

Business Plan for Bath

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Executive Summary

1.1 Introduction and Context

During 2005 B&NES Council led by John Betty, Director of Development and Major Projects, developed a future strategy for the City of Bath. The creation of this 'Vision for Bath' and the wide communication process B&NES Council has undertaken created general consensus within the City and has generated some momentum for change. This Business Plan was undertaken to validate and challenge the original Vision, whilst the analysis sets out some strategies for developing the overall economy and regenerating the City for both residents and visitors.

After the analysis was completed, the Business Plan translated the findings into a physical development plan, a spatial interpretation of the scheme (Terence O'Rourke) and a financial model to test overall viability.

By carrying out the process in this manner, Ernst & Young ensured that the Business Plan reflected the social and economic needs of the City and created a result which retained the essential characteristics of Bath. The process ended by testing the financial viability of the scheme and making some recommendations.

1.2 Current Situation and Market Trends

Bath, according to the visitor guides is a beautiful city which offers a rich history, fabulous architecture and varied culture. The Roman Baths; the mediaeval core; and the Georgian crescents and squares have allowed Bath to gain World Heritage status and this combined with the retail offer and overall environment has allowed Bath to become an important tourist city.

In reality, however, Bath is not quite the vibrant and wealthy town it once was. The quality of much of the City is deteriorating and suffering from underinvestment. Development has proved difficult and many of the policies which seek to preserve Bath are in danger of helping to cause its decline.

In any location of such historic importance change is difficult to implement and the need for development is often not recognised until it is too late. In Bath change has often been resisted, but now, through the Vision for Bath process, there is growing momentum in the belief that something must be done.

In fact doing nothing is no longer an option. The Bath economy, so strongly reliant on tourism, is experiencing declining visitor numbers. There are few other large private sector wealth creators in the City and yet much of the built environment and public realm is in need of substantial investment. Large parts of the City now fall substantially below what would be expected of a World Heritage Site.

For the individual resident of Bath there are also problems. Residents face a lack of opportunity for career development in the labour market whilst housing affordability is a pressing issue for those who work in the dominant tourism, retail and public service sectors. There is a risk that these affordability pressures will force greater in-commuting whilst Bath residents will increasingly pursue higher value employment in neighbouring economies.

If many of these issues are not addressed as a whole, there is a risk that Bath will eventually become an historically interesting offshoot of a Greater Bristol with little vibrancy, community or wealth creating economy of its own.

Whilst there are, however, many issues across Bath which need addressing, there are also several clear opportunities. With the appropriate plan, Bath could be a City in the right place at the right time. This is true in a number of key areas:

Work (Economy)

As manufacturing employment declines, the UK economy is being driven by service sector investment and knowledge based industry. A key agenda within economic development in the UK economy is to release the commercial potential of the UK university research base. The University of Bath is recognised as a top 10 university within the UK with a very strong research science base and connections with several international companies. Historically, little has been done, however an opportunity exists to realise the economic benefits the university could bring to the City.

Live

There is a clear desire within much of the UK to address the issue of work life balance. The time involved in commuting and the physical environment in which work takes place is a critical element within this debate. Bath is currently a compact and relatively self contained City with a varied leisure and cultural offer. These attributes combine to make Bath a potential exemplar of the modern living/working environment.

Well-being and sustainability are also growing in importance as issues affecting society. The importance of health, food, sport and leisure and the quality of the environment are increasingly key themes. The role of Bath as a Spa City combined with its strong alternative health community and environmental lobby has the potential to lead the debate in these issues.

Visit

Within UK society the fastest growing and wealthiest demographic cohort is the group over 45 years old. This group, often referred to as the '3rd Age' demographic, is characterised as being made up of relatively sophisticated consumers who recognise the importance of the quality of life. The group is a key element in the shift in society towards a greater interest in well-being and work life balance. This demographic group is likely to be more interested in the overall quality and uniqueness of the experience offered by a location. The UK is recognised to under value this group in terms of its current tourism and retail offer.

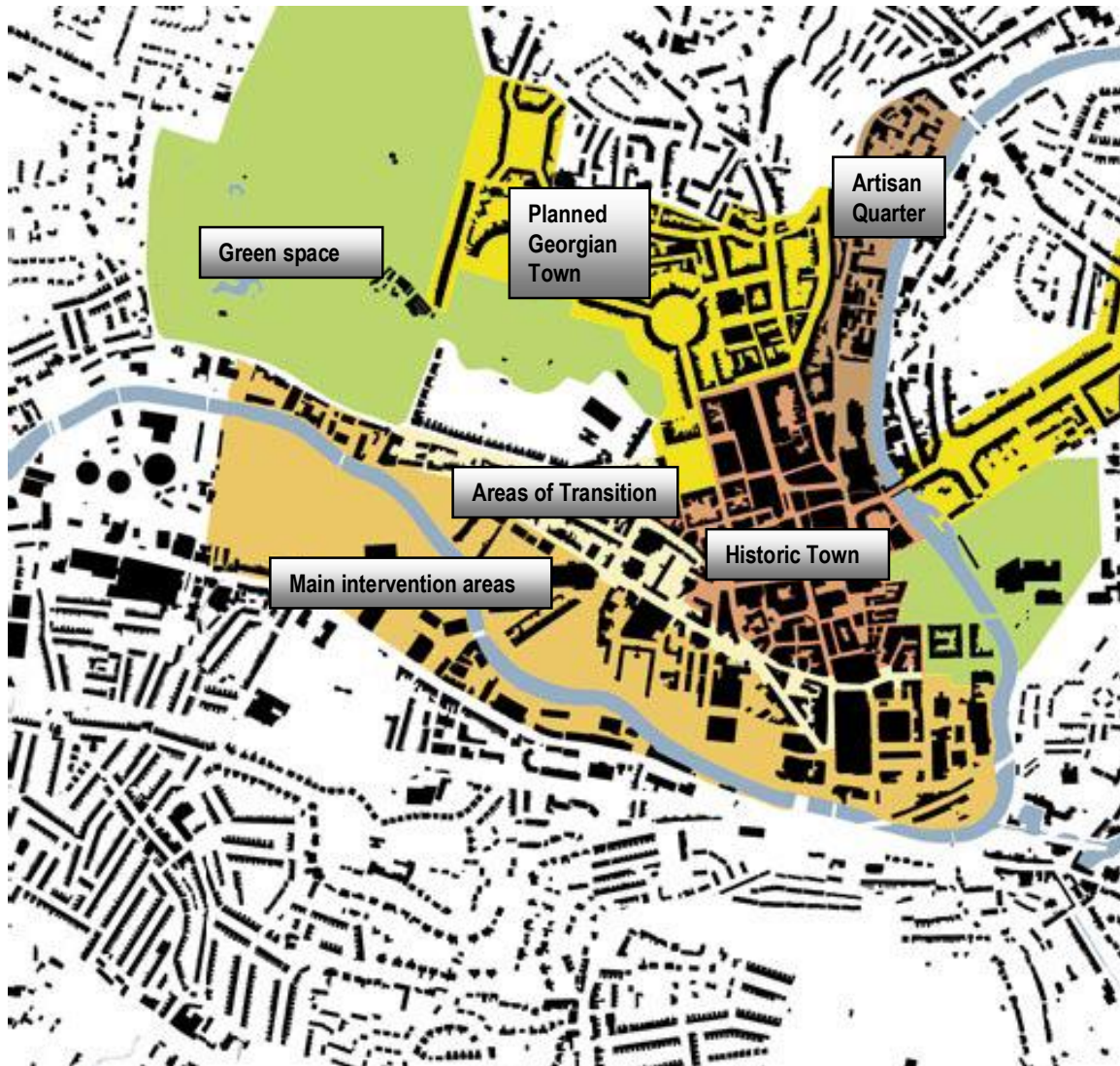
The mix of heritage, environment, culture, festivals, sport and critically, the independent retail offer, all provide Bath with the opportunity to provide this group with a strong visitor experience.

Bath therefore faces challenges but has the opportunity to develop – the City must seize the moment. The proposed developments can be seen as a regeneration of the City but unlike in many other cities, the issues are not about market failure but about difficult choices. Development land is in short supply and potential uses must be selected carefully.

If Bath is to develop effectively there is a need for careful balance. An increase in residential supply must be matched by an increase in career opportunities. A refreshed tourism offer may attract greater numbers of visitors but this cannot be achieved without an improved transport

solution. Raising the importance of balance is not to undermine the impact of a visionary plan but simply to ensure that any such plan preserves the essential characteristics of the City.

