

Bath & North East Somerset Council	
MEETING/ DECISION MAKER:	Planning, Housing and Economic Development Policy Development & Scrutiny Panel
MEETING/ DECISION DATE:	4th July 2017
TITLE:	The Implications of Losses of Office to Residential in Bath
WARD:	Bath wards
AN OPEN PUBLIC ITEM	
List of attachments to this report: Annex 1- Bath Central Area	

1 THE ISSUE

- 1.1 Officers have been asked to explore the benefits and risks of making an Article 4 Direction to remove the permitted development rights to make a change of use from office to residential in Bath. The purpose of this paper is to explain the evidence, enabling a discussion of the issues and next steps.

2 RECOMMENDATION

- 2.1 The Panel is asked to;

- (1) Note the contents of this report, and
- (2) Discuss and provide guidance on the potential next steps referred to in paragraphs 5.13 to 5.15 below.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 There could be an implication on future Business Rates retention in the city, should an Article 4 Direction not be progressed. Further work will need to be carried out to establish the evidence in this respect.
- 3.2 Introduction of an Article 4 Direction will require that changes of use not currently requiring planning permission will now be subject to planning control but no application fee can be applied. This will increase the costs of the Council's Development Management function which are not recoverable
- 3.3 If a decision is made to pursue an Article 4 Direction, then a planning policy will also be required to enable its operation.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 In 2013, the Government removed the need for planning permission to change of use of buildings within the B1(a) office use class to C3 residential. Such changes are subject to the following conditions:

- (1) only applies to buildings in B1(a) use on or before the 30th May 2013;
- (2) does not restrict the number of dwellings created;
- (3) does not cover external modifications or extensions; and
- (4) does not apply to listed buildings.

4.2 In order to exercise these Permitted Development Rights (PDR), developers must notify the Council that they propose such a change through seeking Prior Approval and submitting a Prior Notification Order (PNO) form to the Council. Following receipt of a PNO application the Council has 56 days to determine the application, including at least 21 days for consultation. Under the prior approval process the applicant has three years to complete the change of use.

4.3 The criteria/tests against which PNO applications are assessed are limited to:

- (1) flooding risks in relation to the building;
- (2) contamination risks in relation to the building;
- (3) parking or highways impacts of the development; and
- (4) noise impacts from adjoining commercial development.

4.4 Local Planning Authorities can recover these controls through an Article 4 Direction which would remove the permitted development rights of landowners to convert their property. The evidence to justify the removal of these rights should be robust and the harm being caused sufficiently significant to support such a Direction being made.

4.5 Should it be progressed, the aim of a Direction would be to protect employment floorspace and jobs to enable delivery of the Council's adopted Core Strategy and Economic Strategy.

5 THE REPORT

Background

5.1 Reflecting the Council's Economic Strategy, the adopted Core Strategy, covering the period 2011-2029, seeks the delivery of 10,300 net new jobs in B&NES. Key to achieving this level of employment growth is delivering the 6,950 additional jobs in Bath.

5.2 To achieve this growth and to facilitate the expansion of key economic sectors identified in the Economic Strategy the Core Strategy allows for the delivery of 50,000sqm of new office space in the city, offset by the loss of 10,000sqm of space which is "the least suitable". The focus of this growth is the Bath Central

Area, supporting the findings of the Bath Office Market Review which identified this was the favoured location for office occupiers.

- 5.3 The Core Strategy was adopted in 2013 the same year that the Government introduced new permitted development rights (PDR). Since 2011 (the Core Strategy base year) analysis shows that by April 2016 in the Bath Central Area 7,000sqm of office space had been converted to residential use with a further 12,000sqm of space having obtained prior approval consent.
- 5.4 In response to this level of losses the Placemaking Plan (PMP) allows for a greater level of losses, up to 20,000 sqm of the “least suitable space”, and correspondingly increases the expansion of new office space to 60,000 m².
- 5.5 However the supply of development land in central Bath is severely constrained and together with the need to ensure that the height and massing of new development does not harm the World Heritage Site status, there is a risk that further uncontrolled losses of office space will result in the Council not achieving its planning policy and economic strategy objectives, with future economic growth and business rate income being constrained.

