.g. local shops becoming cafes, bookshops, live music venues</p>	<p>High demand for student housing and the stimulus to private rented sector leads to rising house prices</p> <p>Growth in buy-to-let market and private investment opportunities</p> <p>Students constitute a flexible part-time labour force undertaking seasonal employment</p> <p>Student presence can help stimulate urban regeneration</p> <p>Student presence ensures the viability of some retail businesses</p> <p>Repairs, renovations and extensions to student properties benefits the construction and service sector of the economy</p> <p>Availability of a graduate workforce</p>

Table 2: Communities of students: challenges

Social	Cultural	Physical	Economic
<p>Increase in low-level anti-social behaviour</p> <p>Concentration of vulnerable young people with low awareness of security and highly attractive possessions leading to increased levels of crime. This can result in higher insurance premiums (ie, house, contents,</p>	<p>Expansion of HMOs in traditional owner-occupied, family areas can lead to change in nature of communities</p> <p>Gradually self-reinforcing unpopularity of area for families wishing to bring up children</p> <p>Conversion of houses into student residences, often make difficult transformation back</p>	<p>Reduction in quality of housing stock and neglect of external appearance to properties including gardens, due to lack of investment by absentee landlords</p> <p>Turnover of properties and preponderance of property letting boards – recurring annually – detract from streetscape</p> <p>Increased population</p>	<p>High demand for student housing and the stimulus to private rented sector leads to a rise in house prices, deterring access to housing ladder for other sections of community</p> <p>A rising concentration of students in particular streets acts as a strong inducement to owner-occupiers of non-student properties to</p>

Social	Cultural	Physical	Economic
<p>vehicle) Decreased demand for some local services leading to closure – particularly educational services Residents feel pressure to move to avoid becoming marginalised and isolated as permanent residents. This can lead to the demoralisation of established residents Increased competition for private rented houses Pressure for greater provision of establishments catering for night time entertainment and consequent detrimental impact on residential amenity Seasonal availability of some retail and service provision – development of a ‘resort economy’</p>	<p>into family homes Transient occupation engenders a lack of community integration and cohesion and less commitment to maintain the quality of local environment Turnover and short stay are disincentive and barrier to self-policing and aversion to crime Different perceptions of what is considered acceptable behaviour and communal obligations by different social groups Lifestyle frictions – late night student culture disturbs children and working people</p>	<p>density and increased pressures on services (policing, cleansing, highways, planning, public transport) Increased on-street parking pressures arising from shared households and seasonal traffic congestion (e.g. at graduations, end of term) Increase of squalor (litter/refuse), as infrastructure is designed for lower density usage, low awareness of refuse collection arrangements and different conceptions of what is tolerable Noise between dwellings at all times especially music and at night – parties and gatherings and late night street noise disturbance</p>	<p>take advantage of a lucrative sale to private student landlords Changes in type of retail and entertainment services available – e.g. local shops becoming take-aways and cafes, and re-orientation of stock Fluctuating demand for private rented housing Seasonal employment (in shops, pubs) and provision of retail and leisure services</p>

A stakeholder workshop run as part of the evidence gathering for this study recognised the impacts of HMOs in Bath as being slightly different from the impacts of students recognised nationally.

2 Article 4 Directions

2.1 Pre Circular 5/10 Regulatory Position

Prior to the guidance set out in Circular 5/10 the regulatory framework did not define ‘multiple occupation’ nor ‘HMO’ but relied on the concepts of ‘single household’ and ‘family’ in order to assist with making distinctions between use classes. To this end, HMOs were unclassified by the Use Class Order and grouped as a *sui generis use* (of its own kind).

Pre Circular 5/10 the Use Classes Order defined a dwelling house as Class C3. This use class was subdivided into the following categories:

- a) C3(a): Covers use by a single person or a family (a couple whether married or not, a person related to one another with members of the family of one of the couple to be treated as members of the family of the other), an employer and certain domestic employees (such as an au pair, nanny, nurse, governess, servant, chauffeur, gardener, secretary, personal assistant), a carer and the person receiving the care and a foster parent and foster child.
- b) C3(b): up to six people living together as a single household and receiving care e.g. supported housing schemes such as those for people with learning disabilities or mental health problems. On this basis, planning permission would be required to change the use of a dwelling house to an HMO (with over 6 bedrooms), provided a material change of use had occurred.

2.2 Amendment to the Town and Country Planning (Use Classes) Order 1987 & Circular 5/10

On the 27th January 2010, the Department for Communities and Local Government (CLG) published a document entitled *Houses in multiple occupation and possible planning responses: consultation – summary of responses*⁴. This document provided a summary of responses to the aforementioned consultation and outlined the Government's response. The chosen route the then Government decided to adopt was twofold:

1. Amend the Town and Country Planning (Use Classes) Order 1987 to provide a specific definition of a HMO. This definition should be in line with the definition provided by the Housing Act 2004 in order to provide clarity and align housing and planning legislation. As a result of this amendment, planning permission will be required where a material change of use has occurred, for properties changing use from Class C3 (dwelling house) to the new use class, C4 (HMO).
2. An additional C3(C) Class, which allows for up to 6 people living together as a single household (e.g. small religious community, or owner occupier plus lodger), and amend the Town and Country Planning (General Permitted Development) Order 1995 to permit the movement from the new C4 (HMO) class back to the C3 Class (dwelling house) without the

⁴ <http://www.communities.gov.uk/documents/planningandbuilding/pdf/housesmultipleresponses.pdf>

need to obtain planning permission. CLG also stated that the new legislation would not be applied retrospectively.

2.3 Announcements on HMOs since June 2010

The Housing Minister, Grant Shapps, announced on the 18th June 2010 that greater flexibility should be given to LPAs to deal with HMO properties. Amendments to the regulations became effective as of 1st October 2010 as follows:

- Retention of the C4 HMO class but amending the Town and Country Planning (General Permitted Development) Order 1995 further to allow a use class change both from C3 to C4 and back again. This will reserve the decision made by the previous government requiring planning permission for conversion to an HMO.
- The ability for the local authority to introduce an Article 4 Direction to override the above provisions for areas of their district where they wish to control the concentration of HMOs. These proposals were subject to a judicial review challenge by three local authorities in October/November 2010. However, this challenge was not successful.

2.4 Is HMO Activity in B&NES Sufficiently Harmful to Warrant An Article 4 Direction?

Government guidance advocates that local planning authorities should consider making Article 4 Directions only in those ‘exceptional circumstances where evidence suggests that the exercise of permitted development rights would harm local amenity or the proper planning of the area’⁵.

For Article 4 Directions the legal requirement is that the local planning authority is satisfied that it is ‘expedient that development that would normally benefit from permitted development rights should not be carried out unless permission is granted for it on an application (see paragraph (1) of Article 4 of the General Permitted Development Order (GPDO)). Additionally, for Directions with immediate effect, the legal requirement is that the local planning authority considers that the development to which the Direction relates would be prejudicial to the proper planning of their area or constitute a threat to the amenity of their area (see paragraph (1)(a) of Article 6 of the GPDO).

In deciding whether an Article 4 Direction is the appropriate mechanism to deal with existing and potential future HMO activity in Bath the technical evidence should identify clearly the potential harm that the Direction is intended to address. Section 4 of this report seeks to present relevant data, where available, to aid a judgement on the issue of harm and to consider whether the continued exercising of permitted development rights in relation to HMOs would:

- Undermine the visual amenity of the area or damage the historic environment.
- Undermine local objectives to create or maintain mixed communities.

⁵ Replacement Appendix D to Department of the Environment *Circular 9/95: General Development Consolidation Order 1995* (978 0117531024)

There are four ‘harm’ considerations that the local planning authority needs to reassure ourselves upon to underpin the recommendation on whether or not to pursue an HMO Article 4 Direction for Bath. They are as follows:

- Are the environmental, social and economic impacts being felt in specific wards with known concentrations of HMOs (Oldfield Park, Westmoreland, Widcombe) ‘directly related’ to the prevalence of this type of tenure?
- Can these conditions be regarded as ‘exceptional’ when benchmarked against other areas of the City where HMOs are less prevalent?
- Would the continued exercise of permitted development rights cause harm to local amenity or the proper planning of the specific areas?
- If so is the proposed Article 4 Direction solution justifiably appropriate to the evidence base?

2.5 Process for making an Article 4 Direction

If an Article 4 Direction is considered an appropriate tool the process for making the Direction is clearly set out in guidance. When the Direction is enacted planning permission would be required for a material change of use, although the local planning authority would not be able to collect fees for the processing of these applications.

The Town and Country Planning (Compensation) (No. 3) (England) Regulations 2010 (2010 No. 2135) reduces local authorities’ liability to pay compensation where they make Article 4 Directions as follows:

- Where 12 months’ notice is given in advance of a Direction taking effect there will be no liability to pay compensation; and
- Where Directions are made with immediate effect or less than 12 months’ notice, compensation will only be payable in relation to planning applications which are submitted within 12 months of the effective date of the Direction and which are subsequently refused or where permission is granted subject to conditions.

Therefore to avoid potential compensation claims B&NES needs to provide 12 months notice in advance of an Article 4 Direction taking effect. This is called a non-immediate Direction. The procedure for making a “non-immediate” Article 4 Direction is as follows:

- Give 12 months notice of Direction
- Seek representations
- Council approval to proceed with the Direction
- Advertise Direction and notify Secretary of State

The Direction would come into effect 12 months after the notice had been placed. Once the Direction is in place, B&NES would be required to process all HMO applications at its own cost - as no planning fee is payable⁶.

⁶ National HMO Lobby, *Response to the Consultation on Houses in Multiple Occupation: Changes to Planning Legislation*, July 2010

In order to comply with this procedure and best practice, the following tasks will be required;

- A media and communications strategy would need to be developed to manage the 12 month notice period.
- A formal consultation period.

Most other local authorities have held a formal consultation at the beginning of their 12 month notice period.

2.6 Compensation Risks Associated With Article 4 Directions

Making a non- immediate Article 4 Direction will mean that there is an intervening 12 month period when people can take advantage of the new permitted development rights. It would be a fair to assume that a rush of HMO activity would occur in this period as landlords and property owners avoid the impending removal of permitted development rights, however evidence from other university cities that have put in place non-immediate Article 4 Directions suggests that pre-emptive activity is likely to be limited.. The alternative is putting an immediate Article 4 Direction in place, however this would leave B&NES open to compensation claims payable in relation to planning applications which are submitted within 12 months of the effective date of the Direction and which are subsequently refused or where permission is granted subject to conditions.

Compensation may be claimed for abortive expenditure or for other loss or damage directly attributable to the withdrawal of the permitted development rights. For example B&NES could be liable for the loss of income a property owner suffers by not being able to convert their property to a HMO where this is due to the imposition of the Article 4 Direction. An immediate Direction could also incentivise property owners across Bath to claim for compensation for HMO conversions they would not otherwise have carried out. This could leave B&NES with a very significant liability. For this reason we need to advise members of the risks of an immediate Direction and outline the technical and legal reasons why a non-immediate Direction is the most appropriate course of action. It is our understanding that to date all local authorities seeking to introduce an Article 4 Direction have followed the non-immediate route, no compensatory claims have been registered and no legal test cases over such claims are apparent

3 Other Possible Interventions

Article 4 Directions are just one of the suite of interventions that can be put into place in order to address the environmental issues associated with HMOs. The other interventions fall broadly into three categories:

- **Planning Policy**, a number of alternative planning policy options exist.
- **HMO licensing**, including improved enforcement of mandatory licences, and extension of local licensing procedures to include additional and selective licensing; and
- **Voluntary management initiatives**, which may be delivered by Bath & North East Somerset Council, the Higher Education Institutions, the local community, student groups or a partnership consisting of any or all of these.

These options are not mutually exclusive, and indeed may be more effective if considered as part of a wider strategy. Each of these interventions is outlined more fully below.

3.1 Planning Policy

A review of Local Development Frameworks has identified that there are typically three types of planning policy approach used by local authorities to manage the concentration of HMOs generally or student accommodation specifically. These policy options can be described as:

- Criteria based
- ‘Areas of restraint’;
- The ‘threshold approach’; and
- Encouragement of purpose built accommodation.

The approaches are not mutually exclusive; indeed many of the local authorities we have taken reference from use more than one policy approach in combination.

It is worth making the point that as policy cannot be retrospectively applied there is a limit to the impact that planning policies can have on current concentrations of HMO or student accommodation within neighbourhoods such as Oldfield Park, Westmoreland or Widicombe.

3.1.1 Criteria Based

This type of policy approach best describes Bath and North East Somerset’s current policy relating to Houses of Multiple Occupation; Policy HG.12, which has been saved from the Local Plan. This policy sets out the conditions under which the local planning authority would refuse planning permission for a conversion to an HMO. Criteria are normally focussed on amenity value and fitting with the character of the local area.

The full wording of policy HG. 12 is set out in the box below.

POLICY HG.12

Development for the use of buildings for residential purposes within the ambit of policies *HG.4*, *HG.5*, and *HG.6* involving the sub-division of existing dwellings, conversion of non-residential buildings, the re-use of buildings for multiple occupation in the form of non self contained accommodation or re-use of existing empty dwellings will be permitted provided that it:

- i. is compatible with the character and amenities of adjacent established uses, taking into account the development itself together with any recent or proposed similar development;
- ii. does not seriously injure the amenities of adjoining residents through loss of privacy and visual and noise intrusion;
- iii. is not detrimental to the residential amenities of future occupants; and
- iv. does not result in the loss of existing accommodation which, either by itself or together with other existing or proposed dwellings in the locality, would have a detrimental effect on the mix of size, type and affordability of accommodation available in the locality.

Development of commercial premises which prejudice suitable opportunities for re-use of upper floors for residential accommodation will not be permitted.

3.1.2 Area of Restraint Policy

An area of restraint can be defined as an area where restrictions or criteria are imposed on certain forms of housing (this could be purpose built student accommodation or HMOs). If used in conjunction with an Article 4 Direction, then it would cover the same area as the area delineated in the Direction.

This type of policy can be useful for areas where student housing is very concentrated. If the boundary of an area defined as an ‘area of restraint’ is drawn to tightly then it can result in the displacement of HMO activity to adjacent streets or neighbourhoods.

Leeds

Hyde Park and Headingley in Leeds were identified as one of the worst places in the UK on the ‘anomie’ index⁷, meaning it had very low levels of community cohesion. Many local residents groups attribute this to the high levels of student housing in the area⁸.

In 2006, Leeds City Council introduced an area of restraint policy⁹. The initial proposals put forward by the City Council were modified as a result of the UDPs inspectors report¹⁰. The inspector questioned whether a policy focusing on student housing, rather than HMOs was discriminatory, and argued for a much wider area of restraint than Leeds originally wanted. The Council was also required to move from stating development that would not be permitted to defining the criteria under which development would be permitted.

The ‘Area of Housing Mix’ covers Headingley, Hyde Park, Burley and Woodhouse where students form a significant part of the population, together with the adjoining areas of Moor Grange and Lawnswood where it is considered that pressure is likely for further student housing.

⁷ Social And Spatial Inequalities (SASI) group, University of Sheffield, *Changing UK: The way we live. Anomie Index 2008*, <http://sasi.group.shef.ac.uk/research/changingUK.html>

⁸ See <http://hmolobby.org.uk/leeds/whenleedsmethheadingley.htm> for example

⁹ Leeds Unitary Development Plan Review 2006, <http://www.leeds.gov.uk/udpmaps/misc/voll.pdf>

¹⁰ Leeds UDP Report Inspector's Review, <http://www.leeds.gov.uk/files/Internet2007/2008/21/leeds%20udp%20review%20inspector%27s%20report.pdf>

Discussions with staff at Leeds City Council suggest that the current policy was not strong enough to be as effective as they would have liked, but they were still able to refer to instances where the policy had been used successfully to uphold decisions. The policy has yet to be tested at appeal.

The wording of policy H15 is set out below:

“Within the area of housing mix planning permission will be granted for housing intended for occupation by students, or for the alteration, extension or redevelopment of accommodation currently so occupied where:

- i. The stock of housing accommodation, including that available for family occupation, would not be unacceptably reduced in terms of quantity and variety;
- ii. There would be no unacceptable effects on neighbours’ living conditions including through increased activity, or noise and disturbance, either from the proposal itself or combined with existing similar accommodation;
- iii. The scale and character of the proposal would be compatible with the surrounding area;
- iv. Satisfactory provision would be made for car parking; and
- v. The proposal would improve the quality or variety of the stock of student housing”

3.1.3 Threshold Policy

A ‘threshold policy’ sets a threshold for a small area, over and above which planning permission will not be granted for conversion to an HMO (and often other associated permissions).

Many local authorities who are introducing Article 4 Directions have developed an accompanying threshold policy, including Canterbury, Manchester, and Exeter. Feedback from other authorities suggests that this type of policy provides a firm basis on which to refuse applications.

Nottingham City Council has had a threshold policy for some years (it pre-dates the option of introducing an Article 4 Direction).

Nottingham

Nottingham is home to two major universities and has some areas of very dense student housing. The city council has a Supplementary Planning Document (SPD), *Building Balanced Communities*, which was produced in 2007¹¹, to reflect saved policies in the Local Plan. The policy reads:

“In areas of existing significant student household concentration the following development will not usually be permitted:

- Purpose built student accommodation and alterations, extensions and re-developments of existing purpose built accommodation which would result in a net increase in bedspaces;
- Houses in Multiple Occupancy; and
- New flats and houses of 3 or more bedrooms unless subject to an occupation condition preventing the property being used as a dwelling house solely by students in full-time

¹¹ Nottingham City Council, *Supplementary Planning Document (SPD): Building Balanced Communities*, 2007, <http://www.nottinghamcity.gov.uk/CHttpHandler.ashx?id=675&p=0>

education , living together as a single household.”

An area of “significant student household concentration” is defined as a super output area and contiguous super output areas with over 25% of all households being occupied by students.

Feedback from Nottingham City Council suggests that the development management team favour this approach as it provides a concrete framework for decision making. The resource required to calculate the threshold is not considered to present a barrier to implementation as the planning policy team only receives a couple of requests a month.

The level at which to set the threshold is a key decision for the local authority as it can be the principal point of contention, and as Table 3 below shows, there is some variation in the approach taken.

Table 3: Thresholds applied in benchmark local authority areas.

City	Threshold	Distance
Manchester	10%	Within 100m
Nottingham	25%	LSOA and neighbouring LSOAs
Canterbury	20%	Within 100m
Exeter	20%	Whole A4D area

There is little guidance on how the level of the threshold policy should be set, and it is likely to be dependent on existing conditions in each city. However, the HMO Lobby believe that a sustainable, balanced community should not have more than 10% HMO properties (although this is based on HMOs with more than 5 occupants), as this is likely to represent 15% of the population¹².

The threshold can be based on a super output area, street by street basis or distance from the property applying for planning permission. Super output areas may be difficult for the lay person to understand, streets can vary greatly in size, so distance from the property appears to be the simplest and fairest approach to a threshold policy.