The principal character areas of the City were captured in a diagram (developed by Terence O'Rourke) shown below:



Source: Terence O'Rourke

1.3 Physical conclusions

Having examined the current situation faced by Bath and the trends in the overall market it is important to consider how these translate into physical and practical interventions in the key areas of Housing, Employment, Retail and Tourism.

Housing

Bath needs to increase the provision of housing in order to alleviate the pressure on the residential market. Within this, the City must also provide a greater affordable housing offer in terms of both numbers of units and tenure mix. Without an increase in the provision of affordable housing there will be a rise in the amount of in-commuting of lower paid employees over a road network which is already at capacity. Furthermore, if an increase in housing units is not at the core of the Business Plan and strategically planned for, there is a risk that Government and developer pressure will force through an increase in a manner which is considered sub-optimal for the City.

One current risk relates to the requirements of the Regional Spatial Strategy. The achievement of the objectives of the Vision for Bath and the protection of the qualities of Bath as a World Heritage Site, require a sensitive approach to the level and balance of future housing and employment development. It is essential that the strategic policy framework set out in the Regional Spatial Strategy underpins the principles of the Vision for Bath.

Bath Western Riverside offers a good opportunity to increase residential capacity within the City. Bath Western Riverside is a brownfield site in close proximity to the City Centre but adjacent to existing residential communities. A concentration of residential development on Bath Western Riverside would help reduce the pressure for residential development on the greenbelt surrounding Bath, whilst also creating a balanced community of age and social mix, within close enough proximity to the City to reduce reliance on car borne transport.

A high density of housing units on Bath Western Riverside is recommended but at a level of development which is in keeping with the overall design of the City and the capacity of the transport infrastructure. This is likely to result in approximately 3553 housing units (Ernst & Young estimate) across the overall scheme with associated community facilities.

Office Development

If the population of Bath is to be expanded, it is important that there are further employment opportunities created for the new residents. It is also important that Bath addresses the need to have a more varied mixture of private sector investors providing roles which can offer 'through career opportunities' whilst at the same time adding to the skills base and wealth creation within the City.

Bath can build a stronger private sector employment base. The attractiveness of Bath as a location to live and work can be used to attract more lifestyle and owner managed businesses to the City. The strengths of the corporate research links of the universities within Bath can be leveraged to attract corporate R&D or corporate project activity. It is also likely that by gradually creating a modern office quarter the pent up demand will be released from within the Georgian core.

Within a strategy to gain more office occupier investment there is the opportunity to try to attract design or creative businesses particularly if the proposed Dyson Design Centre is developed in Bath. There are also some opportunities for greater University spin out activity. In physical development and employment terms these opportunities are likely to be small compared to the opportunity identified already in terms of local demand, lifestyle businesses

seeking an alternative to South East England and companies with existing corporate links with the universities.

In developing this strategy it is important to note that there is not a well developed office market in Bath but annual take-up of circa 10,000m² has been achieved over recent years. New phased office development of circa 5,000m² per annum whilst simultaneously adjusting planning policy to allow the gradual return of Georgian office stock to residential use, will provide a new office quarter over time. If Bath is to succeed the offer must differentiate itself against an ‘edge of town’ Bristol or Swindon office environment. The quality of the work-life experience is the key differentiator but this necessitates the office quarter being placed in close proximity to the City Centre. Such an office quarter can however bring an early evening vibrancy into the City and the return of Georgian buildings to a residential use will amplify this effect.

Retail

There is a close and important relationship between the independent retail offer in Bath and the overall visitor economy. The preservation of a ‘retail experience’ is a core recommendation of this Business Plan.

There has been much comment on the fact that Bath has been slipping down the various indices of ‘retail vitality’. These indices, however, are predicated on the number and size of national retail multiples. The small shopping units found across Bath mean that as larger bespoke shopping centres are built across the country, Bath will continue to slip down these indices. This is not as important as other commentators would suggest. This Business Plan uses the retail rental level achieved and the number of vacant units as a true measure of retail vitality. On this measure, Bath is performing strongly. As a result, it can clearly be seen that the current retail expenditure in the City as a proportion of floorspace is supporting a vibrant retail economy.

Nevertheless, the proposed Southgate retail redevelopment is a very important scheme for a number of reasons. The redevelopment is an important statement of confidence in the City; it will transform the built environment in the South of the City; and it will address the need for some modern retail units to provide a core retail offer for the residential catchment area of Bath. The proposed centre will allow Bath to compete to a certain extent against the current wide scale redevelopment of the Broadmead Centre in Bristol.

If Southgate is developed against the current timescale, we estimate that Bath will return to the current trading levels as a proportion of floorspace by 2011. The Southgate Centre will create net additional space of circa 20,800m² and using forecast increases in retail expenditure over time comparison retail sales of per square metre across Bath will return to the current estimated trading levels of £6144/m² per annum during 2010. At this point the Business Plan considers further sites which can begin to come on stream. These include the Podium redevelopment and a potential scheme involving reconfiguration of the ‘Kingsmead Knuckle’ providing a better link through to an enhanced Green Park Station.

There is an argument that Bath could support a ‘bulky goods’ retail offer and that this is a market not currently served appropriately in Bath. In our opinion, this is a different retail market to the market currently served by Bath. ‘Bulky goods’ shopping is typically an occasional and discreet shopping excursion and is well served by Bristol and other sub-regional centres. The lack of a current ‘bulky goods’ offer does not diminish the attractiveness of Bath as a retail

centre and the scale of this type of retail is inappropriate given the more urgent pressures on development land.

Visit

Bath is well placed to attract more visitors. The core offer appears to fit well with a very important demographic for the tourism market. In order to capture more of this market, Bath needs to extend its offer and the Thermae Bath Spa project and the proposed associated spa hotel will start to make this extension.

More 'well-being' and food based activities linked to the improvement of the market and activity around Green Park Station can also make a contribution to this offer. More can also be made of the amount of sport based activity which takes place within the City, in particular the opportunities presented by Bath Rugby Club.

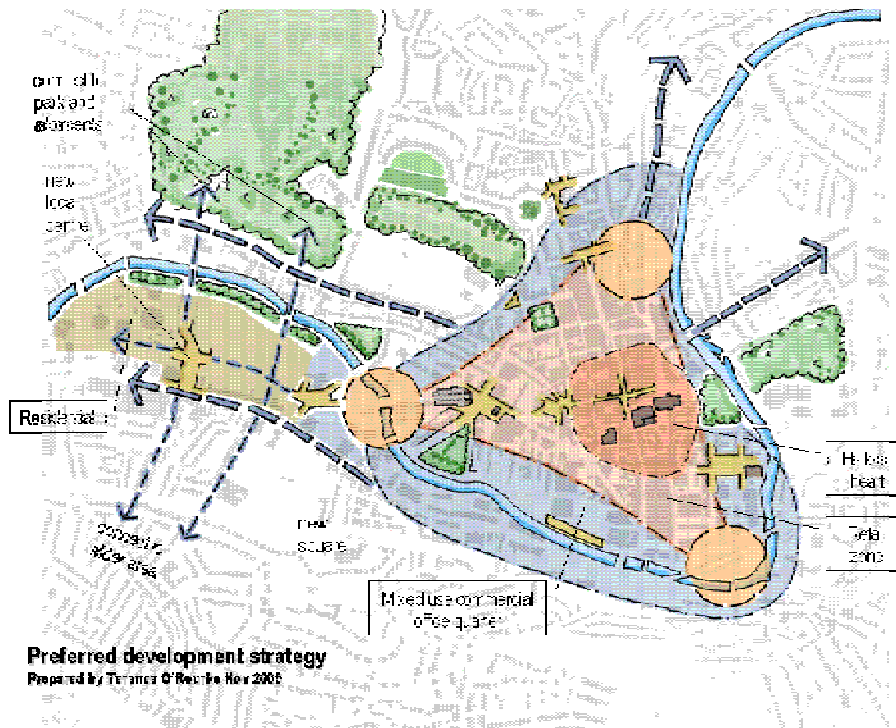
Bath is in need of a larger and higher quality hotel offer and the proposed spa hotel and the redevelopment of the Podium should start to address this issue.

The Vision for Bath also makes a case for a cultural building, but no specific uses, or more importantly market-proven business case, has yet been developed. There does seem to be an opportunity for a stronger festival venue given the importance of festivals to the City.

One area of tourism in which Bath has a particular weakness, especially for a University City, is a lack of business tourism space. This is a growing and high value area of the tourism market. The creation of new small convention space linked to the hotel offer would potentially allow Bath to work with the University and extend into this market whilst providing the potential venue for the various festivals held throughout the year.