Methodology

- 5.6 To assess the risk and impact of further losses of office space the Council has appointed Ortus Economic Research to undertake an analysis of the Bath Central Area. The Ortus team have significant experience in economic data modelling and analysis and have worked with a number of local authorities on the loss of office space issue.
- 5.7 Ortus engaged Lambert Smith Hampton to provide local commercial market knowledge and advice and followed a methodology they have used elsewhere to support authorities considering Article 4 Directions as well as exemptions from the original temporary arrangements.
- 5.8 Given that 80% of B&NES office stock is located within the Bath Central Area, this part of the City has been the focus of the assessment. The Central Area is as defined in the Core Strategy (see Annex 1), with the addition of areas of B1 activity along the Lower Bristol Road.
- 5.9 The emerging analysis shows that as an established commercial centre B1(a) premises play an important role in Bath’s local economy; this use class accounts for a greater proportion of economic activity than any other. Economic activity is more concentrated in B1(a) premises in Bath than in B&NES or in the West of England. The key findings of the Ortus research will be summarised in a presentation to the Panel.

Emerging Evidence

- 5.10 Following the introduction of the changes to permitted development rights the Council received a total of 43 applications in relation to 28 separate properties in the Central Area. The applications range from modest schemes to convert small offices into single residential units, to large schemes affecting over 1,000sqm of office space. Over half of the office buildings subject to a change of use were part or fully occupied, which means many businesses would have to

relocate, quite possibly out of the City, and possibly downsize or even cease trading altogether.

- 5.11 The inclusion of relatively modern centrally located buildings as well as listed Georgian properties demonstrates that the Central Area is losing the type of office premises that could have continued to play a valuable role in providing employment in the city and could not be classified as the “least suitable” i.e. buildings occupied by businesses located in sought after, attractive, and accessible locations.
- 5.12 This loss of office accommodation needs to be considered in the context of the employment growth forecasts and policies that underpin the Core Strategy and Place Making Plan. Provision of B1(a) premises fell by over 6,000 square metres in central Bath between 2011 and 2016. In total as indicated in para 5.3 some 19,000sqm of office space has been subject to proposals for change of use. If this trend continues there is an increasing risk that B&NES will not achieve the objectives set out in its Economic & Planning Strategies.

Potential Next Steps

- 5.13 The Council has the option to recover planning controls by removing Permitted Development Rights through the making of an Article 4 Direction. DCLG guidance states 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”.
- 5.14 Article 4 Directions must relate to specific classes of permitted development and identified geographies. The current circumstances in central Bath suggest there is a need to manage the change from B1(a) office to C3 residential use within the Bath Central Area. There is flexibility over (i) the timing of the date the Direction becomes effective, (ii) the geographical extent and (iii) the degree of permanence.
- 5.15 The Council will need to consider the degree to which an Article 4 Direction provides an appropriate solution to the issues raised and the implications of implementing an Article 4 Direction.
- 5.16 An Article 4 Direction must be accompanied by a planning policy to set out how the Council will operate any recovered planning controls.

6 RATIONALE

- 6.1 The Council’s adopted Core Strategy seeks the delivery of 6,950 additional jobs in Bath. There is a risk that further uncontrolled losses of office space will result in the Council not achieving its planning strategy with future economic growth and business rate income being constrained. An Article 4 Direction linked to accompanying planning policy would allow the Council a greater measure of control over future losses of office space.

7 OTHER OPTIONS CONSIDERED

- 7.1 A range of options need to be considered in order to ascertain the most appropriate mechanism for responding to the issues described above.

8 CONSULTATION

- 8.1 Lambert Smith Hampton carried out market testing, to complement the ongoing business engagement by the Economic Development, Regeneration and Planning teams within the Council. A range of services have also been involved in the research carried out by Ortus. If an Article Direction and SPD are pursued then the necessary public engagement will be carried out.

9 RISK MANAGEMENT

- 9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

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Background papers	<i>Placemaking Plan:</i> http://www.bathnes.gov.uk/services/planning-and-building-control/planning-policy/placemaking-plan
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