Most other cities apply blanket threshold percentage ceilings city-wide, to ensure comparable and equal treatment across the city.

Student council tax exemption data is the most widely used data for making comparisons, but this is sometimes supplemented with data on purpose-built accommodation, licensed HMOs and properties benefitting from C4 or sui-generis planning consent.

Whilst the threshold policy approach may represent some additional resource within the development control function of the authority to undertake calculations to establish whether a proposed scheme falls into an area that reaches the

¹² National HMO Lobby, *Balanced Communities & Studentification: Problems and Solutions*, 2008, <http://hmolobby.org.uk/39articles.pdf>

threshold, it is a policy that should future-proof other areas of the city from having over-concentrations of HMOs. Preliminary discussions that we have had with other authorities suggest that the resource required to manage this policy is not onerous and should not preclude this option being considered alongside an Article 4 Direction.

Manchester's threshold policy wording is set out below:

Manchester's Threshold Approach Policy

Change of use from a C3 dwelling house to a C4 HMO will not be permitted where at least 10% of households within a 100 metre radius of the application site fall within one or more of the following categories:

- *Exempt from paying Council tax because they are entirely occupied by full time students.*
- *Recorded on Private Sector Housing's database as a licensed HMO.*
- *A property benefiting from C4 or sui generis HMO planning consent.*

Where evidence can demonstrate that there are shared houses within 100 metres of the application site which do not fall within the categories above the Council will include these.

In marginal cases where concentrations of properties in the categories above within 100 metres of the application site are just below 10%, the Council will examine property type in more detail and would exclude properties which would not be capable of being used in a way which meets the C4 definition from the total number of households when calculating the percentage as above.

In areas where at least 10% of households within 100 metres of the application site fall into the categories above, extensions to HMOs (as defined in the Housing Act 2004) would not be permitted where this could reasonably be expected to lead to an increase in the level of occupation.

In parts of Manchester where the lack of family housing has threatened the sustainability of the community to the extent that regeneration activity with the specific intention of increasing the amount of family housing has taken place, there will be a presumption against changes of use which would result in the loss of a dwelling which is suitable for a family.

Changes to alternative uses, including C4 and HMOs with more than six occupants, will only be acceptable where it can be demonstrated that there is no reasonable demand for the existing use.

The approach above will also be used for change of use to a HMO which is classified as 'sui generis'.

Notwithstanding the policy requirements set out above, all proposals for change of use of existing properties into houses in multiple occupation and all proposals for conversion of existing properties into flats (which might not necessarily fall within Class C4), would be permitted only where the accommodation to be provided is of a high standard and where it will not materially harm the character of the area, having particular regard to the criteria in policy DMI.

3.1.4 Purpose-Built Student Accommodation Policy

In addition to policies relating to the containment of HMOs, local authorities can also put policies in place to encourage the development of purpose-built student accommodation. This can help to alleviate the demand for HMOs, at least for this element of the HMO population.

B&NES already has existing policies relating to the development of purpose built student accommodation. The University of Bath Campus in Claverton Down is encouraged to develop a masterplan delivering approx 43,250m² of teaching, research, recreational and administration space and an additional 2000 student bedspaces. Bath Spa is permitted limited infilling and redevelopment of their Newton Park Campus, both teaching space and student accommodation are permitted, although no numbers are specified.

The Draft Core Strategy states that off-campus student accommodation “will be refused where this would adversely affect the realisation of other aspects of the vision and spatial strategy for the city.”¹³

Other options for this type of policy include identifying sites for development of purpose-built student accommodation, or identifying areas in the city where this type of development would be encouraged. In many cities, this type accommodation is being promoted as a catalyst for area based regeneration.

Oxford

Oxford is home to two large universities; the University of Oxford and Oxford Brookes University.

Oxford City Council has incorporated a policy into its emerging Core Strategy¹⁴, stating that:

“All increases in student numbers (at Oxford Brookes University and the University of Oxford) as a result of increases in academic floorspace must be matched by a corresponding increase in purpose-built student accommodation.”

This approach helps to protect against future growth in student numbers proportionately increasing the demand for unregulated student housing.

¹³ Bath and North East Somerset Council, *Draft Core Strategy: Publication Version*, Policy B5, p54, December 2010

¹⁴ Oxford City Council, Revised Submission Core Strategy (2009), <http://www.oxford.gov.uk/Direct/82369RevisedSubmissionFINALApr2009.pdf>

3.2 HMO Licensing

The licensing of HMOs is the main regulatory tool that local authorities can use to manage the quality of private sector stock in multiple occupation. There are three types of licensing options available to local authorities:

- Mandatory licensing (the status quo in B&NES);
- Additional licensing; and
- Selective licensing.

Licensing ensures that a property complies with certain safety regulations, is fit for the number of people living there, and has suitable management arrangements (including ensuring landlords have systems in place to deal with anti-social behaviour). The main benefit of licensing will normally be ensuring higher standards for tenants.

3.2.1 Mandatory

For licensing purposes, an HMO is described as 5 or more unrelated people living in a property of three or more storeys (including loft room or basement) and sharing a basic amenity such as a toilet, bathroom or cooking facilities. Any property that falls into this category is currently required to have a **mandatory HMO license**.

Bath currently operates a mandatory licensing scheme and there are currently 325 properties that have such a license within the city¹⁵. This equates to approximately 50% of all properties with over five adults living together¹⁶.

Local Authorities are responsible for enforcing mandatory licensing within their boundary. An authority can also choose to implement additional or selective licensing, in all or some of its district, over and above a mandatory scheme. These options are set out in more detail below.

3.2.2 Additional Licensing

Additional Licensing can be applied to cover other HMO types not covered by mandatory licensing. Whilst additional licensing requires an additional resource, it also brings in an additional income, as there is a fee associated with each license. Additional licensing should be used to tackle specific problems in specific areas, rather than covering all HMOs across a local authority area¹⁷.

In order to make an **additional licensing** scheme, the local housing authority must:

¹⁵ Data provided by B&NES Council for October 2011

¹⁶ Data provided by B&NES Council from the electoral role in August 2011. It should be noted that not all of these properties will be HMOs (some may be large families), and not all HMOs with over 5 people will require a license (as they may not have 3 or more storeys).

¹⁷ See Communities and Local Government, *Approval steps for additional and selective licensing in England*, Feb 2010, for more detail,
<http://www.communities.gov.uk/publications/housing/approvalsteps>

- i. Identify that a significant proportion of the HMOs that the scheme will apply to are being managed ineffectively and causing (or have the potential to cause) problems to HMO occupiers or members of the public.
- ii. Consider whether there are other courses of action that might prove effective with dealing with the problems.
- iii. Co-ordinate the designation with their overall strategy (in particular in relation to combating anti-social behaviour, homelessness and empty homes in the private rented sector).
- iv. Consider that making the designation will significantly assist in dealing with the problem(s).
- v. Consult with people who are likely to be impacted by the licensing and consider representations.

Oxford's Additional Licensing Scheme

Oxford is introducing an additional licensing scheme for all HMOs across the whole city in January 2012. This scheme began with the introduction of additional licensing for larger HMOs (over 3 people in properties over 3 storeys and over 5 people in properties with over 2 storeys) to create a staged approach¹⁸.

Oxford City Council has had to recruit extra staff for this initiative – starting with admin staff and with enforcement staff still to be recruited. Prior to the scheme, it was estimated that there were approximately 1,300 HMOs in Oxford, the estimate is now closer to 10,000.

3.2.3 Selective Licensing

Alternatively, a local authority can implement a selective licensing scheme. This means that all rented properties in specified areas will be required to apply for a license. Again, this approach requires additional resource, but brings in additional fees.

A designation can be made where:

*“the area is experiencing a significant and persistent problem caused by anti-social behaviour (ASB) that is attributable to occupiers of privately rented properties and that some or all of the private sector landlords are failing to take action that it would be appropriate for them to take to combat the problem”*¹⁹

In order for a designation to be made in this instance, the anti social behaviour must be ‘significant’ and ‘persistent’ and be directly related the private rented sector. In addition, it must be shown that the landlords of these properties are not taking reasonable steps to deal with the unreasonable behaviour.

In order to put a selective licensing scheme into place the local housing authority must take the same steps (i-v) as set out for an additional licensing scheme above. A selective licensing designation is made for a period specified by the local

¹⁸ <http://www.oxford.gov.uk/hmo>

¹⁹ Communities and Local Government, *A guide to the licensing and management provisions in Parts 2, 3 and 4 of the Housing Act 2004 – Draft*, Jan 2010, p72, and Section 80(6)(a) and (b) of the 2004 Housing Act

housing authority, which must not exceed five years, and must be reviewed to determine its effectiveness within that time period.

It is understood that since March 2010, confirmation to proceed from central government is no longer required to implement an additional or selective licensing scheme.

Licensing can often be self-financing, depending on the amount that a local housing authority chooses to charge. Charges vary between local authorities, and sometimes between different types of licensing schemes within the same authority (with smaller properties being less expensive).

Table 4: Licensing Fees

	Cost of initial license	Cost of renewal	Renewal period
Bath & North East Somerset	Mandatory - £750 (plus £30 for additional properties)	Mandatory - £650 (plus £30 for additional properties)	5 years (max)
Oxford	Mandatory and Additional - £470 (plus £20 for additional bedrooms over 5)	Mandatory and Additional - £172	1 year
Manchester	Mandatory - £565 - £665 (plus £30 per room) Selective - £425 - £525		5 years (max)
Exeter	Mandatory - £675		5 years (max)
Cardiff	Mandatory - £700 Additional - £500 (with £100 discount if it complies with council standards)	Mandatory - £200	5 years (max)
Bristol	Mandatory - £1500 (unlicensed) / £1200 (newly required)	Mandatory - £1000	5 years (max)

3.3 Management Interventions

This is perhaps the broadest category of the three, encompassing interventions such as:

- Student Charter and student discipline (rules and regulations);
- Waste management;
- Residents' parking;
- Student community liaison and activities to promote cohesion;
- Landlord accreditation scheme; and
- Student information provision.

3.3.1 Student Charter & Student Discipline

Students at both Universities in Bath are already held accountable for their actions and can face disciplinary action, including fines or risk to their chances of graduating if their behaviour in the community is found to be unacceptable.

The University of Bath defines misconduct as including "behaviour that brings the University into disrepute, including that which occurs off campus"²⁰, whilst Bath Spa states that students will be discipline where they have "behaved in such a way as would be deemed to amount to a criminal offence or otherwise conducted himself or herself in the University or elsewhere, in a manner calculated or likely to bring the University into disrepute"²¹.

A Student Charter is an agreement on rights and responsibilities between a student and their Higher Education Institution (HEI). A number of universities across the country have implemented these, but their effectiveness is hard to define, as they are largely unenforceable. They may still be useful in alerting students to rules and regulations in a much more user-friendly style.

Marjon, Plymouth

Marjon's Student Charter²² contains a section on accommodation and includes responsibilities for students not living on campus:

- *“Conduct yourself in an appropriate manner in your accommodation, whether it is on campus, or in the private rented sector*
- *Make your own arrangements for any non-University College accommodation, taking responsibility for all aspects of your tenancy”.*

The University College undertakes to provide on campus accommodation for a large number of students, and also to “provide students not wishing / unable to take accommodation on campus, with a list of agencies and local landlords together with information on advisable practice in renting private accommodation. (N.B. The University College cannot undertake to

²⁰University of Bath, *Disciplinary Regulations for Students*,
<http://www.bath.ac.uk/regulations/Regulation7.pdf>

²¹Bath Spa University, *Student General Regulations*,
<http://www.bathspa.ac.uk/regulations/student-general-regulations/>

²²<http://www.marjon.ac.uk/aboutmarjon/institutionaldocuments/studentregulationshandbook/>

check or approve non-University College accommodation).”

The Charter is backed up by Student Misconduct Procedures, which include both personal and professional misconduct.

None of the HEIs in Bath appear to have a Student Charter in place.

3.3.2 Waste management

Waste management is one of the most common concerns raised by local residents in areas of HMO concentration. Local authorities are able to increase the frequency of waste collections, provide additional on-street litter bins, or additional street cleaners in order to address some of the issues.

Cardiff Student Waste Campaign

In Cardiff, there has been a co-ordinated campaign, involving the Council, Universities, Students’ Unions and cardiffdigs.co.uk. This initiative includes a specific campaign at the end of the academic year, with collections of re-usable items from Students’ Unions and halls. Residents in Cathays, Roath and Gabalfa (the main student areas) also had additional waste collections on three Saturdays around the end of term.

In addition, a ‘tidy text’ scheme has been set up, meaning residents can register for a text reminder of when their collection days are²³.

3.3.3 Residents’ parking

There is an existing residents’ parking scheme in Bath, covering much of the city, but it does not extend too many of the neighbourhoods most densely populated with HMOs.

Nottingham Residents’ Parking

Nottingham’s Residents’ Parking Scheme specifically includes student permits, for those studying in the city. Students are entitled to the same number of permits as other residents, but the website makes it clear that the same restrictions apply to them²⁴.

3.3.4 Student Community Partnership & Liaison

The majority of the current activity in Bath is led by the Student Community Partnership, which brings together the Council, both Universities, the Students’ Unions for both Universities and City of Bath College.

The Partnership funds a *Students Action Line*. This is open to all long-term residents and students so that any issues can be reported, logged and investigated. The Partnership also funds a Community Liaison Co-ordinator who works with local residents, the police and other organisations to promote positive relations between students and the local community.

²³ <http://www.cardiffdigs.co.uk/waste.htm>

²⁴ <http://www.nottinghamcity.gov.uk/index.aspx?articleid=2765>

The Partnership also works with Avon and Somerset Police, encouraging attendance at PACTs (Partners and Communities Together) meetings. These are public meetings that are open to residents and students. At these monthly meetings members of the public can raise key concerns and there is a vote on which issues should be prioritised.

The Students' Unions at both universities employ Volunteer Co-ordinators who facilitate a number of volunteering opportunities for students in the city that serve to encourage good relations with the local community. These include the following:

- Multicultural project – where student volunteers from various backgrounds deliver fun-packed sessions at local schools;
- RAG – various events that aim to raise money for local and national charities;
- Mentoring – students supporting secondary school pupils; and
- Voluntary hours at local charities.

There are a number of good initiatives in place in Bath already; some further possibilities were discussed at the stakeholder workshop on 24th October 2011, including more volunteering opportunities in the communities where students' live and a campaign to highlight the benefits that students bring to Bath and the positive activities they are involved in.

Divinity Road Area Residents' Association (DRARA), Oxford

DRARA, Oxford Brookes' local residents' association work to make students feel welcome to the area by organising a "freecycle" day at the beginning of term, encouraging residents to offer unwanted furniture etc to students moving into the area²⁵.

Exeter Community Wardens²⁶

The Community Wardens are all students employed by the university. They encourage the integration of students as active citizens and promote greater community cohesion in residential areas with high student numbers. They facilitate the work of the Community Liaison Officer and work closely with the Students' Guild, the local Police and the City Council to support fellow students living off campus.

The team of Community Wardens work across the ward areas where most students live: St James, Polsloe, Newtown, St Davids and Pennsylvania.

Wardens have recently been involved in activities such as supporting a noise-awareness campaign, promoting recycling and refuse initiatives, and gathering information on community issues.

Wardens have access to the StreetWise fund and can help to organize events that bring students and permanent residents together.

The Community Warden scheme had been developed and support by the University, Exeter Community Safety Partnership, and Devon and Cornwall Constabulary.

²⁵ <http://drara.org.uk/events/freecycle-clean-up-and-film-in-the-street/>

²⁶ <http://www.exeter.ac.uk/businessandcommunity/university/wardens/>

3.3.5 Landlord Accreditation Scheme

B&NES already runs a voluntary Accreditation Scheme for landlords, which seeks to encourage the upgrade of rented properties and ensure they comply with the various requirements of the Housing Act 2004.

The Student Community Partnership and the universities encourage students to give priority to properties that are accredited, and urge landlords to take responsibility and ensure their properties meet the requirements of the Accreditation Scheme.

There are currently over 1700 properties accredited across Bath²⁷, and there is some anecdotal evidence to suggest that many more are waiting to become accredited. The accreditation team is currently made up of 1.5FTE staff.

One of the benefits of the current accreditation scheme in Bath is that they send out a laminated sheet to each property to advise on the waste collection days. This seeks to address the issue of tenants putting out waste on the wrong day.

Relationship between licensing and accreditation in Oxford

Oxford City Council runs an accreditation scheme in parallel with its city-wide all HMO licensing scheme. The accreditation scheme is free and properties that have been accredited receive a discount on their licensing fee.

The accreditation scheme includes more detailed requirements, particularly in relation to managing anti-social behaviour in tenants. However, as it is a voluntary scheme, enforcement is more difficult. Landlords receive a 10% discount on their HMO license if they are accredited.

3.3.6 Student Information Provision

Through the Student Community Partnership a number of useful publications and information outlets are available for students in Bath, these include:

- The website www.townandgown.org.uk: This provides a wealth of information on all aspects of accommodation and community liaison. It provides information on living in all locations in Bath including recommendations from students.
- The publication *Being a Good Neighbour Handbook*: 11,000 copies of this publication were distributed to students in September 2011. It provides practical information on how to maintain a good relationship with neighbours, information on items such as waste, parking and energy savings, information on the Housing Accreditation Scheme; student safety and opportunities for community partnerships, such as those obtained through PACT meetings, volunteering and a good neighbour award scheme. In 2011, Students' Union representatives visited households (both students and long-term residents) in key areas to promote the guide and the work of the Student Community Partnership²⁸.

²⁷ <http://www.anuk.org.uk/consultancy/consultants.asp>

²⁸ <http://www.townandgown.org.uk/node/63>

- The publication *Bath Accommodation Guide*: this is distributed through student unions, accommodation Services, Housing Forum's and student hangouts in the local community. Students are also linked to an electronic copy of the handbook on the above website from Students' Union email Bulletins. The guide provides information on all aspects of finding private accommodation in Bath.

In addition, the University of Bath runs an annual Housing Forum, advising students on options of where to live, including information on a variety of different areas across the city and the details to consider before signing a contract. Bath Spa University run similar Housing Workshops.

Other cities have run information campaigns on specific issues, for example waste or noise.

Draft

4 The Current Situation in Bath

4.1 HMO Distribution

There is no entirely comprehensive list of HMOs currently present in Bath. The Council's housing department are aware of 3,000 HMOs across the district. The HMOs that they are aware of will be those that require licenses (larger HMOs with over five bedrooms or three floors); or those that have made use of the voluntary accreditation scheme (largely student properties). The distribution of these properties in Bath is shown in figure 1 below. This clearly shows a concentration of HMOs in Oldfield, Westmoreland and Widcombe, and more generally along the key public transport corridors that radiate from the city centre.