1.4 Spatial Interpretation

The Ernst & Young research and analysis led to development recommendations which were interpreted as a spatial plan for Bath by Terence O'Rourke. The final broad land use recommendation is illustrated below:



1.4 Financial Outcomes

The objective of the Business Plan is to create a practical interpretation of the Vision for Bath. As part of the work, a financial model of the spatial outcomes and physical development interventions has been prepared. This model is commercially sensitive and is not available to the public.

1.5 Delivery

The variability in the viability of the individual intervention sites will result in a need to tie the entire project together rather than undertake the process site-by-site. If this is not achieved the opportunities will be cherry-picked and the balance between economic analysis and physical development will be lost. Such an approach will also result in the retention of the worst features of the City because on the whole these are the most costly and difficulty to address.

Establishing the correct delivery vehicle will be essential for successful intervention. Combining the Council's land ownerships, planning powers and infrastructure interventions with private sector expertise and finance requires careful consideration and planning. The ability of B&NES Council to deliver the Business Plan will depend upon the dedicated resources available and the autonomy with which the delivery vehicle is able to operate.

1.6 Practical conclusions

There are a number of areas identified within the report where B&NES Council can make more practical interventions. These interventions would assist in the overall implementation of the Bath Business Plan.

Marketing

Bath needs a fully developed Strategic Marketing Plan. Such a document should examine the key markets, messages and communication strategies for tourism, inward investment and retail. By adopting a consistent approach to marketing, Bath could develop a stronger position in the markets selected. Such an approach is more about planning; careful targeting; and long term consistency than increasingly expensive promotional campaigns.

Pro-activity and External Relations

Once the overall marketing plans for each of tourism, inward investment and retail are fully developed, B&NES Council needs to engage more with external stakeholders and potential investors. There are critical relationships involved in developing the Business Plan – most prominently with the University of Bath – where the level of engagement is currently extremely low.

In areas such as inward investment and retail, there are clear ideas within B&NES Council on the type of occupier which could be sought for a new office development or a retail unit but in most cases these ideas do not result in any proactive contact. In fact there is remarkably little proactive external contact and this has been widely recognised by many of the stakeholders interviewed as part of this study.

Reinvestment

B&NES Council has a large portfolio of assets which generate an income including heritage attractions, retail units and car parks. The financial situation of B&NES Council (and its predecessor structures) has resulted in much of this income being used to cross-subsidise the wider activity of the Council with limited reinvestment in the assets which generate the income. It is partly this long term under-investment which has resulted in the decline of the visitor offer, built environment and public realm.

B&NES Council is now considering a restructuring of its ownership of the commercial estate in order to raise capital. Irrespective of the manner in which this is implemented, it is important that going forward a more formalised reinvestment and renewal strategy is put in place within the Council to safeguard the long term value of its assets.

1.7 Constraints

Transport and car-parking

There is concern within Bath that the road system has reached capacity (as evidenced by most road junctions being unable to clear at peak times); that the car is detrimental to the overall visitor experience within the City; and that air pollution has exceeded recommended levels in some areas. The result is that B&NES Council is seeking to ensure that any expansion in the City must be neutral in terms of generating further car borne transport. In addition there is a

view amongst some Councillors that Bath should be more radical and aim to reduce the amount of car transport within the City.

The current policy of the Council is to reduce car borne journeys into the City through the expansion of the park and ride scheme; an improved local bus service; and a new dedicated route bus based rapid transport system.

The current approach to implementing the park and ride policy will not achieve the objective of the Council to reduce car borne traffic. Park and Ride only accounts for a small percentage of journeys into the City and any schemes to gain small increases in capacity have been difficult to deliver. If the approach is going to have the significant impact that is required there needs to be a far more aggressive approach to the development of the park and ride initiatives against a much faster timescale. In addition other innovative methods must be put in place as a carrot and stick approach to encouraging the use of park and ride.

Whilst transport capacity is clearly an important consideration it is also important that the phasing of developments is considered carefully. Any reduction in the amount of car parking capacity within Bath must be at least matched in the park and ride facilities before the City Centre car parking is removed. Failure to do so will start to restrict the visitor capacity of Bath and risk the strength of the visitor economy.

1.8 Recommendations and Next Steps

The work throughout the Business Plan sets out the physical recommendations for the delivery of the Vision for Bath. A summary of the key physical recommendations are:

- Maintain the balance between work, live and visit throughout the delivery of the Business Plan and ensure that developers are unable to simply deliver the easy development opportunities at the expense of the wider Vision.
- Undertake a high density of housing development on Bath Western Riverside albeit in keeping with design and transport considerations.
- Create a mixed use office quarter close to the City Centre and encourage more private sector employment.
- Engage with the Universities to maximise opportunities arising from: corporate research clients of the university; academic conferences; spin out research; and the numbers of students who graduate but currently leave the City.
- Ensure that the Southgate scheme is successfully completed and plan for sequential retail expansion post 2010.
- Proactively manage the commercial estate of the Council to manage the uptake of units within the Southgate Centre and preserve the integrity of both the retail mix within the City and the retail experience.
- Invest in complementary tourist activities and allow expansion of the hotel offer.

- Develop the ‘iconic arts building’ as a small mixed use convention centre / festival focal point allowing expansion of business tourism.
- Identify and deliver some quick wins.

There are a number of important areas of work which need to underpin the Business Plan if implementation is to be carried out effectively. The work required is the preparation of:

- A strategy for transport and parking to tie in with the medium term requirements of the Business Plan and the longer term aspirations of the Vision.
- A financial strategy which identifies the funding mechanisms for the public sector contribution to the Business Plan, and delivers consistent re-investment in the built environment.
- A planning strategy which ensures that the planning process supports the needs of the Business Plan in terms of physical development.
- A marketing strategy which underpins the overall development of the retail, tourism and office economy and sets out a proactive private sector targeting plan.
- A delivery strategy which considers the internal resources and structure of B&NES Council alongside the most appropriate development procurement route.
- Detailed work concerning specific design, cost and current use relocation issues on specific intervention sites.

Introduction, scope, methodology, & overall approach

2.1 Introduction

During 2005 B&NES Council embarked upon a project to set out a Vision for the Future of Bath. The Council had recognised that the City was in a position to grasp a number of opportunities but at the same time some aspects of the City were in decline. The Vision was an opportunity to set out a long term plan against which individual projects could be assessed rather than developing the City in a haphazard and purely opportunistic manner.

The result of the Council's work has been developed into a document, 'The Future for Bath' and this has been widely presented, not only within the Council, but also across a wide range of stakeholders. The initial consultation has resulted in a large amount of feedback and refinement but overall the Council has received very positive feedback which has led the Council to believe that there is now some momentum for change in Bath. This is important, because historically effecting change has been tremendously difficult within the City.

In September 2005, B&NES Council appointed Ernst & Young and Terence O'Rourke to validate and challenge the Vision and turn the document into a Business Plan. The Business Plan would ensure that the assumptions which had driven the Vision were correct. The Business Plan would then make detailed recommendations on the future economic and social shape of the City and provide a spatial interpretation of the recommendations. Finally the Business Plan would undertake a financial analysis to test the commercial viability of the decisions relating to delivery.

Ernst & Young was responsible for all the aspects of the engagement apart from the spatial interpretation of the work. The spatial interpretation was carried out by Terence O'Rourke although some of their drawings can be found within this document.

Scope

The overall scope for the Business Plan is set out as follows:

- A base line social, economic and environmental study of Bath City Centre.
- An analysis of the social, economic and environmental strengths, weaknesses, opportunities and threats of Bath City Centre, their relevance to/impacts upon the draft vision, and suggested amendments to the draft vision.
- A forecast of national social, economic and environmental trends to 2026 and their likely relevance to/impacts upon Bath City Centre and the draft vision, and suggested amendments to the draft vision.
- Suggestions for property development, public realm and public transport improvements through capital investment, relative to the draft vision and the Spatial Framework.
- Recommendations for a social, economic and environmental strategy or strategies to achieve the draft vision, including policy framework.
- A set of measurable targets to establish whether progress on the Business Plan is being achieved.

- A plan for delivering the vision, including broad capital and revenue costs and income, delivery, partnerships, long term management structures and indicative timeframe.

2.3 Methodology

In order to produce the Business Plan, Ernst & Young undertook the work in a number of stages. These stages are listed below:

- Scoping.
- Review of existing research and available statistics.
- Interviews.
- Options workshop.
- Analysis.
- Stakeholder consultation.
- Final output workshop.
- Financial Model.
- Final Report.

Throughout the engagement, Ernst & Young worked alongside Terence O'Rourke and B&NES Council to ensure that the overall Business Plan was realistic and achievable. It was also recognised that by involving a wide stakeholder audience, the eventual Business Plan would have a greater level of local commitment and ownership.

