

SUBMISSION REPORT SEEKING AN EXEMPTION FROM THE RELAXATION OF PERMITTED DEVELOPMENT RIGHTS IN RELATION TO THE CHANGE OF USE FROM B1(a) OFFICES TO C3 RESIDENTIAL IN RESPECT OF THE BATH CITY RIVERSIDE ENTERPRISE AREA

February 2013

1. The Council's Economic Strategy aims to build a more sustainable, diverse and robust local economy by addressing the areas historic over reliance on retail, tourism and the public sector and enabling the growth of higher value added jobs in key sectors where the area has niche strengths including professional services, financial services in wealth management, creative and digital media and ICT systems design.
2. To support the aims of the Strategy and the economic growth ambitions of the West of England Local Enterprise Partnership the Council's Core Strategy is making provision for 10,000 additional jobs to be delivered in B&NES by 2029. 7,000 (65%) of these jobs are to be created in Bath, continuing its role as the area's main employment location, with over 3,500 in office based sectors requiring a net gain of 40,000sqm of new office space in the central area of the city.
3. Overall Bath has 173,000sqm of office space, over 80% of the total in B&NES. Of this 112,000sqm is located in the city's central area. However in 2009 the Business Growth & Employment Land Study, carried out for the Council by Roger Tym & Partners indicated that in Bath :

"The office stock is poor in terms of specification as well as quantity. It is particularly acknowledged that there is a shortage of high specification, open plan office accommodation of 185sqm upwards. This accommodation type is in high demand from occupiers and..... this shortage is preventing growth from existing Bath based occupiers together with potential relocations."

R Tym & Partners

4. The key to delivering the objectives of the Economic Strategy and Core Strategy is the improvement and diversification of the office stock in the city of Bath. Currently only 13% of the existing space can be categorised grade A with over 40% being secondary and period space.
5. The Bath City Riverside Enterprise Area, alongside the city's central area, has a fundamental role to play in delivering the modern open plan office space that many businesses require. The Enterprise Area, along with the Bristol Temple Quarter EZ and the four other Enterprise Areas across the West of England, have been identified as the key drivers of economic growth in the sub-region and included in the Bristol City Deal.

6. The West of England Local Enterprise Partnership believes that collectively the Enterprise Zone and the five Enterprise Areas represent a nationally significant area of economic activity which should be granted exemption from the changes to permitted development rights. The LEP has made a separate submission which is attached.
7. The Enterprise Area has the capacity to deliver up to 9,000 jobs and over 3,500 new homes and £13m has been secured from the Local Enterprise Partnership to invest in key infrastructure. Investment is planned in new city centre and edge of centre commercial quarters and the Council's Core Strategy allows for at least 50,000sqm of new office space to be brought forward within the central area.
8. Over the last two decades the B&NES area has grown by circa 1.8% GVA per annum. Alongside this historical trends show that the take up rate of offices in Bath was in the order of 10,000sqm per annum, the majority of this take-up being "churn" generated by new business starts and existing companies moving within the city. Indigenous business expansion and new inward investment was constrained by the lack of modern business space.
9. Moving forward the aim is to increase annual GVA growth in B&NES overall to 2.15% and in Bath to 2.4%, a significant change which will only be achieved by improving business space take-up rates and generating increased indigenous business and inward investment. The key to this is the delivery of economic growth in the Bath City Riverside Enterprise Area through the development of modern new office space and the protection of the better quality existing office floor space.
10. The attached plan shows the extent of the Bath City Riverside Enterprise Area and its close relationship with the Bath Central Area. The retention and creation of office space in or adjacent to the city centre is an important consideration as acknowledged in the Business Growth & Employment Land Study :

"For many occupiers, the location (of offices) generally in the city centre, is often seen as desirable, offering easy access to Bath's facilities and proximity to other office users. The acknowledged practice of offering (existing) buildings for letting in whole or part means that, subject to availability at a specific time, there is a range of accommodation sizes available, allowing a range of business needs to be satisfied."

R.Tym & Partners

11. Within the Enterprise Area it is estimated that there is circa 50,000sqm of existing office space which will continue to play an important role alongside the planned new office space in facilitating the growth of local companies. Much of this space is made up of smaller floorplate units, typically 150 – 700sqm, within larger mixed use city centre blocks. It would therefore be very vulnerable to change of use under the proposed relaxation of permitted development rights.

12. The introduction of the relaxation of permitted development rights, allowing a change of use from B1(a) office to C3 residential will have a number of impacts on local economic growth both in the short term and long term.

In the short term:

- Existing vacant office properties will be withdrawn from the market (less than 7% of the currently available space is grade A) generating an un-controlled loss of office floor space at a time when economic markets are perceived to be depressed.
- Any space which is lost will be unlikely to return to the market as economic conditions improve. Local SME's will be left with restricted opportunities to meet their changing employment needs and local economic growth will be constrained.
- As existing properties within the Enterprise Area are removed from office use the Council's business rate base will be eroded affecting future income levels. Under the terms of the City Deal the Council will be liable for up to 100% of the lost business rate income in the Enterprise Area

In the longer term:

- Given the nature of the existing office stock within the Enterprise Area and its vulnerability to change of use there is likely to be an on-going trend of loss of space : the Council would have no control over the overall quantum and would have a limited ability to influence the overall quality which is a key consideration in relation to attracting new business investment in the city
- There would be a lack of protection for new office space created in the Enterprise Area which would be vulnerable to market fluctuations : this would provide significant uncertainty for the delivery of the City Deal Growth Incentive Programme locally and create financial uncertainty for the Council
- Businesses looking to expand or relocate to the area would face limited opportunities in relation to overall supply, choice and flexibility
- Ambitions to increase levels of GVA growth locally, to support the economic growth agenda of the Local Enterprise Partnership, will not be deliverable.

SCOPE OF EXEMPTION THAT IS BEING SOUGHT

13. In order that the Council can , through the draft Core Strategy policy framework secure the improvement and expansion of the overall stock of office space in the city, to attract business investment and expansion and encourage economic and employment growth to meet the aims of the B&NES Economic Strategy and the growth aspirations of the LEP the Council requests :

- an exemption from the proposed relaxation of permitted development rights in relation to the change of use from B1(a) offices to C3 residential in respect of the Bath City Riverside Enterprise Area as delineated on the attached plan.

February 2013.