As well as looking at the distribution of HMOs in Bath, we have considered the concentration of HMOs by Lower Super Output Area (LSOA). These are shown in figure 2. The areas in green have a lower than average concentration for the city as a whole.

In addition to looking at the number of HMOs that we are aware of in Bath, we have also mapped the number of student council tax exempt properties. These are shown in figure 3. Of course, this is only one part of the HMO market, and some students will choose to live in smaller properties (e.g. that are not HMOs) or with non-students (e.g. in dwellings that are not council tax exempt).

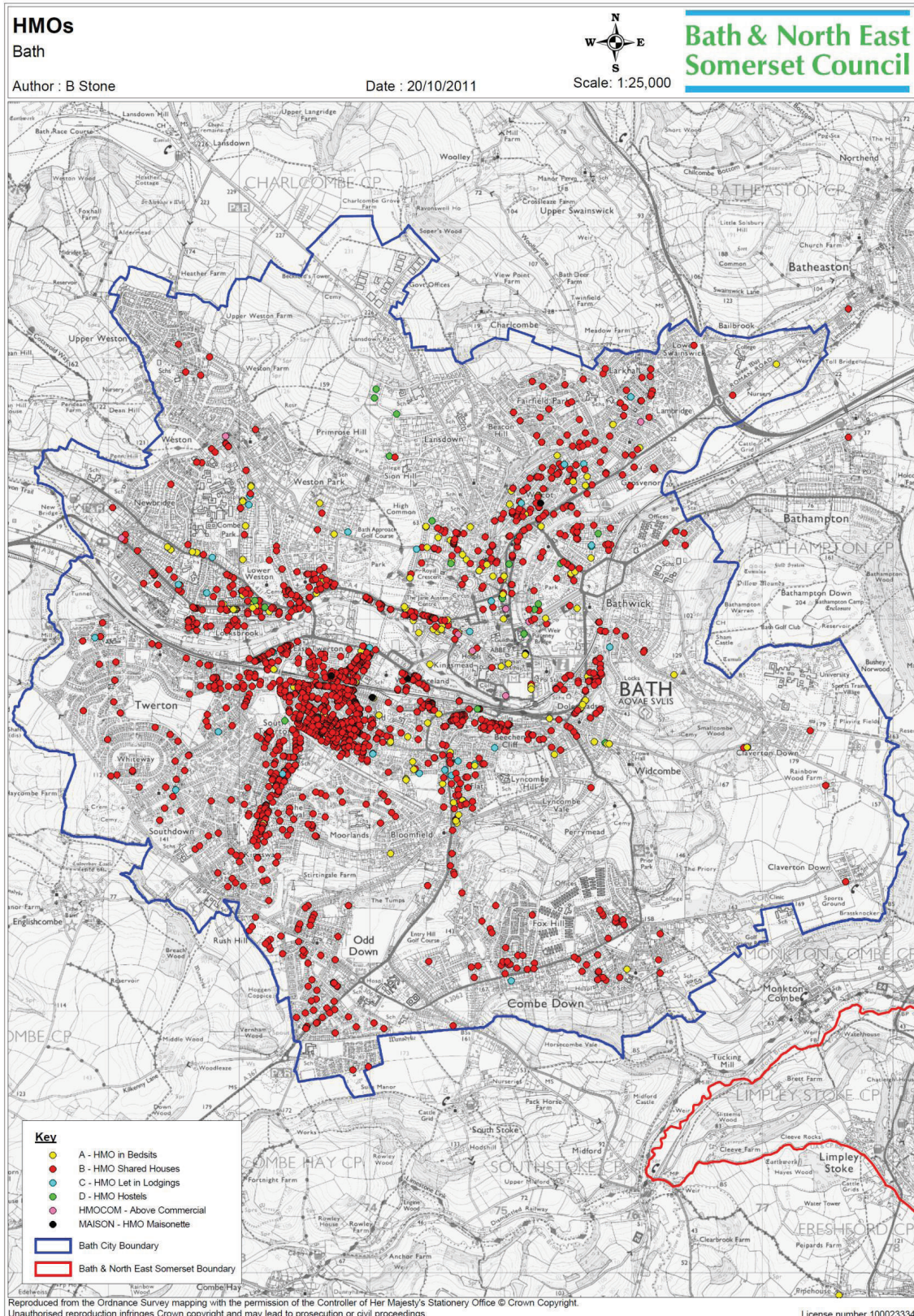


Figure 1: HMOs in Bath

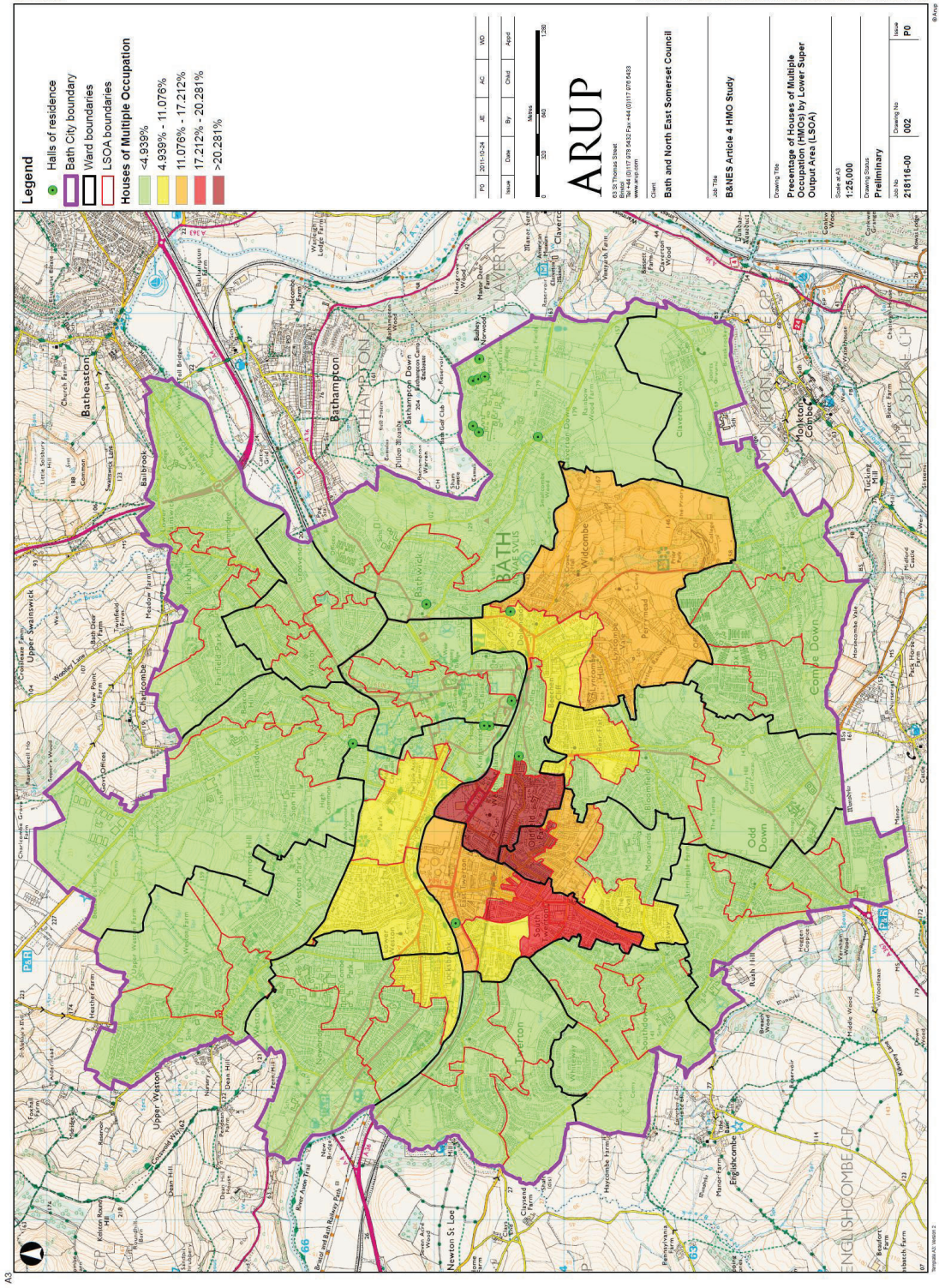


Figure 2: Percentage of HMOs by Lower Super Output Area

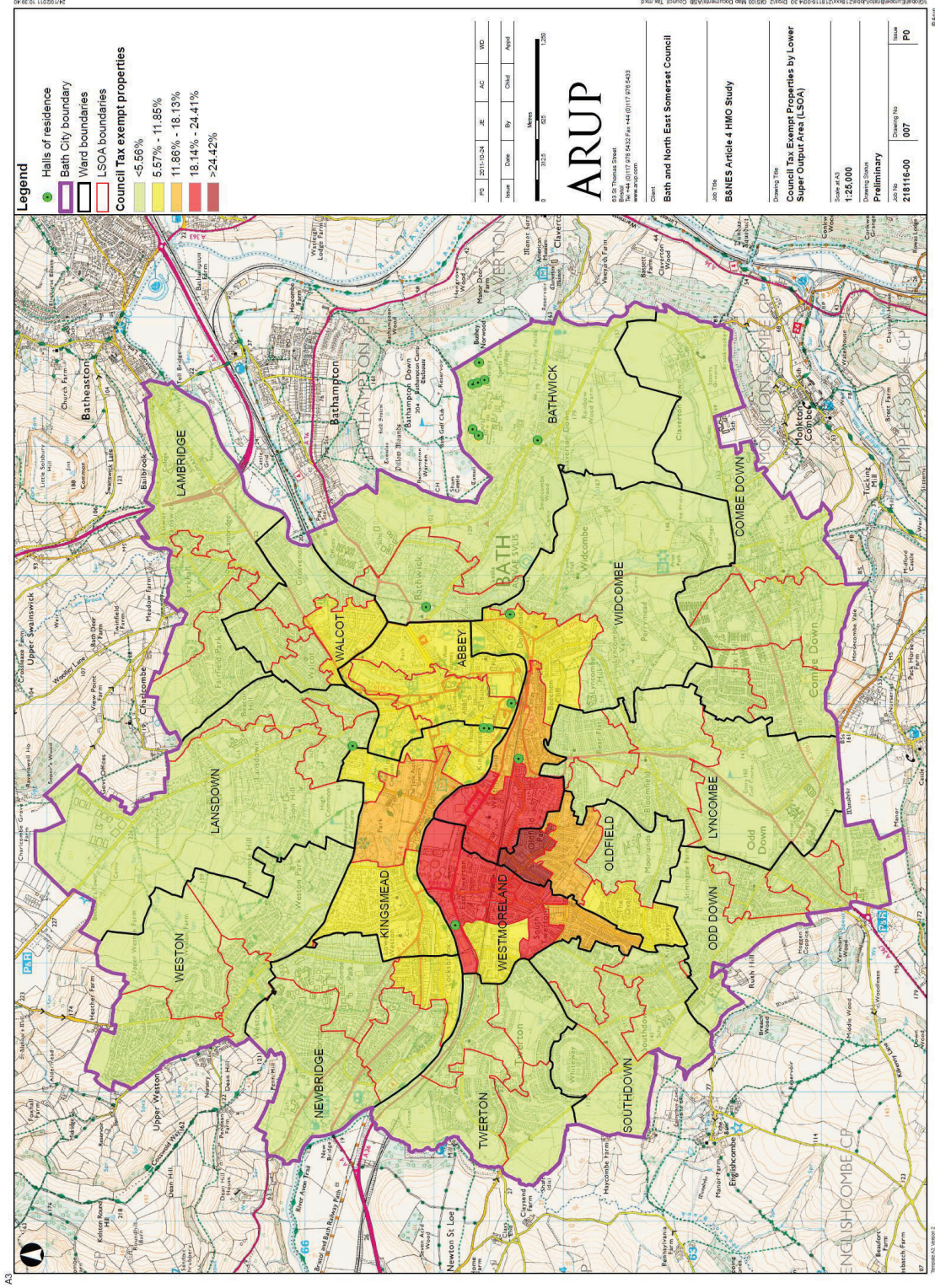


Figure 3: Percentage Council Tax Exempt Student Properties by LSOA

4.2 Higher Education in Bath

Bath is currently home to two universities; Bath Spa University and the University of Bath. It also plays host to the City of Bath College, which offers some Higher Education programmes. In addition, there are other colleges including Bath Academy²⁹ and Norland College³⁰, which offer University or pre-university level courses, and are likely to have students who require accommodation in the City.

A 2010 Report, *Student Numbers & Accommodation Information Paper*³¹ found that the total number of Bath Spa and University of Bath students in 2009/10 was 21,898, of which 16,621 were full-time.

Students live in a range of accommodation types, including;

- **University-owned halls of residence** - There are currently 3732 bedspaces in Bath³².
- **Privately owned halls of residence** - Unite own two properties which have a total of 648 bedspaces³³.
- **Home** - A number of students will be classified as 'home' students, living in an area with a BA postcode prior to the start of their course. This may be with parents, or reflect the number of mature students who are settled in the Bath area prior to starting their course.
- **Home-stay accommodation** - This is where students lodge in a family home. This type of accommodation is often popular with international students.
- **Private rented accommodation** - This includes both HMOs and smaller properties. HMOs are probably most popular for 2nd and 3rd year UK students. Both universities advertise B&NES Council's Accreditation Scheme, which offers assurance about quality of the accommodation. There are almost 500 accredited properties in Bath³⁴. Bath Spa University currently enters into tenancy agreements on behalf of approximately 132 first year students who live in the private rented sector.

It is useful to note that different groups of students will often have different requirements for accommodation. The observations that follow are, to a large extent, generalisations, but provide some useful context:

²⁹ Bath Academy offers University Foundation Programmes, mainly targeted at international students; www.bathacademy.co.uk

³⁰ Norland College offers a BA (Hons) Early Childhood Studies in conjunction with the University of Gloucestershire; www.norland.co.uk

³¹ Bath and North East Somerset Core Strategy, *Student Numbers & Accommodation Information Paper*, December 2010

³² Based on information from <http://housing.bathspa.ac.uk/accommodation/index> and <http://www.bath.ac.uk/study/ug/accommodation/index.html>, accessed 3rd October 2011

³³ Based on information from <http://housing.bathspa.ac.uk/accommodation/index>, accessed 3rd October 2011

³⁴ Data supplied by Bath and North East Somerset Council

- **UK first year undergraduates** – likely to prefer to live in a hall of residence. A guarantee of a space in hall is often attractive to prospective students.
- **UK 2nd -4th year undergraduates** – often prefer to live in shared housing (HMOs) as part of a ‘rite of passage’.
- **International / EU exchange / Erasmus students** – generally in Bath for one year or often less. Often looking to rent private rented accommodation (HMOs) much later than UK undergraduates.
- **International undergraduate students** – this is a large group encompassing anyone who hasn’t lived in the EU for 3 consecutive years prior to starting their course. Less likely to be keen on communal living, more likely to opt for halls or home-stay accommodation.
- **Mature students** – again, a diverse group of anyone aged over 21 at the start of their course. More likely to be settled in Bath prior to the start of the course, but will also include some looking for shared housing.
- **Disabled students** – disabilities are wide-ranging, but some may make it more difficult for students to live independently.
- **Home students** – no requirement for accommodation as they are already resident in Bath or the surrounding area.
- **Part-time students** – often will not require accommodation, as either they will have an existing home nearby, or will be able to study remotely for a large percentage of the time.
- **UK postgraduates** – Often likely to live in shared housing, but will be more varied in their requirements.
- **International postgraduates** – often only in the UK for a one year masters course, this group can be quite vulnerable as they may not have a local support network or good understanding of UK culture. Likely to have similar accommodation preferences to international undergraduates (home-stay or halls).
- **Students on placement** – Many university courses incorporate a year in industry or abroad. Depending on the location and length of their placement, these students may require accommodation.

4.2.1 Student Numbers

In 2009/10 the University of Bath had a total of 14,600 students³⁵. Bath Spa University had 8,800 students, making the city’s total 23,400. Data for other institutions is not publically available. The total numbers for the universities can be broken down as shown in Table 5 below.

³⁵ This is the most recent data available from the Higher Education Statistics Agency (HESA); <http://www.hesa.ac.uk/dox/dataTables/studentsAndQualifiers/download/institution0910.xls>

Table 5: Student numbers 2009/10

		University of Bath	Bath Spa University	Total
Undergraduate (UG)	Full-time (FT)	9,310	5,120	14,430
	Part-time (PT)	540	510	1,050
	UK	7,695	5,460	13,155
	Other EU	865	75	940
	Non-EU	1,285	95	1,380
	Total UG	9,850	5,630	15,480
Postgraduate (PG)	Full-time (FT)	1,680	735	2,415
	Part-time (PT)	3,075	2,435	5,410
	UK	2,825	3,115	5,940
	Other EU	510	20	530
	Non-EU	1,415	35	1,450
	Total PG	4,750	3,170	7,920
Total FT Students		10,990	5,855	16,845
Total All Students		14,600	8,800	23,400

Table 6 shows how the full-time student population of Bath compares to the population of the city as a whole, and how this compares with other university cities. Manchester has been selected for comparison as it was the only city to have an Article 4 Direction in place at the time of writing this report. All other university cities chosen are of a similar size to Bath, and all have Article 4 Direction coming into place in the coming months.

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Table 6: Students as a % of total population in Bath and other cities

	Bath	Manchester	Canterbury	Exeter	Oxford	York
Estimated FT student Population ³⁶	16,845	51,565	24,000	16,175	31,620	17,350
Estimated population ³⁷	91,456	498,800	46,978	119,600	153,700	144,202
Area ³⁸	29km ²	117 km ²	36 km ²	47 km ²	46 km ²	78 km ²
Students as % of total population	18%	15%	51%	14%	21%	12%
Students per km²	581	441	667	344	687	222

4.2.2 Student Accommodation

The two universities both offer a guarantee of university provided accommodation to many of their students.

The University of Bath guarantees accommodation to all students in the following groups who have accepted Bath as their first choice by 31st July:

- new full time undergraduate students in their first year on the Claverton Campus
- new overseas fee-paying postgraduates
- new Foundation Year students based at the City of Bath College

In total, the University of Bath offers 3,306 bedspaces in university managed accommodation. This equates to over 30% of the total number of full-time students.

Bath Spa University offers guaranteed accommodation to all students who meet the following criteria:

- are a 1st Year Full-Time applicant with BSU as their firm choice, and
- live more than 30 miles from the University, and
- will be studying at Newton Park, Sion Hill (inc The Circus) or on a Bath Spa Foundation Degree at the City of Bath College.

³⁶ All taken from HESA data 2009/10. For the University of Kent, students based in Canterbury is estimated, based on information here:

<http://www.kent.ac.uk/locations/canterbury/campus/index.html>

³⁷ Where possible, data based on 2010 Mid-year population estimates. Bath, Canterbury and York are all part of a local authority area, so this data is not available. Data has instead been used from Geonames database: www.geonames.org/

³⁸ Bath, Manchester, Exeter, Oxford all from local authority websites. Canterbury and York estimated from maps.