2.4 Overall Approach

Ernst & Young focused on the engagement by separating the analysis into the broad areas of Work, Live, Visit and Retail. This structure closely matched the manner in which B&NES Council has undertaken its own work, but also allowed clarity in the analysis which clearly linked to land use issues and the spatial character of the City.

Why doing nothing is not an option

The overall objective of the Business Plan is to ensure that Bath remains a vibrant place for people to live and visit.

Bath is designated a World Heritage Site and, as such, clearly has a special heritage and environment to protect. This does not, however, mean that Bath should be insulated entirely from the external environment. If this happens, the City will decay socially, economically and physically.

In the recent past the weight of responsibility for the development of the City has led to very little new development activity. This has not been helped by a reasonably strong community within Bath which tends to resist change.

As a result it is important to set out why we believe that doing nothing in Bath is not an option and could now be considered extremely damaging.

3.1 The economy of Bath is in relative decline

Whilst there is full employment within Bath, the average wages within the City are low compared to peer cities and there is a relative lack of high quality private sector employment. The result is a lack of wealth creation within the City at a time when other urban centres have enjoyed a renaissance and have benefited high levels of private sector investment.

3.2 Visitor numbers in Bath are declining

The reduction in visitor numbers places Bath at risk of entering a spiral of decline. The visitor economy is vitally important to Bath. Visitor expenditure across the retail sector supports a retail offer which far exceeds the offer which would be expected for a City the size of Bath (especially given its proximity to Bristol). Visitors also generate revenue for the many tourist attractions some of which are owned by the Council and help fund Council services.

If visitor numbers continue to decline, the employment and investment generated by the tourism and retail businesses will decline. This will in turn impact on the visitor experience leading to a further diminution in visitor numbers.

3.3 The public realm within the City is decaying

The public realm within Bath is integral to the visitor experience and a key element of Bath's World Heritage status. The City has a number of significant architectural structures and yet the paving, street furniture, signage and interface between the pedestrian and the car is poorly managed. In some areas of the City the overall built environment is in considerable decay.

If this is not addressed the poor overall environment will soon overshadow the historic character of the City. This will in turn reinforce the decline in visitor numbers.

3.4 There is a housing shortage in Bath and the sub region

Bath remains a place where people aspire to live and as a result there is strong demand for housing. The strong demand has created house price inflation in excess of any other location in South West England and this, combined with lower than average wages, has created a housing affordability problem. There is a large amount of pent up demand for affordable housing in the City.

If this is not addressed, there will be an upward trend in workers being forced to in-commute from greater distances which will place a greater burden on a road infrastructure which is already at capacity.

3.5 There is an economic and community imbalance

The mismatch between high house prices and low wages, combined with the lack of large high quality private sector employers, causes an imbalance in the community. Bath can offer a residential base for the wealthy but the economy currently offers few opportunities for aspiring individuals to create this wealth. Low wage workers are increasingly forced to live out of town and there are few opportunities in the City for those who graduate at the Universities. Bath currently offers little to encourage the next generation of wealth creators.

3.6 Possibility of developer / external challenge

If the City continues to resist change through inertia followed by continuous challenges through the planning process, there is a risk that a developer led challenge through the legal system or a regional government supported initiative will force through developments which are contrary to the overall vision for the City. As a result, in seeking to preserve the City absolutely, there is a risk that the worst possible outcome is forced through.

This is why Bath needs a proactive strategy to manage its overall development. With such a strategy the City will have a well researched and balanced approach to inevitable development.

3.7 The development of Southgate needs actively managing

The Southgate redevelopment is an important project. Not only will it improve the built environment in the South of the City but it will also create a more modern retail environment of the type sought by modern retailers – larger format, regular shaped, flexible clear space of between 400-600m².

Bath already has a large number of national multiple retailers, many of whom trade from sub optimal retail units. An example includes ‘Next’, who currently trade from two separate and relatively small units and are therefore forced to split their ranges between the two shops.

As the Southgate redevelopment is completed it is likely that several existing retailers in the City will seek to move to the new retail space and create opportunities for new retailers to enter the City.

B&NES Council need to influence this process through a proactive strategy to identify the type of retailer sought for the Northern retail area of the City and then proactively approach these retailers. Where B&NES Council is the owner of the retail units being vacated the Council must select prospective occupiers who fit into the retail strategy for the City rather than accepting the first offer. In the long run this approach is likely safeguard the maximum commercial income stream.

3.8 Too Much of Bath falls below World Heritage status

The worst possible outcome for Bath, would be for the City to lose World Heritage status and yet much of the City falls well short of the quality that would be considered suitable for World Heritage status.

There is currently no suggestion that the City would lose this status but if the underinvestment in the public realm continues, if the heritage assets are not maintained and improved, if the lack of wealth creation continues to the extent that the built environment continues to degrade, it is possible that the status may be placed at risk.

One example is the lack of maintenance or plan to preserve the hot springs which are the very basis on which the whole City has been built.

SWOT Analysis

4.1 Introduction

As a result of the research undertaken as part of this study it is useful to summarise the findings of the report in terms of a SWOT (strengths, weaknesses, opportunities, threats) Analysis. This summary analysis helps to set the priorities to be examined throughout the remainder of the report.

4.2 Strengths

- Bath is recognised as a World Heritage location and is the only entire UK City to hold this classification.
- Bath has a strong retail offer which includes a mix of retail multiples and an independent offer. This combination has allowed Bath to avoid ‘clone town’ status.
- The University of Bath is recognised as one of the top ten UK universities. The City has a further University and College of Further Education.
- The tradition and profile of Bath have resulted in the City having a reasonably strong and positive image.
- Bath has an established and mature tourist economy.
- Bath has an established series of festivals and cultural events.
- Bath has a strong sporting tradition. The University has some of the best sports facilities in the UK and Bath Rugby Club is a long established and successful Premiership Rugby Union Club.
- The Council retain ownership of a large amount of the historic core of the City and generate an income from these assets.
- The City has a strong artisan culture which embraces alternative medicine, design and the arts.

4.3 Weaknesses

- Bath has a low wage economy particularly in comparison with cities across the South of England.
- The low wages and relative dominance of the public sector has meant that there is relatively little wealth creation within the City.
- There is a lack of a wide range of employment opportunities. The range of employment types and grades available do not support a ‘through career’ opportunity for aspiring residents or graduating students.

- The topography, current physical development and proximity of the greenbelt to the edge of the City means that there is very limited available land.
- B&NES Council has been insular in its operation and there is a weak current external contact network.
- B&NES Council and the associated agencies have not developed an integrated approach to the management of the City. As a result there is poor overall marketing of the City with no prominent or consistent message regarding the City.
- There is little business tourism.
- The hotel offer is limited, expensive and ageing.
- There is a lack of affordable housing although this is as much to do with the low wage economy as the availability of cheaper housing. Nevertheless affordability is an issue.
- The public realm and built environment are decaying and in some areas of the City they are extremely poor and certainly not typical of a World Heritage location.
- The transport infrastructure within the City has reached capacity. Any further development will simply increase congestion unless significant investment is made in transport infrastructure.
- B&NES Council has limited financial resources and is unlikely to have any significant funds to invest in new large scale capital projects.

4.4 Opportunities

- There is recognition within the UK economy that there is a need to generate commercial opportunities from the strength of the research which resides within the Higher Education Institutes. This is a key aspect involved in growing the knowledge led economy.
- The University of Bath has a large research base with internationally recognised research staff. The external contact network of the university with commercial organisations within the UK and internationally is extremely strong.
- Bath is located on the heavy rail mainline between Bristol and London and broadly within the M4 corridor. This continues to be an axis of economic growth within the UK economy and the links to the dynamism of the South East economy are reasonably strong.
- In the UK the demographic group which represents the age over 45 years and over ('3rd Age') is extremely important. This demographic is the fastest growing and has a high level of disposable income. This group of people are the core tourism market for Bath.
- Across UK society and partly influenced by the '3rd Age' demographic identified above, there is increased interest in well-being, work/life balance, food and leisure. This is a core offer of the Bath economy.

- Technology improvements allow a greater capacity for individuals to work from home. This shift will allow Bath to offer an opportunity to individuals who want to be reasonably close to the South East but do not want to work and live there full time.
- The importance of leisure time in the UK has resulted in a large increase in cultural events and festivals. Bath has an existing strength and diversity in this type of activity.
- The potential development of the Southgate area of the City with a new and increased retail offer will provide an opportunity to bring new retailers into Bath and refresh the current offer.
- Bath Western Riverside is the single largest development plot within the City of Bath. Given the restrictions on land for development within the City and the need to expand some areas of the overall economy, the land represents a major opportunity.