Bath Spa University has 1,074 bedspaces in a combination of University-managed (426 bedspaces) and Unite-owned properties (648). This is just over 18% of the total full-time students registered at the University in 2009/10.

4.3 Impacts & Issues relating to HMO Density

During the stakeholder workshop held on 24th October 2011, the positive and negative impacts relating to HMO density in Bath were identified. These have been summarised in **Table 7** below.

Table 7: Positive and negative impacts of HMOs in Bath

Negative Impacts	Positive Impacts
Affordability	Affordability
Parking	Public Transport
Public Realm/Environment	Spend in the Local Economy
Community Cohesion and Stability	Community Diversity
Anti-Social Behaviour	Safety and Security
Housing Mix	Housing Supply and Efficiency
Council Resources	Skills in the Local Economy
Noise	
Waste	

Some of the key negative impacts can be defined as anti-social behaviour.. We have taken Bath specific anti-social behaviour incident data collated by Avon & Somerset Constabulary for the 2010/11 period and mapped incidence related to rowdy behaviour, street drinking, noise and nuisance neighbours. There were a total of 5421 calls relating to these issues in Bath between April 2010 and March 2011. The distributions of these incidents are shown spatially in figure 5 below.

In addition, we have analysed calls recorded by the Bath Student Action Line between October 2009 and July 2010. There were a total of 176 calls during this period. The breakdown of these calls by category is shown in Figure 4.

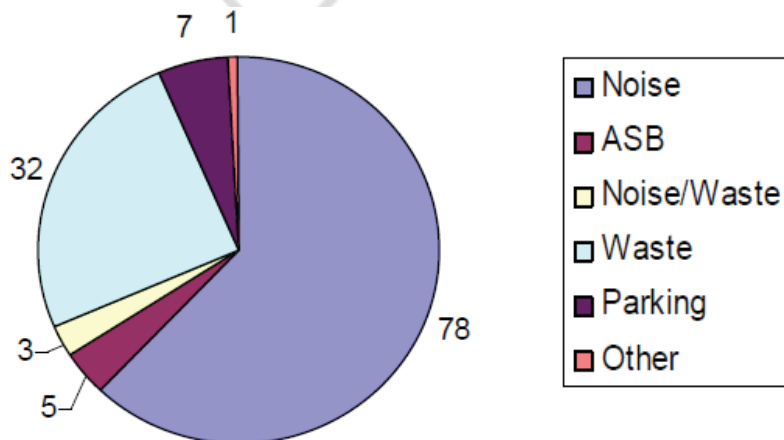
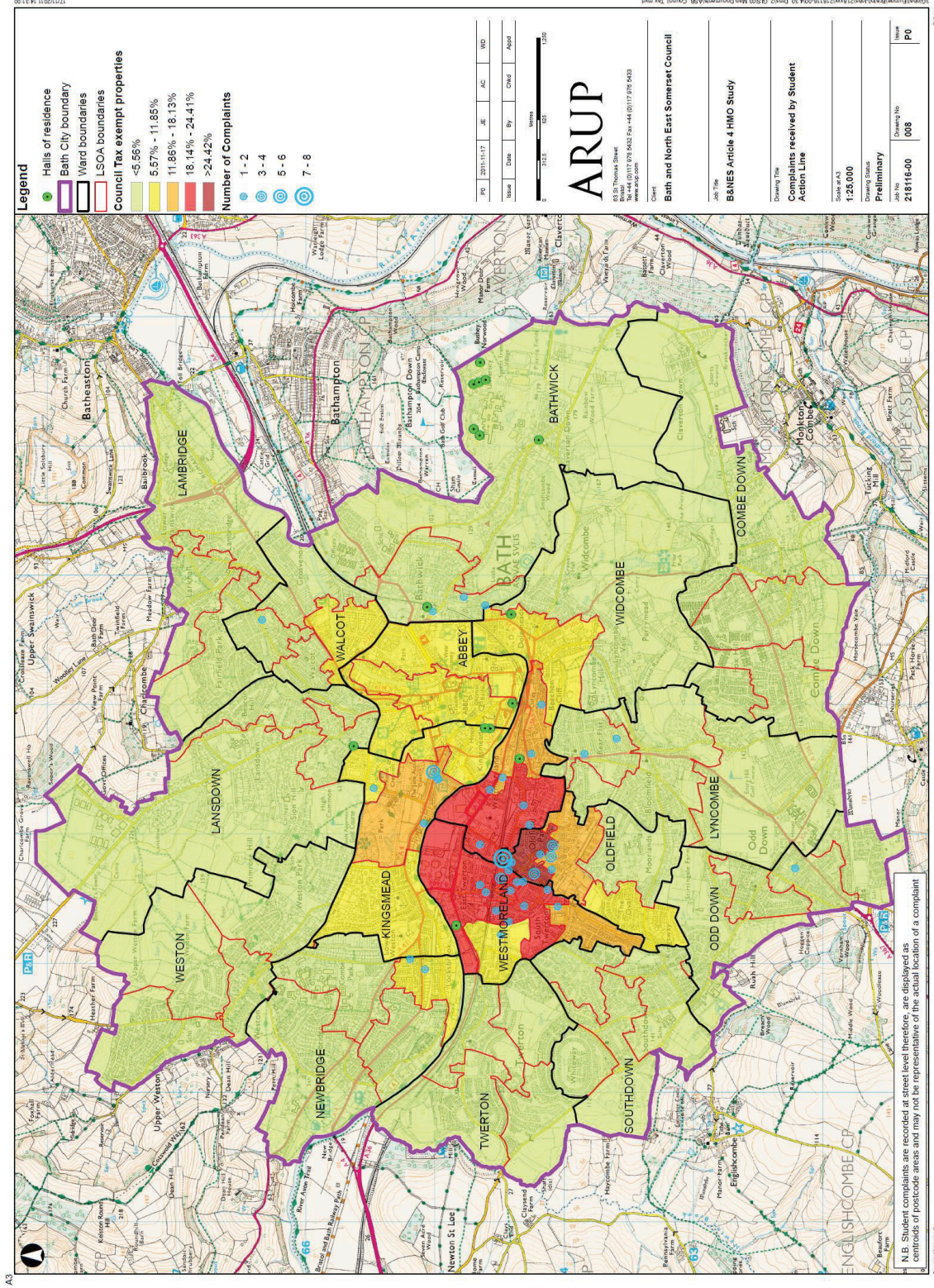


Figure 4: Total number of Student Action Line calls, 2009/10



4.4 Private Rented Sector in Bath

The Council's 2007 Residential Review identified that the private rented sector is very strong in certain wards within the city. Abbey, Kingsmead, Lansdown, Walcot and Widcombe all have more than 20% of its stock as private rented. Oldfield has almost 15% private rented and Westmoreland 17%.

The private rented sector fulfils a wide range of roles. The 2008 report by the Centre for Housing Policy at the University of York³⁹ identified the following key sub-sectors nationally:

- *young professionals*, whose presence in the PRS reflects a complex amalgam of choice and constraint;
- *students*, whose needs are increasingly being met by larger, branded, institutional landlords;
- *the housing benefit market*, where landlord and tenant behaviour is largely framed by housing benefit administration;
- *slum rentals* at the very bottom of the PRS, where landlords accommodate often vulnerable households in extremely poor quality property;
- *tied housing*, which is a diminishing sub-sector nationally but still has an important role in some rural locations;
- *high-income renters*, often in corporate lettings;
- *immigrants* whose most immediate option is private renting;
- *asylum seekers*, housed through contractual arrangements with government agencies;
- *temporary accommodation*, financed through specific subsidy from the Department for Work and Pensions; and
- *regulated tenancies*, which are a dwindling portion of the market.

Many of these groups are important for Bath, maintaining balanced communities and a sustainable economy, and in many cases the private rented sector is the only housing option available.

The Centre for Housing Policy report identified that the sector could be seen as successfully delivering affordable housing to 'intermediate' groups, who cannot afford a mortgage, but who do not qualify for social housing. However, the 2011 Shelter Private Rent Watch Report⁴⁰ identified rent in Bath and North East Somerset as "very unaffordable" (this was defined as having a median rent of 40% to 49% of median full-time take-home pay).

³⁹ Centre for Housing Policy, University of York, *The private rented sector: its contribution and potential*, 2008

⁴⁰ Shelter Private Rent Watch, *Report one: Analysis of local rent levels and affordability*, October 2011

A simple case study of the costs and potential income associated with three possible scenarios (family owner-occupier, family private rented, and private rented HMO) of a typical house in the Oldfield Park area of the city is set out in table 8 below.

Table 8: Case study of potential costs & income

House	3-bed, 2 reception terrace
Cost	£245,000 ⁴¹
Deposit	20% (£49,000)
Rent	£1400 ⁴² as 4 bed HMO (60% of min. student loan) £930 ⁴³ as 3 bed house (53% of ave. take home pay)
Buy-to-let mortgage repayment	£1,225 ⁴⁴
'Family' Mortgage	£1,035 (4%) Total household income required approx. £50,000

⁴¹ Average House price in South Bath according to Bath and North East Somerset Council, *Viability Study*, June 2010

⁴² Estimated from local letting agents' adverts

⁴³ Shelter Private Rent Watch, *Analysis of local rent levels and affordability*, October 2011

⁴⁴ London and Country Mortgage calculator

5 Future Trends & Issues

5.1 Higher Education

Higher Education (HE) is facing some major challenges and potential changes in the coming years, particularly as a result of the recent changes to student funding brought in by the coalition government.

With the well-publicised increase in tuition fees of up to £9,000 per year, it may be expected that student numbers would fall at many institutions. However, this increase in fees was accompanied by allowing “unconstrained recruitment of the roughly 65,000 high-achieving students, scoring the equivalent of AAB or above at A-Level”⁴⁵. The government has also indicated that it hopes to widen the criteria for unconstrained places in due course. It is unknown which universities will take up the option to expand to maximise recruitment in this group, but it is likely to be those who already attract students of this calibre, and could include the University of Bath over time.

In addition, the white paper also made provision for the introduction of new private universities. Various models are appearing, including delivery of courses by private providers in FE colleges (for example BPP are delivering law and business degrees from New College Swindon⁴⁶). It is possible that many of these new models for delivering HE will not put the same pressure on the local HMO market as people study later in their lives, or live at home. However, the possibility for changes in Bath over the coming years should be considered as part of the wider strategy.

5.1.1 University of Bath

The University of Bath is currently planning for an annual student growth rate of 1–3% up to 2020. This equates to between 1,900 and 6,300 new students between now and 2020. However, the University of Bath is not yet able to predict the accommodation that might be required for these additional students as they are not yet sure where these students will come from. For example, depending on the market, they may be part-time distance learning students or international postgraduates, or UK undergraduates.

The University of Bath is currently reconsidering its masterplan, but any possible campus expansion would include 1500 - 1800 bedspaces.

5.1.2 Bath Spa University

Bath Spa University has developed a masterplan for its main Newton Park campus. This would see the creation of over 8000m² of new teaching space and an additional 500 bedspaces. They hope that these bedspaces will be on line by September 2014.

⁴⁵ Department for Business Innovation and Skills (BIS), White Paper, *Higher Education: Students at the Heart of the System*, June 2011

⁴⁶ <http://www.newcollege.ac.uk/he/bpp/>

5.1.3 City of Bath College

The City of Bath College has no publically available projections of student numbers, nor any publically available plans to build any student accommodation. However, their *Strategic Intentions* document⁴⁷ sets out ambitions to;

- Expand their international offer
- Create a professional business school
- Establish the Bath English Language school
- Expand and further improve their HE portfolio

Each of these ambitions is likely to increase their requirements for accommodation for their students.

5.2 Graduate Retention

One of the actions identified in B&NES Economic Strategy is to “increase the number of graduates working with local employers”⁴⁸. As the city of Bath aims to attract recent graduates to stay and work, contributing to the local economy, there will need to be some expectation that many of these young professionals may wish to live in HMOs (or be financially constrained to make this the only option).

Between 2005 and 2008, 11,940 graduates were employed in the West of England⁴⁹, and many of these in relatively low income jobs including retail and nursing. Over 30% of these graduates had no prior connection to the sub-region, presumably moving for the employment opportunities. This group of well-qualified graduates are an important part of the economy and are perhaps amongst the most likely group to want to find HMO accommodation as they get to know the city.

5.3 Housing Benefit Changes

Government has recently announced changes to the way that Housing Benefit is allocated. This means that from January 2012, the shared accommodation rate (that currently applies to single people under the age of 25 living in accommodation that they rent from a private landlord) will be extended to people aged under 35.

This means that single people under 35 will need to move into an HMO to continue to receive Housing Benefit.

Across Bath and North East Somerset, there are currently 70 people who will be affected by this change, so the immediate impact may not be huge, but this

⁴⁷ City of Bath College, *Entitled to Excellence: Strategic Intentions 2011-2014*, <http://www.citybathcoll.ac.uk/assets/files/PDFs/Annual%20Report/Entitled2Excellencev3.pdf>

⁴⁸ *Economic Strategy for Bath and North East Somerset 2010-2026*, http://www.bathnes.gov.uk/SiteCollectionDocuments/Business/Economic_Strategy.pdf

⁴⁹ Higher Education Careers Services Unit (HECSU) for the Learning and Skills Council, *Graduate retention and migration in the West of England region*

demographic could increase and lead to an increase in demand for HMOs within the city.

5.4 Private Rented Sector

Recent research carried out for the Guardian newspaper⁵⁰ suggests that nationwide rental prices are increasingly more expensive than monthly mortgage payments. Monthly rents reported to be 17% more expensive than mortgage payments. This is predominantly attributed to increasing house prices meaning that first-time buyers cannot get onto the housing market. This trend may well continue as the economy does not look set to redress this balance. This is likely to be a particular issue in Bath, where house prices are relatively high, meaning that the private rented housing supply in Bath may need to increase in order to keep up with demand.

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⁵⁰ <http://www.guardian.co.uk/money/2011/nov/11/rental-market-reaches-crisis-point>

6 Considering Options for Intervention

A range of options for intervention are open to B&NES and its partners to manage the impacts of HMOs on local communities and the balance and quality of housing stock therein. We have identified three possible approaches that could be considered either in tandem or without an Article 4 Direction:

- **Development Management Policies.** A number of alternative planning policy options exist and are currently in use by other LPAs. The pros and cons of each policy option for Bath are considered below.
- **HMO licensing**, including improved enforcement of mandatory licences, and extension of local licensing procedures to include additional and selective licensing; and
- The introduction of a range of **voluntary management initiatives** in partnership with B&NES, the HEIs, the local community and students groups.

Each of these interventions is considered more fully below.

6.1 Option 1: Article 4 Direction plus enhanced policy

This option contains the following elements:

- A non-immediate **Article 4 Direction** covering the whole of Bath urban area
- A Supplementary Planning Document (SPD) setting out the approach for determining planning applications made. This would include an additional **threshold policy related the existing HG12 policy within the Core Strategy.** .

This option favours a **non-immediate Article 4 Direction** to avoid any possible risk of compensation. This means that the Council will need to give a 12 month notice period before the A4D comes into place. An immediate A4D would expose the Council to potentially considerable financial risks as disadvantaged landowners could claim compensation for refused planning permissions or if additional restrictions are applied by condition. The potential costs associated with this approach are unknown, as all other Councils have opted for a non-immediate A4D. If B&NES were to implement an immediate Direction then it would be exposed to the potential for test cases and unknown costs. It is considered that these risks outweigh any potential benefits.

In addition, this option proposes that the Article 4 Direction is **city-wide**. . An Article 4 Direction is a preventative measure, and may limit future conversion of family housing to HMOs. Whilst there are currently high levels of HMO / Student density around Oldfield Park⁵¹ in the wards of Oldfield, Westmoreland and Widcombe, Bath is a compact, walkable city and not all of its housing stock is suitable for conversion into HMOs. If the boundary of the Article 4 Direction is too tightly defined around the areas of existing HMO concentration then there is a

⁵¹ In the wards of Oldfield, Westmoreland and Widcombe.

possibility that activity could be displaced to adjacent areas outside of the area, particularly those areas within key transport corridors.

Reflecting on the existing concentrations of HMO activity in the most affected areas of Bath⁵², we would recommend setting a threshold limit of 20% HMOs within 100m of the site of a prospective application property. This figure is below the existing levels of concentration found in some of the most affected wards but is comparable with suggestions made by the HMO lobby for threshold policies.

Based on a review of threshold policies from elsewhere, possible policy wording is set out below:

Possible Wording for B&NES Threshold Policy

Certain types of development will not be permitted where over 20% of households within a 100 metre radius of the application sites fall within one or more of the following categories:

- Exempt from paying Council tax because they are entirely occupied by full time students [n.b. this could be updated on an annual basis, halfway through the academic year]
- Recorded on Private Sector Housing's database as a licensed HMO.
- A property benefiting from C4 or sui generis HMO planning consent

Where evidence can demonstrate that there are shared houses within 100 metres of the application site which do not fall within the categories above the Council will include these.

The following restrictions will be imposed on development in those areas:

- Conversion of C3 dwellings to C4 or sui generis (Houses in Multiple Occupancy) will not be permitted;
- Permission will only be granted for extensions to Class C3 dwellings where there is evidence of the property being occupied, or intended for occupation, by students, where:
 - i. The proposal would not unacceptably reduce family housing stock, in terms of both quantity and variety;
 - ii. There would be no unacceptable effects on neighbours' living conditions including through increased activity, or noise and disturbance, either from the proposal itself or combined with existing similar accommodation;
 - iii. The proposal would improve the quality or variety of the stock of student housing
 - iv. The scale and character of the proposal would be compatible with the surrounding area;
- The Council will impose conditions or seek a Section 106 agreement on new houses and flats to prevent their uncontrolled occupation by students
- The development of new houses as C4 dwellings or sui generis (HMOs) will not be permitted.

The positive impacts and challenges for the main stakeholders of this Option are set out below.

⁵² Lower Super Output Areas around the Oldfield Park area already have up to 29% student properties. This proportion can be much higher if taken as an average on a street by street basis.