4.5 Threats

- The ‘do nothing’ lobby groups are a threat to the overall future of the City. Bath has stood still for too long and is now being overtaken by many comparator cities. The lack of dynamism in the economy has begun to restrict wealth creation and this is resulting in under investment in the City and the potential for long term decline.
- As Bath has restricted development and growth, so the overall economy of Bristol has expanded. There is a risk that the overall economy, the expanded retail offer of Bristol and the need to extend Bristol housing outwards will result in Bath becoming an expensive suburb of Bristol.
- Given some of the pressures on the overall economy of Southern England, without a clear plan of action there is a risk that Bath will suffer the imposition of inappropriate development through Government intervention or planning challenge.
- There is a risk that if the potential re-development of Southgate is not effectively managed the retail character of Bath will significantly shift. One key threat to the overall character of the Bath retail experience would be an increase in the number of value retailers in the North of the central spine following the development programme.
- There are transport infrastructure problems in Bath but a key threat to the overall economy, which is so dependent on visitors, would be any restrictions on car use in the City ahead of suitable alternative transport provision.
- If additional parking provision is not made available during the re-development of the Southgate Scheme, there will be a restriction on visitors to Bath. There is then a risk that visitor numbers will be lost to competing locations for the long term.
- There is some risk that Bath Western Riverside (BWR), for which plans are reasonably well advanced, is undertaken but the more difficult areas of development stall. By only undertaking residential development of the Western end of Bath Western Riverside, an imbalance would be created on the economy which results in Bath becoming more of a satellite town for the Bristol economy.

- There is a risk that if the proposed Southgate redevelopment does not take place in a time efficient manner, that the redevelopment of Broadmead in Bristol will result in a stronger retail offer whilst Bath will have failed to upgrade its core retail offer to the catchment area.
- As a relatively narrow economy Bath is susceptible to any further decline in visitor numbers and this will impact on the retail and tourist based economy.
- Linked to the point made above, a consumer led recession would impact upon retail and tourism resulting in Bath being disproportionately affected to other cities in the South of England and would, at the same time, reduce Council revenue and therefore its ability to make appropriate interventions to broaden the economic base.

4.6 In Conclusion

Many of these themes will now be developed through the analysis sections of the report to arrive at the overall conclusions of the study.

Research – Demographic

5.1 Key Findings

- The population size of Bath has been stable for the last twenty years with growth below the average for South West England.
- The City of Bath has a relatively standard age profile – with a population slightly older than the average for England and Wales.

5.2 Population

There are no exceptional trends in the overall population of B&NES Council area. The total population of the Council area was estimated at 170,900 people (extrapolating 2001 census data) and of this population just under half (84,000 people) lived within the City of Bath.

The average annual population growth of the Council area since 1981 has been reasonably slow at 0.3%, although this is fractionally greater than for Great Britain as a whole. The South West Region however has shown growth of 0.8% per annum over the same period.

These figures are demonstrated fully in the tables below.

Resident Population

	B&NES Numbers	SW Numbers	GB Numbers
All People	170,900	4,999,300	57,851,100
Males	83,400	2,435,900	28,275,200
Females	87,600	2,563,300	29,575,900

Source: Nomis Area Profile; Mid-year population estimates (2003)

Resident Population – Time Series

	B&NES Numbers	% Growth	SW Numbers	% Growth	GB Numbers	% Growth
1981	161500		4383400		54814500	
1982	161200	-0.2	4399400	0.4	54746200	-0.1
1983	162000	0.5	4426500	0.6	54765100	0.0
1984	161900	-0.1	4464100	0.8	54852000	0.2
1985	161300	-0.4	4504500	0.9	54998600	0.3
1986	161500	0.1	4547600	1.0	55110300	0.2
1987	163500	1.2	4589600	0.9	55222000	0.2
1988	165200	1.0	4635400	1.0	55331000	0.2
1989	165000	-0.1	4653500	0.4	55486000	0.3
1990	163400	-1.0	4668200	0.3	55641900	0.3
1991	163100	-0.2	4668200	0.0	55831400	0.3
1992	163000	-0.1	4713900	1.0	55961300	0.2
1993	162200	-0.5	4733600	0.4	56078300	0.2
1994	163000	0.5	4757100	0.5	56218400	0.2
1995	163500	0.3	4781900	0.5	56375700	0.3
1996	163600	0.1	4793100	0.2	56502600	0.2
1997	164700	0.7	4827300	0.7	56643000	0.2
1998	166000	0.8	4849500	0.5	56797200	0.3
1999	167100	0.7	4881000	0.6	57005400	0.4
2000	168500	0.8	4917100	0.7	57203100	0.3
2001	169200	0.4	4943400	0.5	57424200	0.4
2002	169500	0.2	4967500	0.5	57625000	0.3
2003	170,900	0.8	4999300	0.6	57851100	0.4
Average		0.3		0.6		0.2

Source: Nomis Mid year population estimates

Bath Resident Population

	City of Bath Numbers
All People	83,994
Males	40,611
Females	43,383

Source: Nomis Ward Profiles; 2001 Census of Population

5.3 Age Breakdown of Population

There is a perception that Bath has a relatively ageing population. In fact this is not the case – the City of Bath has a lower proportion of residents over 65 than the average for the South West

and the figure declined significantly between 1991 and 2001. The City of Bath does, however, still have a higher proportion of residents over 65 than the average for England and Wales.

The City of Bath also has a lower proportion of residents under 20 years of age than the average for England & Wales (and the South West). This is somewhat surprising given the number of students living within the City.

These figures are illustrated below.

Age Profile

	Percentage Under 20 years		Percentage 65 and over	
	1991	2001	1991	2001
England & Wales	25.3	25.1	16.1	16
South West	24	23.8	18.8	18.6
B&NES	23.1	23.6	18.8	17.8
Bath City	21.3	22.6	20.7	17.6

Source: Nomis; 1991 & 2001 Census of Population

Working Age

	B&NES Numbers	B&NES %age	SW %	GB %
All People – working age	105,400	61.7	59.3	61.4
Males – working age	54,600	65.5	62.8	64.6
Females – working age	50,800	58	55.9	58.3

Source: Nomis Area Profile; Mid-year population estimates (2003)

Bath Working Age Population

	City of Bath Numbers
All People	53,423
Males	27,596
Females	25,827

Source: Nomis Ward Profiles; 2001 Census of Population

5.4 In Conclusion

The City of Bath has a stable population and has fewer residents over retirement age as a proportion of the total population than ten years ago. The proportion of residents under 20 is also low compared to the average for England and Wales.

The City of Bath has a relatively high proportion of residents who are of working age.

Research – Work

6.1 Key Findings

- Bath has virtually full employment, but this employment is more likely to be in the public sector and involve a lower wage than the average for Great Britain.
- Bath has an unusual mix of a relatively unskilled workforce and at the other end of the spectrum, a high proportion of senior management staff.
- Employment growth in the City has been relatively slow and based on small companies.

6.2 Introduction

All the traditional economic development and employment measures for Bath indicate a City performing strongly. Bath has virtually no recorded unemployment; City residents are more likely to be employed in higher tier occupations than the average for Great Britain; and residents of Bath are more likely to hold a degree than in most Local Authority Areas in Great Britain.

Conversely however, Bath has increasing levels of economic inactivity; residents in Bath are significantly more likely to have no qualifications than the average for Great Britain; and the proportion of people employed in Public Administration, Education and Health are at levels far higher than those found in other affluent Cities across the South of England.

Perhaps in keeping with this, salaries of Bath residents and salaries in Bath workplaces are lower than the average for Great Britain – although higher than the average for the South West Region.

There are also some incorrect perceptions about the Bath economy. Contrary to general belief, the population of Bath now has fewer people over retirement age than 10 years ago; people in Bath are less likely to commute outside the City than the UK average; and successful business creation has been far higher than the UK average over the last 10 years.

The conclusion which may be drawn from these statistics is that the Bath economy continues to be reasonably successful but has some important structural issues relating to skills; employment mix; and crucially, wage levels. The relative lack of high value private sector employment and the low wage rates found in the City result in poor levels of wealth creation.

The key question relates to whether Bath has the capacity to generate higher value employment growth to support an expanded town.

The research for the work section is set out as follows:

- Employment Levels.
- Skill Levels.
- Employment Mix.
- Economic Growth of the City.
- Types of Company.

- Salary Levels.
- Travel to Work.
- Commercial Land & Property.

6.3 Employment Levels

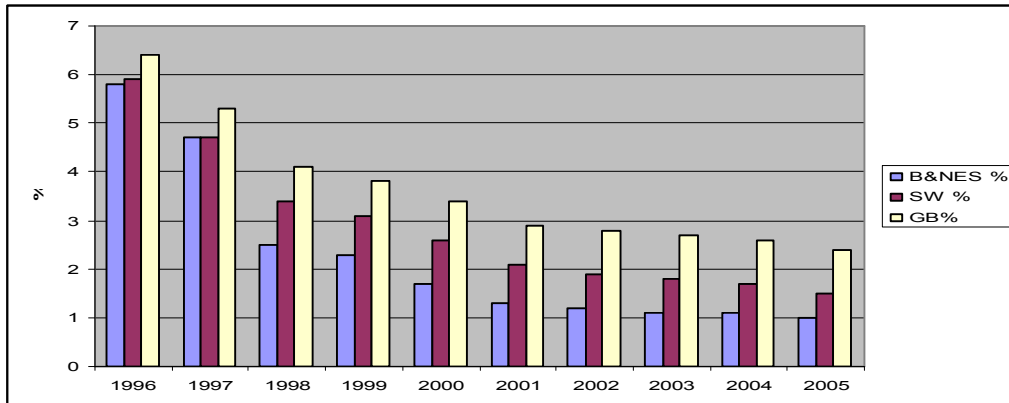
Employment levels across Bath residents are high. A review of Job Seekers Allowance claimants for August 2005 by ward, reveal that the City as a whole has a claimant count rate of 1.3% compared to a South West average of 1.4% and a UK average of 2.4%.

Unemployment Claimant Count

	Claimant Count August 2005	
	Number	Rate %
UK	880,727	2.4
England & Wales	761,072	2.3
South West	42,579	1.4
B&NES	1,045	1.0
Bath	725	1.3
Abbey	71	1.9
Bathwick	13	0.5
Combe Down	54	1.8
Kingsmead	57	1.5
Lambridge	41	1.3
Lansdown	38	1.3
Lyncombe	28	0.9
Newbridge	38	1.1
Odd Down	31	1.0
Oldfield	36	1.0
Southdown	42	1.2
Twerton	86	2.7
Walcot	73	1.8
Westmoreland	34	0.9
Weston	28	1.0
Widcombe	41	1.1

Source: Claimant Count Aug 2005

Over the last ten years the claimant count has fallen across the B&NES Unitary Authority area. B&NES Council has outperformed the South West Region in terms of reducing the numbers of residents claiming Job Seekers Allowance.

Job Seekers Allowance Claimant – Time Series

Source: Nomis Claimant Count Analysis

The Job Seekers Allowance Claimant Count does not tell the whole story about the economic productivity of the Bath workforce. Results from the 2001 census demonstrate that Bath has a relatively high level of economic inactivity amongst its population. These are individuals of working age who are not available for work. The average level of economic inactivity in Great Britain in 2001 was 21.7% compared to the rate for Bath of 26.3%.

Bath Economically Active

	Bath	%
Economically Active	39,380	73.7
In employment	37,709	70.6
Employees	32,322	60.5
Self Employed	5,387	10.1
Unemployed	1,671	3.1
Economically Inactive	14,045	26.3
Retired	1,063	2.0
Student	6,820	12.8
Other	6,159	11.5

Source: Nomis Ward Profiles; 2001 Census of Population

6.4 Skill Levels

As a University City, Bath might be expected to have a workforce based on higher level skills. This is supported by the statistics. The B&NES area is within the top 50 UK Local Authorities for residents with qualifications of NVQ4 and above.

The anomaly in these findings is that when just the City of Bath alone is examined, the proportion of residents with a qualification of at least equivalent to NVQ4 falls to below the average for Great Britain. In addition to this, the proportion of staff with no qualifications is significantly higher than the average for Great Britain.

Qualifications of Residents

	B&NES	%	SW %age	GB %age
NVQ4 and above	35,900	34.4	26.1	25.2
NVQ3 and above	56,500	54.1	45.6	43.1
NVQ2 and above	74,900	71.8	65.1	61.5
NVQ1 and above	89,000	85.3	81.8	76
Other Qualifications	6,200	5.9	7.5	8.8
No Qualifications	9,200	8.8	10.7	15.1

Source: Nomis; Local Area labour force survey (Mar 2003- Feb 2004)

City of Bath Qualifications

	City of Bath Numbers	%
NVQ4 and above	19,588	24.3
NVQ1 – NVQ3	27,627	44.3
No Qualifications	15,192	31.4

Source: Nomis Ward Profiles; 2001 Census of Population

The findings suggest that whilst B&NES does have a relatively high graduate level population, at least partly sustained by the Bath economy, overall these graduates tend to live outside the boundaries of the City. City residents are far more likely to be below degree level in educational status. With almost one third of the Bath population having no qualifications, there are significant skill issues within the local economy – this proportion is almost three times the average for the South West economy as a whole.

6.5 Employment Mix

The employment mix of Bath is interesting. Bath has a high proportion of workers employed in higher occupational grade jobs. Bath is in the top quartile of UK Local Authorities for this type of employment and within the South West Bath is placed second (after South Hams).

Employment by Occupation

	City of Bath Numbers	%	B&NES Council	%	SW %age	GB %age
SOC 2000 major group 1-3	18,773	49.8	39,900	47	39.6	41.3
1. Managers and senior officials	6,240	16.6	14,100	16.7	14.9	14.9
2. Professional Occupations	6,634	17.6	13,400	15.8	11.8	12.4
3. Associate and professional	5,899	15.6	12,400	14.6	12.9	13.9
SOC 2000 major groups 4-5	7,784	20.6	20,300	24.0	24.7	24
4. Administrative and Secretarial	4,457	11.8	11,400	13.5	12.2	12.7
5. Skilled trades occupation	3,327	8.8	8,900	10.5	12.4	11.3
SOC 2000 major group 6-7	5,161	13.7	11,000	12.9	16.8	15.5
6. Personal service occupations	2,206	5.9	4,100	4.9	8.4	7.7
7. Sales and customer service occs	2,955	7.8	6,800	8.1	8.4	7.8
SOC 2000 major group 8-9	5,983	15.9	13,600	16.1	18.9	19.2
8. Process plant and machine operatives	1,823	4.8	4,100	4.9	7.0	7.5
9. Elementary occupations	4,160	11.0	9,500	11.2	11.9	11.6

Source: Nomis; Annual Population Survey (Jan 2004-Dec 2004); Bath figures not strictly comparable – 2001 Census

Whilst Bath is in the top quartile for the proportion of managerial and professional employment, the City also has a relatively high proportion of the workforce involved in public sector employment. Unsurprisingly the City also has at least average levels of employment attributed to restaurants, hotels and tourism.

For an affluent town in the South of England the public sector has a disproportionate impact on the overall economy.

Employee Jobs

	B&NES Numbers	B&NES %	SW %	GB%
Total Employee jobs	82158			
Full Time	53103	64.6	63.4	68.1
Part Time	29055	35.4	36.6	31.9
Manufacturing	8074	9.8	12.5	12.6
Construction	2893	3.5	4.4	4.4
Services	70433	85.7	81.1	81.4
Distribution, hotels and restaurants	21008	25.6	27.4	24.7
Transport and communications	2345	2.9	4.7	6
Finance, IT, other business activities	14586	17.8	17.3	19.8
Public Administration, Education and Health	29100	35.4	27.2	25.8
Other Services	3393	4.1	4.6	5.2
Tourism Related	6978	8.5	9	8.1

Source: Nomis; Annual business inquiry employee analysis (2003)

The high level of public sector employment can also be seen, to a certain extent, when Bath is compared to a selection of other university cities across the South of England.

Proportion of Employment involved in Public Administration, Education and Health

	%age Employment
Oxford	45.0
Cambridge	44.4
Exeter	38.3
Canterbury	36.0
Bath	35.4
Guildford	32.2
Southampton	29.8
Brighton	29.2
Bristol	26.9
Reading	23.8
Bristol	26.9
Warwick	21.3

Source: Nomis; Annual business inquiry employee analysis (2003)

The domination of the public sector amongst the largest employers in the town can be seen from the table below. This shows that only 13 employers have over 500 staff in Bath, and of these the largest four are all public sector.