Table 9: Impacts and Challenges for Stakeholders of Option 1

	Positive Impacts	Challenges
B&NES Council	<p>Council is seen to be responding to local residents' environmental concerns related to perceived over-concentration of HMOs in some areas of the city.</p> <p>Possible slight reduction in resource requirements for Environmental Health in dealing with noise, waste complaints.</p>	<p>Medium resource implications for Planning Policy in consulting on and putting additional policy in place in the form of an SPD.</p> <p>Currently unknown, but potential for additional resource requirements in the Development Management team to process additional planning applications and deal with appeals.</p>
Students	<p>More choice in areas to live likely to be provided.</p>	<p>May push rental prices up in some areas (particularly Oldfield Park, Westmoreland Widcombe area), leading to inequality in where students can affordably live in the city.</p> <p>May mean that HMOs are of a poorer standard as landlords can attract students by location alone.</p> <p>May mean students in new areas feel stranded / isolated if there is a lack of public transport.</p> <p>There is a student campaign with 338 facebook members against the introduction of an Article 4 Direction⁵³.</p>
Other HMO residents	<p>More choice in areas to live likely to be provided.</p>	<p>May push rental prices up in some areas (particularly Oldfield Park, Westmoreland Widcombe area), meaning inequality and social divide in where people in the private rented sector can afford to live.</p> <p>May mean that HMOs are of a poorer standard as landlords can attract tenants by location alone.</p>
Universities		<p>Students living over a wider area may mean that some areas, at least initially, are not well served by public transport. This may lead to an increase in those wanting to take cars to university campuses.</p> <p>There may be an increase in students seeking welfare advice if</p>

⁵³ <https://www.facebook.com/groups/259904010727071/>, accessed 18/11/2011

		students have problems with money / social divide or lower standard accommodation.
Local residents	Should lead to more balanced communities, meaning a wider mix of residents in many areas. Family housing in areas of existing high density of HMOs is likely to become cheaper, meaning it could become easier for new entrants to the housing market.	This may lead to a wider spread across the city of the problems associated with a high density of HMOs. Residents in areas that currently have a high density of HMOs may be disappointed to discover that this does not address any existing problems that they are experiencing. They are also likely to experience a drop in the value of their house. Where existing HMO densities are really high, it may also become difficult to sell homes if they wish to move.
Local employers	A dispersal of HMOs across the city may lead to more affordable private rented sector accommodation in some areas, which may make it easier to attract new employees to the area.	If the Article 4 Direction leads to a perception amongst property investors that HMOs are not welcome in Bath, then this may lead to a shortage in affordable private rented property. This may make it harder for employers to attract lower paid employees, particularly those at the start of their careers, including new graduates. The Chamber of Commerce has formally objected to the introduction of an Article 4 Direction in Bath. ⁵⁴
Local trade/business	Should lead to more balanced communities, and may result in less seasonal trade in some areas.	May result in loss of trade in some areas, where the business model is currently reliant on HMO residents / landlords.
Existing HMO landlords	Those with properties in popular areas are likely to experience an increase in revenue as they become more exclusive and can charge more.	
HMO developers	Clear planning policy guidance will help them to assess the potential success of their planning application.	Many will be put off by the process of applying for planning permission, but those who aren't will face a longer time period before they can convert their properties.
Estate agents	Should lead to a more diverse market across the city. This would provide a more sustainable, long-term market.	Many investor clients will be put off by the red tape and it is likely to be more difficult to sell properties in existing areas of high HMO density, at least initially.

⁵⁴ See letter received in [appendix x](#).

6.2 Option 2 –Planning Policy & Additional Licensing

The elements of this approach are:

- Additional licensing for all HMOs in Bath; and
- Planning policy promoting purpose built student accommodation

This option includes the provision of **additional licensing**. Although there is anecdotal evidence about the impact that a wider range of HMOs than are currently licensed, there is no evidence to suggest that this impact extends to the whole private rented sector (as would be required for selective licensing). The evidence gathered for this report shows no correlation between any issues relating to HMO density and their size. We therefore recommend that additional licensing would need to be for all HMO types, however, it is likely to be realistic to impose this condition in just one area of the city.

Whilst there is existing policy relating to the expansion of both universities, this could be expanded to ensure the expansion in academic floorspace was accompanied by purpose-built accommodation that meets specific design and management criteria, which would help to reduce any possible negative impacts on local communities.

Possible Wording for B&NES Pro Purpose Built Accommodation Policy.

All increases in student numbers at any Higher Education Institution in Bath as a result of increases in academic floorspace must be matched by a corresponding increase in purpose-built student accommodation. Any purpose-built student accommodation should meet the following criteria.

1. Sites should be easily accessible to the University and college campuses by walking, cycling or public transport
2. High density developments should be sited in locations where this is compatible with existing developments and initiatives, and where retail facilities are within walking distance.
3. Car parking standards should be met, and a green travel plan developed to ensure that proposals should not lead to an increase in on-street parking in the surrounding area.
4. Proposals that can demonstrate a positive regeneration impact in their own right will be given preference over other schemes.
5. Proposals should be designed to be safe and secure. Consideration must be given to increased informal surveillance or other measures to contribute to crime prevention..
6. Accommodation should not have an unacceptable effect on residential amenity in the surrounding area through increased noise, disturbance or impact on the streetscene either from the proposed development itself or when combined with existing accommodation.
7. Provision and management of waste disposal facilities will be planned within the development at an early stage.
8. Proposals will need to include a management plan.

The positive impacts and challenges for the main stakeholders of the Option are set out below.

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Table 10: Impacts and Challenges for Stakeholders of Option 2

	Positive Impacts	Challenges
B&NES Council	<p>Seen to be responding to local residents' concerns regarding over-concentration of HMOs in some areas of the city.</p> <p>Possible slight reduction in resource requirements for Environmental Health in dealing with noise, waste complaints.</p>	<p>Potentially significant resource required for housing / environmental health in implementing and enforcing new licensing regime. However, this is likely to be near cost-neutral in the longer-term.</p> <p>Limited resource requirements for Planning Policy team in implementing new purpose built policy.</p>
Students	<p>All HMOs would comply with higher standards.</p> <p>Wider range of options to live in purpose built student accommodation.</p>	<p>May marginally push rental prices up if landlords see an opportunity to pass licensing costs on to tenants.</p>
Other HMO residents	<p>All HMOs would comply with higher quality standards.</p> <p>If students move out of HMOs into purpose built accommodation then there is more choice for other tenants (and possible reduction in price if supply outstrips demand).</p>	<p>May marginally push rental prices up if landlords see an opportunity to pass licensing costs on to tenants.</p>
Universities	<p>Increases in purpose-built accommodation likely to be attractive to many new students, and may become increasingly important in an increasingly competitive education market.</p> <p>Higher levels of confidence in recommending properties in the private rented sector if they reach standards for licensing.</p>	<p>Costs associated with building purpose built accommodation (although there may be opportunities for the private sector to meet these costs through joint ventures with universities).</p> <p>There may be delays to academic / teaching space growth if accommodation is required in tandem.</p>
Local residents	<p>Licensing will help to tackle existing perceived and real problems of HMO density and is therefore likely to be popular.</p> <p>If the size of the market for HMOs decreases with an increase in purpose-built student accommodation, then there may be some return to family housing. This may also lead to a reduction in house prices, making it more affordable for first-time buyers.</p>	<p>Disappointment at lack of an Article 4 Direction?</p> <p>Pro purpose-built policies may lead to de-studentification, and not return to family housing as local residents might hope.</p> <p>Local owner-occupier residents may see a drop in value of their homes.</p>
Local	<p>A combination of higher quality HMOs and more capacity (as students</p>	

employers	are increasingly catered for in purpose-built accommodation), may make it easier to attract new employees to the area.	
Local trade/business	<p>Relocation of students to purpose-built accommodation may result in an increased concentration in demand for trade, which could benefit local businesses in some areas.</p> <p>Potential for increase in revenue if there is a change from student tenants to young professional tenants, who have more disposal income.</p> <p>Possible opportunities for local building-related trades in the building of new student accommodation and in the conversion of existing student HMOs (to family homes or for other tenants with differing requirements)</p>	<p>May result in loss of trade in some areas, where HMOs are left unoccupied as students move into purpose-built accommodation.</p>
Existing HMO landlords	<p>Less confusion about different definitions for HMOs.</p> <p>Potential for increase in revenue if there is a change from student tenants to young professional tenants with higher income.</p>	<p>Increased costs / red-tape associated with license applications.</p> <p>Possible need to change business plan if requirements for student HMO accommodation reduces.</p> <p>Potential for decrease in revenue if there is a change from student tenants to A8 migrant tenants.</p>
HMO developers	Less confusion about different definitions for HMOs.	Increased costs / red-tape associated with license applications.
Estate agents	<p>Less confusion about different definitions for HMOs – less time consuming to give advice to potential landlords.</p> <p>Potential for increase in revenue if there is a change from student tenants to young professional tenants with higher income.</p>	<p>Move away from student market may require more inventive marketing, as there is a less captive audience.</p>

6.3 Option 3 - Combined Approach

This approach combines all of the interventions described in Options 1 and 2 above. It is the most resource intensive of any of the options for the Council, but it may be the most effective at helping Bath to create balanced and sustainable communities, both in the immediate and longer term, whilst seeking to manage some of the perceived environmental degradation linked to the existing concentrations of HMO activity in Oldfield Park, Westmoreland and Widicombe. The combination of both options would mean that any possible deterioration of housing quality associated with the restriction of supply as a result of the Article 4 Direction would be dealt with by the licensing scheme covering the key areas where this would be an issue. Other benefits and risks remain and consideration needs to be given to the cumulative effects of having combined interventions in place.

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Table 11: Impacts and Challenges for Stakeholders of Option 3

	Positive Impacts	Challenges / Risks
B&NES Council	<p>Seen to be responding to local residents' concerns regarding over-concentration of HMOs in some areas of the city, both in terms of existing and potential future problems.</p> <p>Possible reduction in resource requirements for Environmental Health in dealing with noise, waste complaints.</p>	<p>This is the most resource intensive option, with implications for Housing / Environmental Health, Planning Policy and Development Management.</p> <p>Would need to be accompanied by enhanced cross departmental working to improve efficiency (e.g. when a planning application is approved for an HMO, this information would be passed to licensing). New internal administration procedures may be required to facilitate cross departmental working.</p>
Students	<p>All HMOs would comply with higher quality standards, meaning better surroundings for tenants.</p> <p>Wider range of options to live in purpose built student accommodation.</p> <p>More choice in areas to live likely to be provided as a result of A4D.</p>	<p>May push rental prices up in some areas (particularly Oldfield Park, Westmoreland and Widcombe areas), potentially leading to inequality and social divide in where students live.</p> <p>May mean students in new areas feel stranded / isolated if there is a lack of public transport.</p>
Other HMO residents	<p>All HMOs would comply with higher quality standards, meaning better surroundings for tenants.</p> <p>If students move out of HMOs into purpose built accommodation then there is more choice for other tenants (and possible reduction in price if supply outstrips demand).</p> <p>More choice in areas to live likely to be provided as a result of A4D.</p>	<p>May push rental prices up in some areas (particularly Oldfield Park, Westmoreland Widcombe area), potentially leading to inequality and social divide in where people in the private rented sector can afford to live.</p>
Universities	<p>Increases in purpose-built accommodation likely to be attractive to many new students, and may become increasingly important in an increasingly competitive market.</p> <p>Higher levels of confidence in recommending properties in the private rented sector if they reach standards for licensing.</p>	<p>Costs associated with purpose built accommodation (although there may be opportunities for the private sector to meet these costs).</p> <p>There may be delays to academic / teaching space growth if accommodation is required in tandem.</p> <p>Students living over a wider area may mean that some areas, at least initially, are not well served by public transport. This may lead to an increase in those wanting to take cars to University campuses.</p> <p>There may be an increase in students seeking welfare advice if</p>

	<p>Comprehensive solution which seeks to deal with current residents concerns whilst also putting in place caps on future growth in HMO concentrations above sustainable levels. . . Should lead to more balanced communities, meaning a wider mix of residents in many areas. If the size of the market for HMOs decreases with an increase in purpose-built student accommodation, then there may be some return to family housing. This may also lead to a reduction in house prices; making it more affordable for first-time buyers.</p>	<p>students have problems with money / social divide. May lead to de-studentification, and not return to family housing as local residents might hope. This may lead to local owner-occupier residents may seeing a drop in value of their homes. Where existing densities are really high, it may also become difficult to sell homes if they want to move. This may lead to a wider spread across the city of the problems associated with a high density of HMOs; meaning more local residents unhappy.</p>
<p>Local employers</p>	<p>A combination of higher quality HMOs and more capacity (as students are increasingly catered for in purpose-built accommodation). A dispersal of HMOs across the city may lead to more affordable private rented sector accommodation in some areas. This combination may make it easier to attract new employees to the area.</p>	<p>If the Article 4 Direction leads to a perception that HMOs are not welcome in Bath, then this may lead to a shortage in affordable private rented property. This may make it harder for employers to attract lower paid employees, particularly those at the start of their careers, including new graduates.</p>
<p>Local trade/business</p>	<p>Relocation of students to purpose-built accommodation may result in an increased concentration in demand for trade, which could benefit local businesses in some areas. Potential for increase in revenue if there is a change from student tenants to young professional tenants, who have more disposal income. Should lead to more balanced communities, and may result in less seasonal trade in some areas. Possible opportunities for local building-related trades in the building of new student accommodation and in the conversion of existing student HMOs (to family homes or for other tenants with differing requirements)</p>	<p>May result in loss of trade in some areas, where HMOs are left unoccupied, or current tenants are replaced by people with a lower disposable income (e.g. migrants living in HMOs or young families).</p>
<p>Existing HMO landlords</p>	<p>Less confusion about different definitions for HMOs. Those with properties in popular areas are likely to experience an increase in revenue as they become more exclusive and can charge</p>	<p>Increased costs / red-tape associated with license applications. Possible need to change business plan if requirements for student HMO accommodation reduces. Potential for decrease in revenue if</p>

	<p>more. Potential for increase in revenue if there is a change from student tenants to young professional tenants with higher income.</p> <p>Less confusion about different definitions for HMOs. Clear planning policy guidance will help to assess the potential success of planning applications.</p> <p>Potential for better business model, with wider range of possible tenants (including young professionals who may be willing/able to pay more) in different parts of the city.</p> <p>Less confusion about different definitions for HMOs – less time consuming to give advice to potential landlords.</p> <p>Potential for increase in revenue if there is a change from student tenants to young professional tenants with higher income.</p> <p>Should lead to a more diverse market across the city. This would provide a more sustainable, long-term market.</p>	<p>there is a change from student tenants to A8 migrant tenants.</p> <p>Increased costs / red-tape associated with both license and planning applications.</p> <p>Potential for decrease in revenue if most demand is A8 migrant tenants.</p> <p>Move away from student market may require more inventive marketing, as there is a less captive audience.</p> <p>Many investor clients will be put off by the red tape and it is likely to be more difficult to sell properties in existing areas of high HMO density, at least initially.</p>
HMO developers		
Estate agents		

6.4 Option 4 - Do Nothing Approach

Under this scenario, there is no action above the status quo. Existing initiatives and plans will continue. The Student Community Partnership is likely to grow its activity and support local community-student initiatives. Both universities are likely to grow their supply of purpose-built student accommodation if there is sufficient demand and a compelling business case.

B&NES's current Accreditation Scheme will need reviewing regardless of other options taken forward, as in is currently under-resourced.

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Table 12: Impacts and Challenges for Stakeholders of Option 4

	Positive Impacts	Challenges
B&NES Council	Limited increase in resources	Seen not to be responding to issues raised by the local community Some increase in environmental health resource required as existing real and perceived problems worsen.
Students	Continue to have the freedom to live where they like (so long as the market can meet the demand).	Potential worsening of quality of HMO accommodation. May feel less and less welcome as neighbourhoods are less tolerant and place the blame for problems on students.
Other HMO residents	Continue to have the freedom to live where they like (so long as the market can meet the demand).	Potential worsening of quality of HMO accommodation.
Universities		May need increased resources as neighbourhoods are less tolerant, place the blame for problems on students and complain to the Universities.
Local residents		May be increasingly exposed to low level anti-social behaviour associated with high density of HMOs. House prices may continue to rise if left unchecked, making home ownership unaffordable for a growing number of local people.
Local employers		Will continue to struggle to attract new graduates and young professionals to the area as housing is expensive.
Local trade/business	Will continue to supply existing markets.	Will continue to operate seasonal business-models, leading to under-employment of some people.
Existing HMO landlords	Will continue to make a profit from existing market. No need to do anything differently.	
HMO developers	Can continue to make a profit from existing market, where there is demand. No need to do anything differently.	
Estate agents	Will continue to make a profit from existing market. No need to do anything differently.	

6.5 Management Initiatives

The possible management initiatives set out in section 0 above are considered to be possible additions to any of the four core options above, and as such are not combined into the scenarios set out.

Each intervention may need to be lead by a different partner. The proposed lead partner for further interventions is set out below:

Higher Education Institutions

- Student Charter and student discipline (rules and regulations) – each of the HEIs in Bath could consider whether a Student Charter might be beneficial in managing the expectations of and on students.

Bath & North East Somerset Council

- Landlord accreditation scheme – as discussed, this is currently under-resourced. Any update to the accreditation scheme should be considered alongside options to introduced additional licensing.
- Residents' parking – parking has not emerged as a major issue in this study, but the Council may want to consider what the impacts of extending the residents' parking zone further into the Oldfield Park area might be.

Student Community Partnership

- Community wardens – Exeter's Community Warden scheme could be further explored to see whether there might be benefits to introducing this in Bath.
- Waste management – Cardiff's waste management activities would seem to represent best practice, and the Student Community Partnership may wish to consider whether they could replicate some more of their approach to complement the existing end of term campaign in Bath.
- Student volunteering – Whilst there are some excellent student volunteering programmes in place, these activities are not often visible to longer-term residents living in student areas. The Partnership may wish to consider whether more could be done to encourage student volunteering the areas where students live.

7 Conclusions

The issues relating to HMOs, Studentification and community balance are complex and there are numerous key stakeholders with widely differing views. No option is perfect, none can be guaranteed to deal with all real and perceived issues at the moment, and some options may create other challenges.

There are a lot of uncertainties relating to the future level of HMOs required for a healthy working housing market in Bath; uncertainties relating to the timing and scale of purpose built student accommodation provision, student numbers and origins and the wider economy. These uncertainties need to be considered as part of the Council's decision making in relation to this issue.

Council resourcing is also a key issue; all of the options have resource implications, and the Council will need to consider this in more detail.

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Bath & North East Somerset Council		
MEETING:	Planning, Transport and Environment Policy Development & Scrutiny Panel	
MEETING DATE:	6 th December 2011	AGENDA ITEM NUMBER
TITLE:	Medium Term Service & Resource Planning – 2012/13-2015/16	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
ANNEX 1 – Draft Service Delivery Medium Term Service & Resources Plan 2012/13-2015/16		

1 THE ISSUE

1.1 The draft Service Delivery Medium Term Service & Resource Plan (MTSRP) is presented for consideration by the Panel:

- (1) To ensure all members of the Panel are aware of the context for Service Action Planning
- (2) To enable comment on the strategic choices inherent in the medium term plan
- (3) To enable issues to be highlighted for consideration in January by the Panel as part of the service action planning and budget processes
- (4) To enable issues to be referred to the relevant Portfolio holders at an early stage in the service planning and budget process

2 RECOMMENDATION

The Panel is asked to:

- (1) Comment on the medium term plan for Service Delivery
- (2) Identify any issues requiring further consideration and highlighting as part of the service action plans and budget reports to be considered in January by the Panel
- (3) Identify any issues arising from the draft plan it wishes to refer to the relevant portfolio holder for further consideration

3 FINANCIAL IMPLICATIONS

3.1 This report sets the framework for the service planning and budget processes relevant to this Panel for the next 3 years. The financial implications are set out in the enclosed annexes.