Bath employers with >500 staff (Bold denotes private sector):

	Estimated Employees
Ministry of Defence	4300
Royal United Hospital – Bath NHS Trust	3500
B&NES Council	3400
University of Bath	2352
Wessex Water	1500
Helphire Group Plc	800
The Robina Care Group Ltd	700
Future Publishing Ltd	650
B&NES Primary Care Trust	600
Bath Spa University College Ltd	600
Walter Lawrence Civil and Mechanical Ltd	500
City of Bath College	500
Sainsbury's Supermarket	500

Source: B&NES Council Economic Profile August 2005

Of the private sector employers, the following provides a profile of their activity and provides some insight into their likely employment type:

Key Private Sector Employers

Employer	Activity	Employment
Wessex Water	Wessex Water is the regional water and sewage treatment business. Business Headquarters, including finances, HR and director offices. Centre also undertakes engineering design and construction management.	Circa 500
Helphire Group	Vehicle Accident Management company. HQ, finance and HR activities, including the main contact and administration centre.	Circa 800
Robina Care Group	Operator of 51 nursing homes. Bridgepoint Capital acquired a majority stake in Robina Care Group for £35m, and Bank of Scotland is to provide a further £15m to fund acquisitions.	Circa 700
Future Publishing	Specialist Consumer Publishers. Headquarters in Bath, with five additional sites within the City undertaking all design, editorial and production.	600
Walter Lawrence Civil and Mechanical	Civil and mechanical engineering. Now owned by Daniel Contractors Ltd. a utilities and civil engineering contractor which has its headquarters in Warrington, Cheshire The Bath operation is operated as a satellite office with general administration and quantity surveyors.	TBC - some functions relocated to Warrington
Sainsbury	Food retailer and superstore.	Circa 500

Source: Various (interview and internet)

6.6 Economic Growth of the City

Principal urban areas have been critically important to the UK economy over the past decade. Service sector investment has increasingly focused on urban areas and the expansion of employment in these locations has driven a period of urban renaissance.

Bath is one of the principal urban areas of the South West Region and whilst residents in the City now experience near full levels of employment, it is important to consider whether the employment provided by the City has expanded.

Data for employment created within a geographic area is less reliable than data about the employment of individuals as it is based primarily on the Annual Employment Survey. Data

from this survey shows that Bath has not been generating new employment at rates comparable with other areas of the UK.

Employment Change

	% change 1991-1996	% change 1996-2001
Bath	5%	2%
B&NES	7%	3%
West of England	11%	10%
Great Britain	7%	10%

Source: Annual Employment Survey

Despite B&NES having lower overall employment growth than the West of England, the number of successful business start ups (measured by stock of VAT registered businesses) is ahead of the average for the South West or Great Britain as a whole.

Time Series VAT Registered Businesses

	B&NES Numbers	% Annual Growth	SW	% Annual Growth	GB	% Annual Growth
1994	5035		155155		1570375	
1995	5055	0.4	154135	-0.7	1574225	0.2
1996	5165	2.2	155420	0.8	1591610	1.1
1997	5355	3.7	158600	2.0	1628335	2.3
1998	5470	2.1	161400	1.8	1663205	2.1
1999	5625	2.8	163345	1.2	1687825	1.5
2000	5755	2.3	164815	0.9	1710770	1.4
2001	5880	2.2	166280	0.9	1725875	0.9
2002	5995	2.0	167715	0.9	1737065	0.6
2003	6035	0.7	169050	0.8	1752780	0.9
Average Growth		2.0		1.0		1.2

Source: Nomis; VAT Registrations / deregistrations by industry (2003) & Ernst & Young Analysis

These contrasting figures perhaps demonstrate that the Bath economy does not have the disproportionate growth impact on the regional economy that has been provided by other principal urban areas across the UK – but that the economy itself is performing adequately. There is evidence that Bath has a reasonably entrepreneurial culture but the overall impact of the large number of small businesses created is limited in terms of overall wealth creation.

6.7 Types of Company

The preponderance of small businesses within the economy is highlighted further when types of company are examined. A breakdown of office employment by size band and by use demonstrates that the Bath office market is dominated by small companies. An analysis prepared by Cushman and Wakefield / Healy and Baker for Grosvenor Development and B&NES Council demonstrated that vast majority of office occupiers had less than 25 employees.

All Bath Office Employment Structure by Number of Employees

	Number of Companies	%
Less than 25	772	90
25-50	50	5.8
50-75	10	1.2
75-100	9	1.0
>100	17	2.0
Total	858	100

Source: Cushman & Wakefield / Healy & Baker research group

Some further analysis has been presented in their report to show the breakdown by office sector in the City Centre.

Bath City Centre Office Employment by Sector Breakdown

Sector	No. of Companies	Estimated Employees	Average Size of Company
Advertising / media	41	1502	37
Business services	117	2524	22
Charity	21	335	16
Financial Services	38	433	11
Health / Healthcare	3	26	9
Heavy Industrial	2	85	43
Information Technology	33	1006	30
Leisure / Tourism	5	25	5
Pharmaceuticals	1	5	5
Professional	95	1780	19
Public	13	609	47
Telecommunications	2	5	3
Transport / Travel	2	23	12
Total	373	8358	22

Source: Cushman & Wakefield / Healy & Baker research group

In most cases these companies are local professional and business service companies serving a local market. There are also some limited examples of small regional offices for large National companies – King Sturge in the commercial property market, and Deloitte the only representatives of the ‘big 4’ accountancy companies with an office in Bath.

In most cases the larger professional services firms seek to cover the South West from offices in Bristol and in some cases Exeter and Plymouth. Any diminution in the importance of the Bath economy could lead to a further retrenchment of professional services employment back to regional offices in Bristol.

6.8 Salary Levels

It is perhaps the impact of the public sector, the service economy and the average skill levels across the City which limit the levels of wages earned. Bath is not a high wage earning economy – in fact the wage levels paid in B&NES businesses are approximately 5% below the average for Great Britain. These low wage levels are primarily influenced by low female wages, probably linked to the overall customer service sector predominant in Bath.

Earnings by Workplace

	B&NES £	SW £	GB £
Gross Weekly Pay			
Full Time workers	405.8	393	422.3
Male	473.5	439.1	463.7
Female	333	332	358.6
Hourly Pay			
Full Time workers	9.9	9.7	10.5
Male	11.5	10.4	11.2
Female	8.6	8.7	9.5

Source: Nomis; Annual Survey of Hours and Earnings (2004)

These figures cover the whole of the Local Authority area (and are not reliably available for the City of Bath) but will necessarily be skewed toward Bath because this is the location for the majority of the employment within the Local Authority area.

The average wages for the B&NES economy can again be compared to University towns in the South of England. This places Bath in a poor light compared to a selection of peers.

Earnings by Workplace for a selection of peers

	Gross Weekly Pay £
Reading	494.8
Guildford	478.0
Cambridge	463.2
Oxford	453.3
Southampton	447.2
Bristol	429.4
Warwick	415.6
Exeter	411.9
Canterbury	406.8
B&NES	405.8
Brighton	394.8

Source: Nomis; Annual Survey of Hours and Earnings (2004)

6.9 Travel to Work

Whilst there is inevitably some outbound commuting involving Bath residents, on average residents of the City travel less distance to work than the average for England and Wales.

In order to understand the typical commuter patterns of similar sized urban areas in the UK, Bath was compared to an average of similar towns for England and Wales. On this measure, Bath is again a location where people travel shorter distances to work.

It is also apparent that a very large number of Bath residents walk to work. With one in five residents walking to work, this is a fundamental part of the character of the City. In addition to this, the penetration of bus transport is higher in Bath than elsewhere.

These figures are illustrated fully in the table below:

Travel to Work (UK Urban Areas)

	Bath (urban area)	BN&ES	South West Average	England & Wales Average	Average for all England & Wales urban areas with Population in employment between 20,000 and 49,999
People 16-74 in Employment	41703				
Work from home	10.2	10.2	11	9.19	8.15
By train	3.76	2.43	0.93	4.08	3.84
By bus/coach	9.28	7.68	5.06	7.4	3.84
By motorcycle	1.17	1.38	1.51	1.09	1.08
Drive car/van	44.8	54.27	58.76	55.23	59.62
Passenger in car/van	5.4	5.63	6.29	6.25	7.33
Taxi	0.4	0.3	0.3	0.52	0.54
Bicycle	2.95	2.43	3.34	2.76	3.14
On foot	21.61	15.1	12.17	10.01	11.77
Other	0.4	0.43	0.56	0.47	0.43
Average distance (kms)	13	13.2	14	13.4	14.28

Source: ONS; KS15 Travel to Work; Key Statistics for urban areas

The picture created by these statistics is a city where residents are likely to be employed locally and they walk to work where possible, with the next commuter ring willing to travel to Bath by bus. Car transport is used significantly less as part of the daily commute than the average levels for the UK.