4 THE REPORT

4.1 This report forms part of the service and resource planning process. As set out in the enclosed medium term plan (Annex 1), the next steps include:

- (1) Service Action Plans being presented to January PDS Panels.
- (2) February Cabinet recommendations to Council
- (3) February Council approval of budget and Council Tax setting.

4.2 The draft Medium Term Service & Resource Plan Service Delivery is attached as Annex 1, and includes its own appendices.

4.3 The Panel needs to consider the implications of this medium term plan and make recommendations to the relevant portfolio holder(s) and Cabinet. Where the panel wishes to either increase expenditure or reduce savings targets alternatives should be proposed.

5 RISK MANAGEMENT

5.1 A risk assessment will be completed as part of the final budget papers and inform the Council's reserves strategy. The main risks relate in the next financial year to:

- (1) The robustness of the savings estimates
- (2) The potential for some services to suffer and the implications for service users, as a result of the savings, albeit that most savings are directed at efficiencies or services which do not directly relate to Corporate Priorities
- (3) The implications for staff arising from savings
- (4) The need to maintain a planned and phased approach to savings at a time when pressures are starting to require substantial and immediate cuts.

6 EQUALITIES

6.1 Service Action plans will be subject to Equalities Impact Assessments as they are completed.

7 CONSULTATION

7.1 This corporate implications of this report have been considered by Strategic Directors Group (SDG) including the *Section 151 Finance Officer; Chief Executive & Monitoring Officer*

7.2 Further consultation has taken place as part of the Corporate Plan process. A budget fair took place on 31st October and feedback from the fair has helped inform the draft plan.

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 All the following issues are relevant to service and resource planning: *Social Inclusion; Customer Focus; Sustainability; Human Resources; Human Rights; Corporate; Health & Safety; Impact on Staff; Legal Considerations*

9 ADVICE SOUGHT

9.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer (Strategic Director – Resources & Support Services) have been copied into this report.

Contact person	<i>Glen Chipp, Tel: 01225 394567</i>
Background papers	
Please contact the report author if you need to access this report in an alternative format	

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MEDIUM TERM SERVICE & RESOURCE PLAN

SERVICE DELIVERY

2012-13 until 2014-15

Introduction

This plan sets out the key influences and challenges facing the Service Delivery Directorate together with the intended approach to service and resource planning. It is one of a series of plans that make up the Council's Medium Term Service & Resource Plan:

- **Place**
 - **Service Delivery (this plan)**
Planning, Transport, Building control, Waste, Highways, Neighbourhoods, Parking, Libraries, Tourism, Sport & Active Leisure and Arts
 - Development & Major Projects
- **Resources & Support Services**
- **People & Communities**
 - Children's Service Housing
 - Health & Social Care

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Appendix 5 summarises the main financial assumptions and parameters. The external and corporate influences on this plan can be summarised as follows:

- Cuts in public expenditure and reduced council budgets – this is the second year of the 2010 Government Comprehensive Spending Review – savings have been 'front loaded' and are very challenging
- There is a key demographic change with a projected 25% increase in the older population by 2026 creating a significant additional financial pressure
- Government expectation that councils will continue to deliver further efficiencies
- Changes in Government legislation, regulations and guidance – there are some simplifications and some new scope for local decision making but at the same time radical and demanding changes such as:
 - Localism, Planning Reform, new grant funding to support local government (less money and less types of grant),
 - Return of Business Rates growth to local government, new Benefits system (Universal Credits and Council Tax Benefits),
 - Incentives for growth (new homes bonus, regional growth fund, Business Rates growth, Local Enterprise Partnerships)The Council will also be taking on significant statutory functions for Health and Wellbeing in the area and the connected strategies and Boards

The Council will be publishing a new corporate plan in 2012. It will include a new vision and objectives and explain how we will efficiently direct our resources to address the issues that matter to the area and its people. The Council Change Programme remains a key driver for internal efficiencies and improvements in services to customers. It also targets priorities and needs as well as initiatives to join up services between public agencies.

Further detail about these external and corporate influences is given in Appendix 4.

Staff Resources & Finances

The services incorporated in this plan are listed below together with related staff numbers. Changes start with this as the base position (September 2011):

	Gross £m	Net £m	Staff FTE
Planning & Transportation			
Transport Design & Projects	2.118	0.239	43
Transportation Planning (incl Public Transport)	6.907	6.314	30
Park & Ride	1.159	(1.013)	0
Planning Services	3.513	2.626	57
Building Control & Land Charges	1.025	0.049	17
Environmental Services			
Waste	13.506	10.970	104
Highways Network Maintenance	7.758	6.538	36
Neighbourhoods Services	8.018	4.912	168
Public Protection	1.960	1.081	40
Car Parking (excluding Park & Ride)	3.581	(7.326)	68
Highways – Transport & Fleet Management	7.054	(0.075)	64
Overheads (all SD)	2.024	2.024	6
Tourism Leisure & Culture			
Heritage including Archives	9.692	(3.542)	114
Libraries & Information	2.619	2.446	55
Tourism & Destination Management	1.920	1.040	10
Leisure – Sports & Active Leisure	1.357	0.996	12
Arts	0.728	0.647	4
Total cash limit	74.939	27.925	828

Notes:

(1) The gross figures are before income including government grants.

A copy of the current draft future capital programme is attached as Appendix 1.

Key Proposed Changes – Years 1 to 3 – 2012/13 to 2014/15

Service Delivery is well placed to deliver continued efficiencies following the restructuring undertaken in previous years. The underlying philosophy in response to the external and corporate influences identified in Appendix 4 is to:

- Match staffing levels with business volumes.
- Balance the delivery of statutory services with discretionary services within available resources.
- Review long term vacancies and the use of agency staff where appropriate.
- Seek new external opportunities for funding service provision.
- Ensure that there are adequate resources to deliver the capital programme
- Provide appropriate services to customers and residents recognising the continued pressures on funding and the impact this has on service provision.
- Simplify and, where appropriate, standardise common processes across the Council to avoid fragmentation and reduce “silo working”.
- Ensure consultations with the public are proportionate to the matter in hand.
- Continue to develop best practice including business disciplines and innovations - focusing upon doing the job once, doing it right and doing it in a timely manner
- Develop a trading culture that, where appropriate, recovers real costs, increases income generation and discontinues services which are uneconomic or inadequately funded
- Enhance and adapt the skills required to meet future changes through workforce development, succession planning and talent management.

Service specific initiatives include:-

Environmental Services

- Continued savings and efficiencies realised through procurement of external contracts e.g. energy and waste.
- Rationalisation of structures in Public Protection, Neighbourhoods, Parking and Highways.
- Use of Technology to enhance the customer experience in off street parking.
- Continuous review of waste resources as residual waste continues to decline and recycling increases.
- Reviewing fees and charges for various services to recover a greater proportion of costs.
- Reducing service levels in ‘non-essential’ areas to save costs
- Refreshing our plans for Midland Road Depot relocation.
- Further develop alternative methods of governance and service delivery to minimise costs falling against the authority. This includes increasing partnership working, encouraging the involvement of volunteers and exploring opportunities to develop shared services with similar organisations.

Tourism Leisure and Culture

- Continue to enhance the returns from the Council’s award winning Heritage assets which are amongst the most profitable in the country.
- Grow admission revenues by effective margin management and increase secondary spending including the expansion of catering facilities via the new café and restaurant.
- Improve the visitor experience through continued investment in facilities.
- Manage the increase risk to visitor numbers in an Olympic year against a difficult economic background. These risks are reflected in the statement of robustness of estimates.

- Review the delivery of Library Services to improve value for money and increase the level of community involvement, as well as developing a network of local book exchanges.
- Reduce expenditure on the Arts and Active Leisure following the 2012 Olympic Celebration and Legacy.
- Review the level of support for the Bath Festivals Company and Bath Tourism Plus.
- Assume responsibility for managing and co-ordinating events and securing the benefits that accrue from the management of the World Heritage Site within existing services resources.

Planning and Transport

- Review the structure of the Transportation Team to remove duplication following the transfer of functions to Environmental Services.
- Manage the Delivery of the Local Development Framework to ensure that policies are brought forward efficiently and effectively to improve certainty for development.
- Review service provision and enhance the level of customer support following the changes anticipated in the Planning Application Fees Legislation.
- Further develop the Transport Strategy for the Authority following the outcome of the bid for DfT funding of the Bath Package is known
- Build upon the recent successful bid to the Local Sustainable Transport Fund with further joint West of England bid for a major scheme.
- Review Building Control fees and charges to secure a competitive position within a difficult market. The range of services offered will also be expanded to increase its market share.

Finances & Service Impacts

The service impacts of the changes are set out in the attached impact analysis at Appendix 3.

The following targets have been set for the next three years:

- | | | |
|---|---------|---|
| • | 2012/13 | £1.652m (including £0.457m agreed growth) |
| • | 2013/14 | £0.323 |
| • | 2014/15 | £0.887 |

When unavoidable growth is added in for 2013/14 and 2014/15, savings in both years in excess of £1m will be required as well as absorbing inflation on non-pay items. Pay has been assumed to remain unchanged in 2012/13 but increase by only 1% after that. The unavoidable growth in 2012/13 is itemised in Appendix 3 and is mainly associated with contract inflation, pay increments and loss of Government grants. This means the real savings in each year will need to be in the region of 5% of gross spend.

The proposals to meet 2012-13 targets can be analysed as follows:

- | | | |
|---|------------------------|---------|
| • | Cashable Efficiencies | £1.110m |
| • | Additional Income | £1.077m |
| • | Reduced Service Levels | £0.643m |
| • | Discontinued Services | £0.130m |

The main areas with anticipated reduction in service levels for 2012/13 are detailed in the impact analysis at Appendix 3

The targets for 2013/14 and 2014/15 are indicative and will be reviewed in the light of the Council's priorities which are under review. The extensive list of changes affecting the Council in 2013, as detailed elsewhere in this plan will also require this review. The aim will continue to be to maximise savings from efficiencies, whilst protecting front line services, albeit this is becoming increasingly difficult. Detailed savings plans for 2013/14 and 2014/15 have yet to be established but the direction of travel is set out in this plan.

Workforce Planning

Although a wide range of service activities is covered by this medium term plan, there are common themes in terms of workforce planning:

- Over the next 2-3 years, overall staffing levels across the Directorate will continue to reduce due to efficiencies and reducing or stopping some activities. The scale of staff savings, the percentage and timing of reductions will vary between divisions.
- Efficiencies will be achieved by removing duplication and merging services where appropriate. The use of consultants and agency staff will be confined to those areas where the existing services lack specialist expertise or where particular capacity issue arise.
- We will continue to ensure that the savings are delivered where appropriate but protecting the delivery of front line services.
- A range of measures utilising the Council's Organisational Change Policy & Procedures, will be deployed to minimise job loss and compulsory redundancy including vacancy management, redeployment, flexible retirement etc. Early and careful planning together with sound staff and union consultation will help to mitigate the potential impacts. However, it should be recognised that over time Staff will benefit from bespoke training and development associated with their changing roles. Staff will also be helped to achieve greater skills to equip them to compete for internal and external roles in anticipation of staff reductions within the department.
- Middle managers are benefiting from the development programme designed for them based on the needs arising from the change programme, not least strong and effective leadership during a period of change and staff reductions.
- Change coaches will continue to facilitate change in each Division.
- Divisional Directors will benefit from continuing leadership development and one to one coaching.
- Some of the skills requirements continue to be associated with:
 - Business planning and financial awareness
 - Systems thinking as a means of reducing waste in systems and helping improve customer experience whilst focusing on high priority needs
 - ICT Systems training where new IT is implemented
 - Commissioning skills esp. for staff in core roles associated with strategic roles, assessment of need, consultation, intelligence and research, procurement, community engagement and partnership working.
- Each service has reviewed its staff profiles to facilitate the above changes. Early retirements will facilitate some of the changes subject to affordability. Flexible retirements and other flexible employment options will be considered. Some compulsory redundancies will probably again be necessary but early planning will be used to keep these to a minimum. Staff structures will be reviewed to ensure the core/commissioning roles in the Department are clearly defined.
- To achieve the necessary changes there will need to be the right programme management in place. The first moves to facilitate change are:

- Appointing change programme managers and setting up project teams for each strand of change activity in the department and to ensure these strands link to the overall corporate change programme
 - Using consultancy support only where skills or experience is missing and external support is needed to being about rapid and effective
 - Restricting recruitment when posts become vacant (a managed recruitment freeze with each vacant post being carefully reviewed before being filled or deleted, and where filled increasingly this will be on a temporary basis with appropriate use of redeployment).
 - Designing in more detail the workforce requirements of each Division over the next 3 years to reflect the principles set out here. Management re-organisations will be required.
- The commitment to equalities will remain as these changes are progressed with the Department continuing to build on recent improvements in its approach to equalities. Major changes will be properly impact assessed. Worker groups will also be properly involved.

Medium Term Options – 2013/14 to 2014/15

It is very difficult to be precise about these two years because so many things are fundamentally changing. The aim will be to review the medium term plan early in the 2012/13 period and to rebase budgets in the light of the emerging issues such as:

- New government grant system and return of local business rates growth to local Councils and new savings targets - albeit these will still flow from the last comprehensive spending review in 2010.
- Agreement of the Core Strategy for land use in the district which will significantly influence growth.
- The implementation of charging through the Community Infrastructure Levy and its potential to bring significant financial benefits.
- Agreement of the new Corporate Plan and Sustainable Community Strategy.
- New local Council Tax Benefits system and subsidy arrangements.
- National system of Universal Credits that incorporates Housing Benefits and subsidy arrangements.
- National funding arrangements for Academies and locally proposed structure of LEA role.
- New health commissioning arrangements following the demise of PCTs.
- New Police Commissioners.
- New Local Enterprise Partnership investment plan.
- New pensions arrangements following the Hutton review.

All of the above are likely to take full effect in 2013 except perhaps the pension's changes (which may be only partially implemented with full implementation in 2015). This level of change is unprecedented in recent years and of course remains in the context of the financial cuts arising from the public sector deficit. The new grant system and subsidy arrangements make forecasting particularly difficult. However, the default assumption is that a 5% cut in gross expenditure will continue (on average) in each year with no allowance for inflation and restricted pay awards.

Longer Term Options – Years 4 to 10

The longer term solutions are more speculative and will in part be driven by the wider agenda for local government, city regions, demand pressures on social care (with an aging population), climate change issues but also the growth and economic prosperity opportunities arising from an expanding population.

Public expenditure reductions will continue for some years to come. Most of the remaining expenditure cuts will probably be over the next 3 years but after that tight control over public expenditure is likely to need to continue.

The Council's role as an enabler and commissioner so that local people have access to the right services from a range of providers is central to the changes described here. The changes in schools and health and social care alone will radically take this agenda forward over the next 3 years. More similar changes are likely to follow.

The recessionary effects which have already impacted upon revenue income are likely to continue, requiring further efficiencies to be identified to maintain current service levels and standards. The focus will increasingly need to shift to stop doing things and / or exploring alternative methods of service delivery, through partnering, shared services and other mechanisms.

Changes to the ways in which government provides funding to Local Authorities such as Community Infrastructure Fund and new Homes Bonus which is related to growth will require the Council to ensure that it is maximising the opportunities that these provide.

A range of measures utilising the Council's Organisational Change Policy & Procedures, will be deployed to minimise job loss and compulsory redundancy including vacancy management, redeployment, flexible retirement etc. Early and careful planning together with sound staff and union consultation will help to mitigate the potential impacts. However, it should be recognised that over time this process is likely to become more difficult and it will be increasingly important to pay careful attention to staff morale, wellbeing and motivation

All of the services across the Department are looking at future organisational models that are aligned with and support the future direction of travel of the Council. Whilst implementation dates will, of necessity, vary, it is envisaged that these will all be in place by the end of the period covered by this plan.

The greater emphasis on commissioning and working with communities will require the enhancement of skills and development of new competencies for staff in these divisions with a greater focus on advice, guidance and consultancy both within the Council and the wider local community. Areas already identified and being developed includes:

- Commissioning & procurement skills
- Business planning and financial awareness
- Analytic, diagnostic and interpretive skills
- Lean systems and other process evaluation skills
- ICT Systems training
- Strengthening interpersonal skills
- People Management in complex situations

Approval of this plan

This plan is being considered by the Planning, Transport & Environment & Scrutiny Panel (PTE PDS on 6th December 2011).

The various Portfolio holders for Service Delivery will review it after that so that changes will be incorporated prior to January when Service Action Plans will be considered by the Panel. All Medium Term Service and Resource Plans will be brought together for consideration by the Panel in February and then Cabinet with budget recommendations made to the February meeting of Council.

Appendices

Appendix 1 - Capital programme

Appendix 2 - Service specific changes at Divisional

Appendix 3 - Impact of proposed budget

Appendix 4 - Key national and local drivers for medium term plans

Appendix 5 - Council's financial context (to follow)

More information about:

The Change Programme, the existing Sustainable Community /Strategy and Corporate Plan can be found on the Council's web site www.bathnes.gov.uk .

Service:

Service Delivery

Appendix 1

	2012/13	2012/13	2013/14	2014/15	2015/16	2016/17
	Draft Budget for Approval £'000	Draft Budget for Provisional Approval £'000	Draft Budget for Provisional Approval £'000	Draft Budget for Provisional Approval £'000	Draft Budget for Provisional Approval £'000	Draft Budget for Provisional Approval £'000
Planning & Transport						
Local Transport Improvement Schemes						
Rossiter Road		1,356	1225	1723	1723	1723
CIVITAS schemes						
Bath Transport Package*		1,700				
Environmental Services	72					
Highways		tbc	tbc	tbc	tbc	tbc
Highways Maintenance	72	3,056	1,225	1,723	1,723	1,723
Victoria Bridge						
LED Street Lighting Replacement Programme	3821		3667	3435	3300	3300
Waste	1483		1062	81		
Vehicle Replacements - Waste		750	1250			
Other Waste Projects						
Parking	114		tbc	tbc	tbc	tbc
Parking Projects		tbc	tbc	tbc	tbc	tbc
Neighbourhoods						
Vehicle Replacement - Neighbourhoods		tbc	tbc	tbc	tbc	tbc
Haycombe Crematorium Chapel Refurbishment						
Allotments						
Newbridge Hill - Contaminated Land	45		296	587	142	216
Sydney Gardens Restoration & Future Management	130		82	104		
	125	70				
		300				
	5,718	1,120	6,357	4,207	3,442	3,516

Tourism Leisure & Culture

Roman Baths Site Development - Catering
 Heritage Infrastructure Development
 Roman Baths Development - Phase 2
 Hetling Spring Borehole
 Paulton Library Relocation
 Odd Down Playing Field Development

17					
200		200	100	100	100
	0	1250	1250		
50					
	172				
	1,232				
267	1,404	1,450	1,350	100	100
Total	6,057	9,032	7,280	5,265	5,339

Funded by:

Government/EU Grant
 Revenue Contribution
 Service Supported Borrowing
 Unsupported/Corporately Supported Borrowing
 3rd Party Income (inc s106 receipts)

6,755	4892	5158	5023	5023
20				
1,431	3078	2041	242	316
3,253	562	81		
178	500			
Total	11637	9032	5265	5339

Notes:

The appendix represents the draft Capital Programme for Service Delivery based on the projects that have been brought to Project Initiation Group as at the 1st November.

The format of this appendix along with the capital programme is being revised to ensure clarity of schemes fully approved and schemes subject to further approval.

* Bath Transportation Package - The best and final bid has been send to DfT with a Decision expected in December 2011. The estimated costs and funding will be updated after this to be included in the February Budget Report. Whilst DfT funding is known for 2012/13 budgets for future years are subject to funding decisions by the DfT.

APPENDIX 2

Appendices

SERVICE SPECIFIC INITIATIVES AT DIVISIONAL LEVEL

Public Facing Services

Neighbourhood Services

- Review parks structures to further reduce management costs
- Examine potential for greater community management of assets
- Encourage more volunteering in maintaining green spaces
- Review grounds maintenance, standards and resources
- Reduce volumes of seasonal planting
- Review and downsizing plant production processes
- Streamline suppliers list to make procurement efficiencies
- Reduce frequency of mowing at Closed Burial Grounds and some golf course

Highways Network Management

- Review transport and highways functions to improve accountability
- Reduce highways maintenance compensate for new scheme growth
- Reduce energy costs by investing in LED street lights
- Reduce frequency of gulley cleaning on non-major roads
- Reduce annual spend on footway maintenance by 5%
- Reduce frequency of highway verge cutting without compromising safety
- Reduce advice, mapping & work on legal orders for Public Rights of Way

Parking Services

- Further revising parking enforcement procedures to improve productivity
- Regulate traffic through use of CCTV
- Restructure parking services to improve accountability
- Implement new national Blue Badge scheme

Waste Services

- Rationalise waste collection as residual waste falls and recycling increases (saving vehicle and agency staff costs)
- Reduce expenditure on publicity to support campaigning
- Increase fees for garden waste collection to the level charged by others
- Charge for non-household domestic waste brought to Recycling Centres

- Reduce opening hours of Recycling Centres

Public Protection

- Restructure to further reduce management costs
- Reduce sampling and some inspections in support of trading standards

Transport Services

- Provide Safer & Fuel Efficient Driver (SAFED) training to contractors
- Maintain horticultural equipment as part of workshop function

Planning & Transport

Planning and Transport (P&T) has previously made significant efficiency savings following reduced income streams which had previously supported the budget.

- Long term pressures remain from continued recessionary effects and these are being managed through vacancy management.
- The significant shortfall in income from Park and Ride is likely to remain a challenge.

Transport Development

- Interim Organisational Change Exercise completed. Design & Project & the Traffic & Road Safety Teams reporting lined changed to Network Manager.
- Review approval of third party works to the highway for efficient provision of this function.
- Review & harmonise administration processes & support
- Decide where drainage function (lead local authority for flood) best fits to deliver efficiently
- Determine most efficient reporting line for Graphic Information Service
- Review delivery of the capital programme & the Local Sustainable Transport Fund (bid dependent) for efficiencies
- Review single point of delivery for Traffic Regulation Orders for efficiencies
- The successful outcome of the Council's Local Sustainable Transport Fund (LSTF) bid will allow savings from staff redeployment to deliver the LSTF initiatives.
- Seek opportunities for additional funding from future EU for transport measures within the City/District.

Policy & Environment

- Savings continue to be made by undertaking work related to the LDF internally that was previously outsourced.
- Work programme prioritisation has been agreed via the Local Development Scheme Review (work program 2011-2014)

- One off funding bids via Revenue Budget Contingency funds are being pursued for new projects of high priority outside of this agreed work programme (e.g. Article 4 Direction for HMOs in Bath project)
- Collaboration with other service areas and external bodies on projects of joint interest

Development Management

- Adopt revised Enforcement Policy
- Lean Review frontline customer facing services
- Matching staffing to new levels of activity

Building Control

- Review all building regulation charges to ensure maximum competitiveness whilst also ensuring fee earning costs are covered.
- Investigate possibility revising S33 Avon Act to charge for Avon Act applications with regard to protection of hot springs.
- Review charges for Land Charge Search applications to ensure maximum competitiveness whilst ensuring all costs are recovered.
- Expand Building Control 'value added' services such as SAP/SBEM energy calculations and Code for Sustainable Homes audits to generate additional income and further improve competitiveness of service.

Libraries

- Review charging
- Engage communities in the management of facilities
- Move towards chip & pin payments (remove cash)
- Match staffing to new levels of activity
- Revision of job descriptions/ activities
- Explore further partnerships with neighbouring authorities
- Introduce volunteers in order to extend services

Festivals & Events

- Reduce real levels of support whilst promoting efficiency and strengthening revenue streams
- Create new events through Future Bath Plus

Heritage

- Move from casual staff towards more flexible but full time employment arrangements
- Introduce volunteers in order to extend services

- Strengthen revenue streams by targeted investment
- Match staffing to levels of activity

Tourism

- Reduce real levels of support whilst promoting efficiency and strengthening revenue streams to Tourism Company

Sport & Active Lifestyles

-
- Drive closer working and efficiencies in partnership with PCT
- Match management/ supervision to scale of projects
- Re-act immediately to any reduction in funding from Agencies of Government

APPENDIX 3

IMPACT OF PROPOSED BUDGET CHANGES

MEDIUM TERM SERVICE & RESOURCE PLAN SUMMARY – **SERVICE DELIVERY**

Growth & Saving Items

PROPOSED REDUCTIONS TO BALANCE BUDGETS (excluding one off reversals)

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
Change Programme Savings								
0	0	0	Sub Total – Change Programme Savings					
Other Cashable Efficiency Savings								
100	0	0	Redeployment of existing Transport Staff to deliver LSTF.	L	2	Nil	Reduced resource in Transport Policy (not filling vacancy) and on School Travel Plans.	LSTF Key Component has been funded by DfT for 2011/12 & 12/13. So no impact on Council budget through this redeployment.
320	0	0	WASTE SERVICES - Recycling - ongoing savings following contract variations	L	0	Nil		
95	0	0	WASTE SERVICES – reduce collections by 1 vehicle and crew	L	2	Nil		
50	50	50	STREET LIGHTING – Implement findings from trial	H	0			Requires approval of business case and capex. Year 1 savings low. Dependant upon approval of business case and capital investment

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
20	0	0	WASTE SERVICES - Waste Awareness Campaigning	L	0	Nil	Reduced publicity budgets. Risk is that landfill may not reduce as planned	
20	0	0	WASTE SERVICES – reduction in budget for legal fees	L	0	Nil	Will need to bid for additional funds when major procurements planned but none currently scheduled until 14/15 earliest	Replaces earlier undeliverable proposal to increase bulky waste charges
20	0	0	PUBLIC PROTECTION - Fair trading	L	1.0	Nil	Work to be ceased will include sampling, project work and low risk premises inspection as routine	Deletion of one £40K post.
Page 90 10	0	0	PUBLIC PROTECTION - Food Safety and Standards	L	0	Nil	See above	See above
10	0	0	PUBLIC PROTECTION - Product safety	L	0	Nil	See above	See above
10	10	10	PARKING - On street parking	M	0	Nil	Targeted enforcement and tariff changes to increase net income	
9	0	0	PARKS - Horticultural Workshops	M	0.3	Reduced on site support for Parks equipment	Merger with vehicle workshops	
188	200	212	Increase in Heritage net profit	MM	N/A	Investment financed via Business Plan	Five year business plan that integrates revenue streams, costs and investment undergoing annual review. National and international economic trends will significantly affect returns.	
38	0	0	Standstill on non staff budgets across TLC,	LL	N/A	N/A	Will produce a real terms cut in activity	

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
			including Heritage Services					
20	50	0	Bath Festivals Trust - reduction in contract fee	L	N/A	N/A	Reduction agreed with Trust and built into their Forward Plan	
0	0	0	Water monitoring: reduction in water testing costs	L	N/A	N/A	Reduced frequency of testing will not impact on service levels	
11	0	0	Reduce administrative and computer costs within Library Services	L	N/A	N/A	Reductions will not impact on service levels	
50	0	0	Reduce Future Bath Plus fee following successful BID	M	N/A	N/A	Dependent upon outcome of BID	
33	0	0	Reduced consultancy costs, including legal	M	N/A	N/A	Depends upon resolution of contractual and other legal issues	
10	2	0	Spa monitoring - annual reduction in net cost / increase in net income	H	N/A	N/A	Dependent upon resolution of contractual issues	
19	0	0	Reduce BTP+ fee to finance TIC refurbishment	L	N/A	N/A	Reduction in fee to finance debt charges to support capital grant to BTP+	
3	0	0	Reduced managerial, administrative and cultural staffing	L	0.1	N/A	Deletion of vacant posts to support the Divisional Director and Cultural activity	
33	0	0	Reduce staffing for sports development	M	1	N/A	There will be a direct impact on the partnerships development by this post over the years, affecting their Project areas. The reduction in capacity for the team will necessitate making decisions to cut service provision, or	

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
							put extra strain on remaining posts.	
41	0	0	Reduce management provision within the Library service (This has £7k adjustment to make both sides balance – see also growth)	H	1	N/A	Withdrawal of these posts will remove an element of strategic and frontline management direction from the library service resulting in loss of leadership, management capacity and professionalism. Elements of the service's work with the elderly (Home Library service), recruitment/development of volunteers, equalities, social cohesion and developing literacy with targeted communities all would be reduced or withdrawn if posts are deleted.	
1110	312	272	Sub Total – Other Cashable Efficiency Savings					
Additional Income								
104	104	104	All services – inflation rises assumed at 2% for all other fees		0	Nil		
800	0	0	Planning Development Management - Adoption of local charging for applications to more fully cover costs if the legislation is passed by Parliament in time. (Maybe deferred until Oct	H	0	Nil	There will be a big risk if the legislation is not agreed, will need to reflect on the risk robustness statement. Adoption of local charging for applications to more fully cover costs if the legislation is passed by Parliament. Risk	Risk that legislation may be delayed making this impossible to implement. Must also be shown on the 12/13 risk robustness statement in order that suitable risk provision is made.

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
			2012) Level of achievable savings depends upon legislation. (see DRT's cell note)				that increased prices will slow development.	
5	0	0	Transport - Pre-application advice including allocation of development sites	L	Nil	Nil	Discretionary - Ensure pre-application costs are recovered. No but work in hand to achieve this - requires support from finance (analysis - project type work)	
Page 93 5	0	0	Transport – Transport Assessments (how developments impact on the highway)	L	Nil	Nil	Potential for additional income. Work in hand to achieve this - requires support from finance (analysis – project type work).	
60	25	0	WASTE SERVICES – Increase garden waste & cardboard prices	L	0	Nil	Increased annual price of £5.55 per bin (including 2% assumed inflation)	Put prices up as recommended to Cabinet 2010, over a period of 2-3 years to a maximum of £35 in line with neighbouring authorities (currently £27.05)
45	0	0	WASTE SERVICES - Charge for non-household waste at recycling centres	H	0	Nil	Introduce charges for non-household waste. (Refers to C&D - i.e. rubble, Asbestos, Tyres & Plasterboard)	
20	0	0	PARKING - Permit system/ Residents Parking	H	0	Nil	Redesigned permit system to bring in extra income	Investment in revised systems required.
20	0	0	TRANSPORT - Provide SAFED training for	M	0	Nil	Home to School Transport contractors trained in safe	May be achieved in 2011/12. Would have to

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)	
			contractors & others				and efficient driving	replace with procurement savings	
18	0	0	PARKING - BLUE BADGES - start charging for new scheme at £10	L	0	Nil	Charge made for issue of badges. No charge is made for the current service	New service will cost £31K but we can recover £28K through charges thereby improving net position by £18K (best case).	
1077	129	104	Sub Total – Additional Income						
Page 94									
Reduced Service Levels									
22	0	0	Grant contributions for Partnerships / Funded organisations	L	0	Nil		This saving has been agreed by working closely with our partners and does not put the partnerships at risk.	
100	0	0	HIGHWAYS – Drainage and Gully Cleansing	L		Reduced quality of highway assets	Redefined service standards will impact on the street scene. Up to 50% cut but more flood response required.	Would require intelligent scheduling to mitigate local flood impacts	
60	0	0	PARKS & GREEN SPACES – Grounds Maintenance	M		Impacts on quality of green spaces	Redefined service standards will impact on green spaces	Based on 6% cut.	
50	0	0	HIGHWAYS – Footway Maintenance	L		Reduced quality of highway assets	Reduced quality of pavements. Service cuts will increase overall long term maintenance costs.	Linked to Asset Management Plan debate - spending level currently low and unsustainable.	
42	43	0	HIGHWAYS - Road Maintenance	M	0	Reduced quality of	Highway network maintained at a lower standard	Savings to offset £42K pressure of new	

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
						highway assets		adoptions and Transport programme
40	30	0	PARKS - External floral displays	L	1.5	Impacts on quality of street scene	Less floral displays impacting on residents and visitors	Current spend c. £220K so 2 year saving is 30%+
25	0	0	HIGHWAYS- Verge Maintenance	L	0	Impacts on quality of street scene	Redefined service standards with risk of increased complaints due to footway obstruction, growth overhanging carriageways	Will impact on street scene and require intelligent scheduling to mitigate safety risks.
25	0	0	PROW, legal orders 'diversions' 'stopping up' Village Green Applications etc.	M	1.0	Nil	Applications will take longer to process	Reduction of team by 1 further post gives savings shown here
10	0	0	PROW advice and information	M	0	Nil	Reduced service to public offset by new web site	See above
5	0	0	PROW, Mapping the Network in Bath	M	0	Nil	Process will take longer	See above
15	0	0	GROUNDS MAINTENANCE (GOLF) - Contractual	M	0	Reduced frequency of mowing	Areas other than fine turf will be cut less often	Would require agreement of Aquaterra and TLC. Reduce cutting regime to save cost (currently £114K p.a.)
10	0	0	BEREAVEMENT SERVICES - management of closed cemeteries	H	0.2	Reduced frequency of mowing	Closed Churchyards maintained to statutory minimum	Statutory responsibility. Methods and costs reviewed 2011
10	0	0	WASTE SERVICES - Reduce hours at Recycling Centres	L	0	Nil	Reduced availability of service. Possible impacts on landfill diversion	Various options – e.g. possible earlier closing on Sundays (1pm)

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
25	0	0	Reduce spend on leisure activity and local leisure events	L	N/A	N/A	Potential to undermine provision and infrastructure of delivery, which will have a direct impact on those persons deemed most vulnerable in society, ie those suffering with ill-health, disabled, children and young people at risk from exclusion. Bringing sporting events to the Authority makes a positive contribution to the local economy, as well as promoting community and family cohesion leading to stronger, safer communities.	
77	0	0	Heritage services – reduction in building maintenance; investment, grants to independent museums and discretionary spend	M	N/A	Reduction in building maintenance and investment in the visitor product could impact upon profitability; grants to independent museums severely reduced;	Will make the delivery of planned increases in profit target more challenging	
34	0	0	Reduce arts commissioning and grants	M	N/A	Removes project grants	Will reduce support to voluntary sector	

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
32	0	0	Reduce Arts development team	M	1	Significantly reduces capacity of team		
21	0	0	SPORTS - Discretionary, Provision of sports facilities (excluding Golf)	M	N/A	Reduces contract fee to operator		
40	0	0	Tourism - further savings	M	N/A	Significant reduction in support for destination marketing		
643	73	0	Sub Total – Reduced Service Levels					
Discontinued Services								
30	0	0	PARKS - Internal floral displays		0.5	Nil	Service discontinued. Where required will be available from private sector	Deletion of service to cemetery chapels and Guildhall etc.
0	30	0	Events to promote tourism offer	M	N/A	N/A	Will reduce attractiveness of destination and will impact on visitor numbers, income directly generated by the Council and the tourism economy	
100	0	0	End mobile library service	H	2.2		<ul style="list-style-type: none"> Will remove Library Service in most rural areas. Will impact on elderly and other sections of the community without transport. Will require consideration of broader library options	
130	30	0	Sub Total – Discontinued Services					

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
Other Savings To Be Found								
0	1449	1771	Future year savings to be identified					
0	1449	1771	Sub Total – Other Savings To be Found					
2960	1993	2147	TOTAL SAVINGS					

2. PROPOSED GROWTH (Including inflation)

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
General (Including Inflation)								
			Pay inflation – nil in 12/13, 1% thereafter assumed					
0	58	59	- P&T					
0	136	138	- ES					
0	0	0	- TLC					
			Inflation – non pay costs					
214	214	214	- P&T					
626	626	626	- ES					
51	58	58	- TLC					
			Salary increments					
12	12	12	- P&T					
48	48	48	- ES					
26	26	26	- TLC					
977	1178	1181	Sub Total - General					

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
New Legislation / Government Initiatives								
50	0	0	Avon Act enhancement – S.32 Avon Act needs to be revised and extended to protect hot springs in Bath from large scale development such as hydro fracturing and quarry extensions in areas outside of the B&NES area.		0	This work is to look to further protect the hot springs of Bath which supply the Roman Baths, the Pump Room, and Thermae Bath Spa	Damage to the hot springs would have a major effect on the tourism industry in Bath in particular affecting the Roman Baths.	Research required to investigate the possibility of extending the geographical reach of the Avon Act S.32. This will involve initial technical research which may then lead on to involve the commissioning of parliamentary agents.
50	0	0	Planning – extra resources to meet new demands from CIL (also assumes £100k allocated as one-off)		2 extra posts needed	CIL is needed to ensure that new development is properly aligned with the necessary infrastructure.	Failure to maximise S106/CIL will affect everyone and would result in a significant loss of income and reputational damage.	Failure to ensure that S106/CIL money is spent appropriately could result in the finance being returned to the developer. The majority of parties liable to pay the levy are likely to pay their liabilities without problem or delay, guided by the information sent by the collecting authority in the liability notice.

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
257	80	80	Landfill Tax increasing annually by £8 per tonne					
357	80	80	Sub Total – New Legislation / Government Initiatives					

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
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Increase in Service Volumes

20	0	0	Planning – increased stage 2 complaint investigations being charged by other DDs		0	Nil	There is no provision in the planning budget to deal with stage 2 complaints. There will be a financial and reputational damage as a result of upheld investigations by the Local Government Ombudsman.	
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12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
32	43	0	Increased frequency of 6/7 bus route implemented Oct 2011 (first year from revenue budget contingency)		0	Nil	There is no provision in the budget for continued funding of this supported service beyond 1 st year. Negotiations with First may result in subsidy not being required or could be supported at the expense of other supported services.	
25	0	0	On-going Impacts of Transport Programme	Risk of not delivering growth (H/M/L)	0	Nil	Nil	£42K savings to offset this shown above
17	43	0	Maintenance impact of new highway adoptions	Risk of not delivering growth (H/M/L)	0	Nil	Nil	See above
			Revenue maintenance consequences of BTP	Risk of not delivering growth (H/M/L)				
8	0	0	- P&T	Risk of not delivering growth (H/M/L)				

12/13 Growth £000	13/14 Growth £000	14/15 Growth £'000s	- Description of Growth (including driver)	Risk of not delivering growth (H/M/L)	Impacts on staff - (incl no of extra posts needed)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)
6	0	0	- ES	Risk of not delivering growth (H/M/L)				
41	150	0	Leisure Contract increase & renewal; new leisure facilities	Risk of not delivering growth (H/M/L)	N/A		Contract expires in 2013; investment in facilities required to ensure reasonable provision after that date	
149	236	0	Sub Total – Increases in Service Volumes					
Improvement Priorities								
0	177	0	MBT waste processing	Risk of not delivering growth (H/M/L)				To reduce increasing landfill tax impacts
				Risk of not delivering growth (H/M/L)				
0	177	0	Sub Total – Improvement Priorities					
Other								
240	0	0	Park & Ride – long run budget deficit identified in monitoring closed	Risk of not delivering growth (H/M/L)	0	Nil	Without this growth item the budget pressures will continue and show as a deficit.	

237	0	0	Replace c/fwd budget to consolidate food waste scheme	Risk of not delivering growth (H/M/L)				
250	0	0	Parking Services – long run budget deficit identified in monitoring closed	Risk of not delivering growth (H/M/L)				
			Debt charges from existing asset replacement	Risk of not delivering growth (H/M/L)				
261	0	0	- ES	Risk of not delivering growth (H/M/L)			<p>£19k on play areas</p> <p>£25k year1 SSB on £1m enhancement to Highways cap prog repaid over 20 years as per conversation with Kelvin re: asset life. Will be £66k in future years.</p> <p>Revised funding around the £2m previously borrowed has been built into budgets. This would be circa £217k as has been calc'd over 10 year payback period</p>	

52	6	0	- TLC Debt Charges for existing asset replacement: libraries; Spa water monitoring; Wellsway sports hall; TIC refurbishment	Risk of not delivering growth (H/M/L)		Spa water investment is required to maintain and improve the spa water supply; the extension to Wellsway school sports hall will provide for community use	Mobile libraries are close to the end of their useful life; Spa water investment is required to maintain and improve the spa water supply; the extension to Wellsway school sports hall will provide for community use	
1040	0	0	Sub Total - Other	Risk of not delivering growth (H/M/L)				
2523	1671	1261	TOTAL GROWTH	Risk of not delivering growth (H/M/L)				

APPENDIX 4

KEY NATIONAL & LOCAL DRIVERS FOR MEDIUM TERM PLANS

National

The public sector is facing severe **financial cuts** over the 4 years starting in 2011/12 - . the Comprehensive Spending Review period. Although these vary between departments, on average these represent 30% or more real cuts after allowing for inflation. This Council faced a 16% cash reduction in funding from Government in 2011/12, will see at least an 8% reduction in 2012/13, and is yet to find out what the reductions will be in the following two years under the new grant and business rates system.

Further financial changes include:

- Removal of ring-fencing from most Government grants to local authorities but excluding public health and a simplified schools grant – Most ring-fencing of grants has now been removed and many specific grants have been cut. Funding to finance Academies is being ‘top sliced’ from the grant to support the LEA role i.e. the schools grant.
- Incentives such as national funding (£2 billion nationally and £1.6M locally) to encourage better integration between health and social care (with the latter seen as a means of preventing or reducing demands on health). Also real financial implications of not reducing carbon usage (a new carbon tax) and a financial incentive to freeze Council Tax in 2011/12 and 2012/13. These were all implemented last year, albeit the funding for health and social care was ‘top sliced’ nationally and was not new money. However the funding received locally was ‘pass ported’ to those services in 2011/12 as part of this Council’s budget.
- National guidelines will be published for Council Tax increases as part of the Localism Initiative and if exceeded these could trigger a local referendum. The implementation date for this change is not yet announced.
- The funding for local government is being looked at as part of what is known as the Resource Review and was published by the Department for Communities & Local Government in July and August. It includes returning business rates growth to local authorities.
 - Those local authorities that grow local business rates more than the average will benefit. However, there is no additional money in the system nationally so the pressures remain.
 - Government will continue to set levels business rates using an inflation index as now.
 - Much depends on the way the first year of the new system is implemented, how the grant figures are initially set, how any short term impacts on business rates such as from vacated MOD sites might impact etc.
 - It is possible this Council will be relatively worse off under the new system in the first few years; later years will depend on how much growth is delivered. We should have greater clarity by the end of 2011 calendar year.

Changes in **Government Legislation** and regulation are a key issue following the national elections and the creation of the Coalition Government with its radical change agenda. Changes include:

- Creation of Academies – creation of new Academies largely free from LA control with immediate effect – schools go through a relatively fast application process that can take only a few months - this is progressing quickly for secondary schools and challenges the way the LEA role should work in future especially as the funding for that role is being removed by Government
- Reform of Health – including demise of PCTs by 2013 and requirement for all delivery functions, including Community Health, to be arms length in 2011/12 – this has now been achieved. Public health will effectively return to the Council as a responsibility from April 2012. The B&NES PCT will become part of a cluster PCT for B&NES plus Wiltshire from April 2012 but may go when a national commissioning body plus clinical commissioning fully takes over in 2013.
- Removal of Quangos such as the RDA, creation of Local Enterprise Partnerships (at sub regional level such as the West of England), removal of large parts of the performance monitoring regime, removal of the Audit Commission etc.- the LEP is in place and the RDA has now effectively gone.
- Localism reforms to encourage more local decision making, greater transparency, reform of the way decisions get taken in LA's, local referenda for any excessive Council Tax increases and various 'Big Society' initiatives – this legislation has still to be implemented but the direction of travel is clear.
- Reform of the planning system – new simplified guidelines for planning, greater presumption in favour of development, community infrastructure levy (to replace much of the role of S106 agreements), removal of top down targets in the regional spatial strategy.
- Tightening of Benefits rules and a radical move towards one unified Benefits system (Universal Credit – also in the CSR) over 10 years but with capping of Benefits being led by Local Authorities from 2013 as a first move – this remains on target although the concerns about how this will be delivered and the impact on our customers and our joined up front office is increasing
- Introduction of The Public Services White Paper which introduces Personal budgets (cash budgets), the ability for companies, charities and community groups can bid to run local health services, schools, libraries and parks. Removes restriction and allows service providers to make a profit (in some areas)

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Local

This Council has a Corporate Plan and Sustainable Community Strategy under review. The details will be published for consideration by Council in February. Once set this will guide future priorities and methods for working with key partners.

The existing sustainable Community Strategy has the following priorities:

- The causes and effects of *climate change*
- The impacts of *demographic change*
- The need for *growth*
- *Inequalities* in our communities
- A focus on '*thinking local*'
- The impact of recession on our *economy*

The new administration is currently developing its new vision and objectives, these will be agreed in the New Year and a new Corporate Plan will be developed for implementation from April 2012.

In the meantime the Change Programme remains as an essential way of delivering efficiencies and service change. The Programme is quite radical and will see the creation of an improved front office – one stop shops, phone enquiry service and web. This has already begun. Similarly the amount of offices is reducing and better, more efficient workplaces are being developed with some space shared with key partners such as health, the police and aspects of the voluntary sector. Better procurement is also delivering savings and the Council is increasingly collaborating with neighbouring authorities in the same market, notably Bristol.

The Council's Change Programme is constantly reviewed and programme managed. The focus is on:

- joining up public services - so that strategic planning, community engagement and customer interaction is simpler and even more effective
- designing services around the needs of individual customers - to remove waste, provide choice and improve customer satisfaction
- meeting the stringent financial challenges - that are facing local government as the major squeeze on public expenditure starts to bite

The work streams are:

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- Resources
 - customer services (customer contact)
 - strategic commissioning
 - support services future delivery
 - all enabling change programme work
- People & Communities
 - Children's Services
 - Academies
 - Review of LEA role
 - 11-19 Services
 - children's social care
 - Health & Wellbeing
 - public health
 - commissioning role (post NHS reforms)
 - community services - creation of provider arm (Sirona)

With various enablers:

- workplaces/office accommodation/flexible working
- communications and organisational development
- processes and systems including lean 'systems thinking' reviews and ICT

- finance including medium term planning and service prioritisation
- legal
- procurement

The Change Programme is fundamental to the achievement of some of the Council's main efficiency targets and is scheduled to deliver £8M of recurring annual saving by the end of the next 3 years. It has already delivered over £3M so is on target but the complexity of some of the changes does increase as the programme develops. The emphasis will increasingly require cross departmental co-operation.

In response to the growth agenda the Council has progressed its land use planning Core Strategy. This will set the context for future business and residential development in the district.

The Council's revenue budget, use of reserves and capital programme needs to be designed to reflect all of these national and local influences.

APPENDIX 5

MEDIUM TERM SERVICE & RESOURCE PLANS – 2012/13 to 2015/2016

FINANCIAL PLANNING ASSUMPTIONS

1. Context – The Financial Challenge

The Council's Budget for 2012/2013 will represent the second year of financial planning prepared in the context of the Government's Comprehensive Spending Review (CSR) announced in October 2010.

This CSR included a deficit reduction programme with 28% cuts to local authority spending spread over the four year period from 2011/2012 to 2014/2015 with a significant element front loaded to the first two years.

The financial implications for the Council were set out in the Local Government Finance Settlement in December 2010 which showed a 16% cash reduction in funding from Government in 2011/12 and, at least an 8% reduction in 2012/13. The Settlement did not go beyond two years as a result of the significant changes to the grant and business rates system from 2013/2014 although the direction of travel is clear from the CSR.

Since the approval of the Council Budget for 2011/2012, including the three-year Medium Term Financial plans, the Council continues to gain more information on emerging national and local issues which will add to the financial challenges over the medium term financial planning period – these include:

- In response to the health reforms, the establishment of a Social Enterprise in B&NES on 1st October 2011 to continue the delivery of integrated Community Health and Social Care Services.
- A potential significant increase in the funding to finance Academy schools which is 'top sliced' from the Council general revenue grant funding. The Council was already expecting this to rise to £750K in 2012/2013 but this may now increase to over £2.25M.
- A one-off grant will be provided by the Government in 2012/2013 to support those councils agreeing a freeze in council tax.
- Public health responsibility and related services will return to the Council from April 2013, together with an appropriate budget transfer from the PCT.
- National guidelines will be published for Council Tax increases as part of the Localism Initiative and if exceeded these could trigger a local referendum. The implementation date for this change is not yet announced.

- The funding for local government is being reviewed with the intention of returning at least an element of future business rate growth to local authorities. The impact either positive or negative on the Council will depend on the way the new system is implemented and it is possible this Council will be relatively worse off under the new system in the first few years, with later years depending on how much growth is delivered.
- Responsibility for setting Council Tax Benefit returning to local authorities from 2013/2014 with subsidy funding from Government reduced by 10% at the same time.
- Reform of the planning system – new simplified guidelines for planning with a community infrastructure levy to replace much of the role of S106 agreements.
- New proposals for the future of the Local Government Pension Scheme will be brought forward following the Hutton Review.

These issues are reflected within the Budget planning process for 2012/2013 and the supporting medium term financial plans to the extent the impacts can be reasonably anticipated. It should be particularly highlighted that the scale of changes impacting in 2013/2014 makes the financial implications for the Council beyond the next financial year extremely difficult to predict.

2. Summary of Budget approach for 2012/2013

The sound financial management of the Council over the years means it is in a better position than many other councils to face the continuing financial challenges arising as a result of the national economic situation.

The Council Budget currently being developed for 2012/13 recognises the very difficult financial challenge now facing the whole of the public sector and the continuing need to prioritise resources. The Council will do this using the following principles:

- Protecting wherever possible priority front line services especially where these support the most vulnerable
- Maximising efficiency savings and using invest to save as a means to achieve this.

There are no longer the available resources to deliver the full range of services that have been provided in the past. New legislation and demographic changes similarly demand clear prioritisation and new approaches. This increasingly means difficult choices.

The following objectives are being used to help prioritise and will be refined as part of the process of compiling a new corporate plan and sustainable community strategy.

- Promoting independence and positive lives for everyone
- Creating neighbourhoods where people are proud to live
- Building a stronger economy
- Developing resilient communities

The approach also needs to be kept under review and linked to the Government's localism agenda is the need to help communities be more resilient and self-sustaining.

There are service specific growth pressures that need to be addressed including impacts of national policy changes. The most significant of these include:

- National increase to the funding 'top sliced' from local authorities to fund Academy schools.
- Rising elderly population placing significant demands on Adult Social Care and Health services.
- Increased demand from adults with learning difficulties.
- Increased demand for Children's care services.
- Inflationary costs particularly for care placements and external service contracts.
- National increase in the rate of the landfill tax.
- Local impacts of the economic downturn and increasing competition.

Taking account of the reductions in government grant funding and the pressures outlined above suggests that around £12m of budget savings will be required in 2012/2013.

It is anticipated that the majority of these savings will be delivered from efficiencies through service review and the Council's Change Programme. However, the scale of the projected savings in 2012/2013 coming on top of those delivered in 2011/2012 is such that the Council will need to prioritise services and whilst every effort will be made to protect frontline services, this will inevitably lead to cuts in service areas which are considered lower priority.

In the medium term the need to strike an appropriate balance between the diminishing resources available to the Council and the demands placed on all its services will require an even greater prioritisation of services.

3. Council Tax

On 3rd October 2011 the Government announced the provision of one-off funding to support councils who freeze their Council Tax for next year at the current level (i.e. a zero increase). The Cabinet currently expect to be in a position to make recommendations for a zero increase in Council Tax for 2012/13 to Council in February 2012 as part of the 2012/2013 budget setting process.

4. Government Grants

The Council currently receives approximately £43.5m in formula grant from the Government which is distributed using a complex formula known as the Four Block Model. This formula includes significant weightings attached to deprivation based indicators across a range of specific service blocks

The Council has historically lost significant funding (around £2.5m per annum) from its formula grant settlement through the application of the damping system or, in layman's language, the protection by Government of other authorities who should be getting less on a needs basis than they currently are. For 2012/2013 the level of damping is expected to be £2.3M.

Whilst a reduction in formula grant of at least 8% is anticipated for 2012/2013, following a recent consultation by the Government in respect of the funding for Academy Schools, we are anticipating a further significant adjustment to this grant when announced towards the end of 2012. Our modelling indicates that a potential significant increase in the funding which is 'top sliced' from this grant funding. The Council was already expecting this to rise to £750K in 2012/2013 but this may now increase to over £2.25M.

As set out in Section 1 above, this funding distribution method for local government finance is being reviewed with the intention of returning at least an element of future business rate growth to local authorities. The impact, either positive or negative, on the Council will depend on the way the new system is implemented and it is possible this Council will be relatively worse off under the new system in the first few years, with later years depending on how much growth is delivered.

In addition the Council receives a range of specific and area based grants directly supporting activity in each service area. These grants were simplified but subject to significant reductions during 2010/2011 and 2011/2012. The ring fence around many of the grants was also removed therefore offering more local choice albeit within tougher financial constraints.

Whilst some small further reductions have been factored into specific service areas within the Medium Term Service and Resource Plans, the assumption for financial planning purposes will be for any further cuts in specific and area based grants will be contained within the relevant service areas. High levels of further cuts in specific grant are not anticipated.

Medium Term Service and Resource Plans

The Medium Term Service and Resource Plans prepared by each service area provide for the anticipated level of savings required to ensure the Council is in a position to consider a balanced Budget proposal for 2012/2013. Savings in excess of £12M are estimated for 2012/2013 at this stage equating to over 5% of gross expenditure (excluding schools).

Due to the changes in the government grant funding system for local authorities from 2013/2014 and the significant range of additional changes impacting from this year, it is extremely difficult to forecast future savings requirements. The implications for local authorities set out in the Comprehensive Spending Review together with the potential impacts of these changes do indicate the potential for significant financial pressures in future years.

The comprehensive spending review indicated a further 1% cut in funding for local Government in 2012/13 and a 5.6% cut in 2014/15.

6. Reserves

The budget for the current financial year 2011/2012 provides for the Council's General Fund Balances to be maintained at their risk assessed minimum level of £10.5m. There are no assumptions to change this position.

A range of Earmarked Reserves are maintained by the Council for specific purposes and commitments and these are set out below. The likely commitments against each of these reserves will reviewed as part of the ongoing development of the Budget for 2012/2013.

The Council's reserves position remains relatively strong but can only used once, with the overarching principle of not using reserves to provide support for recurring budget pressures.

7. Pensions

The most recent actuarial review as at 31 March 2010 concluded a number of positive factors which did not require any significant variation in the Council's employers contribution level overall. These factors included:-

- The Avon Pension Fund investments have performed relatively well albeit since that review investments generally have been volatile and affected by poor stock market performance.
- The Government has switched the rate for future pensions increases from the Retail Price Index (RPI) to the historically lower measure of the Consumer Price Index (CPI).
- A national review of public sector pensions schemes is being undertaken by the Government (the Hutton Review).

The outcome of the actuarial review was factored into the Budget for 2011/2012 and whilst no change was provided for in terms of the overall contribution level for the Council, the implications of a reducing workforce may require a further adjustment by the Council to maintain this neutral cash position from 2012/2013 or subsequent financial years.

Pay Awards

In accordance with national government expectations for a public sector pay freeze continuing into 2012, no provision for pay increases will be provided for financial planning purposes in developing the 2012/2013 Budget.

9. Other Assumptions

Some of the other key assumptions being used in the development of the medium term plans include:

- No further provision has been made for retrospective or additional cuts to the Government funding levels announced in the 2011/2012 financial settlement.
- Balanced budgets are delivered for 2011/2012 - there is no provision for overspending.
- No general provision for inflation has been made although services have provided for known specific costs pressures.
- Interest earnings are based on a 1% return – the average Council investment return has fallen in recent years to just over 1%. No increase is now expected going forwards into 2012/2013.

10. The Local Government Finance Settlement 2012/2013

The Local Government Finance Settlement is expected in early December 2011 and this will provide the detailed position for the Council in terms of exactly what Government funding it will receive for the year ahead. We expect this to include confirmation of any further reduction in grant funding to finance Academy schools as set out in Section 1.