6.10 Commercial Land and Property

Commercial development in Bath is both physically restricted through the relative lack of available sites, and is relatively constrained by the planning policies required in a World Heritage location.

The Bath commercial land and property market (excluding retail) has total commercial space of 385,000 sq m (4,144,241 sq ft). This supply is skewed towards offices which account for 195,000 sq m (2,099,031 sq ft). Under this classification method, the remaining 190,700 sq m (2,052,745 sq ft) is industrial floor space.

The skewing of the commercial space provision towards offices is continuing with manufacturing employment declining and the sites previously used for this type of employment under pressure for other uses. In line with trends in the UK economy, B&NES has seen a decline in manufacturing employment since 1996 as shown below:

Employment Change (produce a graph)

Sectors	% Change 1996-2001					
	Bath	Keynsham	Radstock	Rural	B&NES	GB
Manufacturing	-10	-31	-20	25	-11	-11
Distribution	-20	-16	54	19	-7	3
Industrial Sectors	-14	-26	-13	23	-10	-7
Public Admin & Defence	-37	115	-81	-96	-39	-4
Other Office Sectors	15	2	-49	49	10	22
All Sectors	3	1	-15	20	3	10

Source: Annual Employment Survey

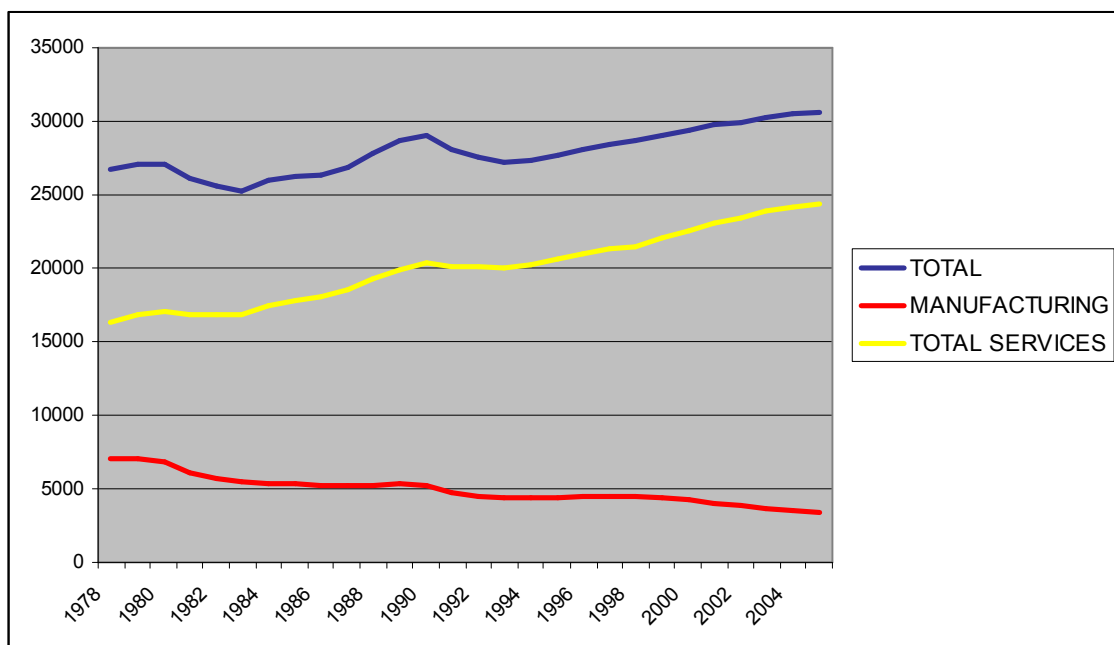
The decline in manufacturing employment has resulted in a decline in manufacturing space. A number of manufacturing operations have closed and these have resulted in planning challenges to the existing use. Within the Bath City area notable examples which resulted in planning appeals for changes of use have been Horstmann Timers, Newbridge Road and CIC Ralphs, Rush Hill.¹

¹ In these cases, Horstmann Timers resulted in a change of use away from industrial use with the Inspector citing a lack of demand for industrial space and no recent evidence of any speculative industrial development whilst the CIC Ralphs appeal was turned down because of the 'acknowledged shortage of employment sites'.

Currently there are additional areas of employment land such as the Herman Miller site where industrial use is potentially under challenge. The challenges to all the existing industrial sites have involved at least some element of residential development.

The decline in manufacturing employment is, of course, not unique to Bath. There has been a decline in manufacturing employment across the UK as a whole. The long term trends are shown below:

Total UK employment by activity 000s 1978-2005



Source: ONS employment data

Whilst manufacturing employment and the requirement for manufacturing space has been in decline, across the UK the service sector economy and the demand for associated office space has increased. Service sector employment has increased by 48% from 1978-2005.

The growth in ‘other office sectors’² employment within Bath has reflected this increase and in the period 1991-1996 other office employment in Bath outperformed the average for Great Britain. Since 1996 however, the trend has been reversed and growth in ‘other office’ employment in Bath has fallen below the Great Britain average.

² ‘Other Office employment is office employment not covered by the Public Sector Administration & Defence classification used in the Annual Employment Survey

Bath has also suffered a decline in public administration and defence employment well in excess of the UK average (see table above).

Employment Growth in Other Office Sectors

	Bath	GB
1991-1995	22%	14%
1996-2001	15%	22%
Total	37%	36%

Source: Annual Employment Survey

Despite the growth in office type uses, there has been very little development of new office space in Bath in recent years. With the exception of the conversion of 1,858 sq m to office space in the Tramsheds, Walcot Street in 2002, there has been little significant new office development within Bath since the late 1980s³.

The office supply in Bath is largely made up of smaller office space in the upper floors of Georgian buildings across the City Centre with the more modern and larger office developments located outside of the City Centre. This supply has remained static but there have been some refurbishment projects such as Plymouth House, Quay House and Redbridge House.

Office rentals are reasonably high with better City Centre office rental levels at £20 per square foot. This compares with other locations as follows:

³ The Square, Lower Bristol Road

Prime Rentals – Selected Cities 2002

	Approximate prime rentals £ per sq ft
London (City)	69
Bracknell	31
Reading	31
Edinburgh	30.5
Guildford	30
Birmingham	26
Cambridge	26
Watford	26
Manchester	25.5
Glasgow	25
Bristol	24
Leeds	24
Oxford	22
Bath	21.5
Southampton	21
Cardiff	19.5
Newcastle	19
Swindon	18.5
Liverpool	16
Nottingham	15
Exeter	13.5
Belfast	13
Plymouth	12

Source: King Sturge Office Survey 2002

As a result Bath achieves an office rental level which is relatively high for the South West but below the rates achieved in Bristol. Bath rental levels are not particularly high in comparison with many smaller cities in the South East – but are above rentals achieved in Swindon.

B&NES Council monitor vacant floor space and property enquiries made to the Council offices. Vacant office floor space in 2004 was estimated at 26,226 sq m (282,300 sq ft). Vacant property at this level would suggest a vacancy rate of approximately 13%. This is a relatively high level of vacancies for an office market – King Sturge report an average vacancy rate of between 7-10% as typical in European Cities. One issue may, however, be how B&NES Council accounts for the obsolete and long term vacant upper floors or Georgian buildings.

This would be supported by the evidence provided by King Sturge in 2002 which estimated vacant office space in the City at only 9,290 sq m (100,000 sq ft). Assuming that the remaining space in the Council estimate is actually obsolete space, this would result in a ‘real’ vacancy rate of 6.66%.

Analysis of the council demand and supply data by size band is provided in the table below

Demand and Supply for Bath 2003-04

Sq M (Sq. ft)	Vacant office units (%)	Enquiries (%)
0-46 (0-500)	22	38
46.5-92.9 (501-1000)	20	21
93-232 (1001-2500)	32	19
232.2-464.5 (2501-5000)	17	9
464.6-929 (5001-10000)	7	4
929.1 + (10001+)	2.5	2

Source: B&NES Council

This suggests that there is a demand for smaller office space. However, this may reflect the type of enquirers received by B&NES Council.

The King Sturge Office Study 2002 indicated that office take up for recent years in Bath was:

1999	8,361 sq m (90,000 sq ft)
2000	13,006 sq m (140,000 sq ft)
2001	12,077 sq m (130,000 sq ft)

King Sturge estimated office availability at the end of 2002 at 9,290 sq m (100,000sq ft), which suggests that vacant office supply represents less than 1 year of office demand (although clearly physical demand requirements are unlikely to perfectly match supply). This compares with locations such as Cardiff, Swindon, Southampton and Plymouth where office availability levels exceed 2 years demand at the end of 2002. In Plymouth the traditional city centre office supply represents 4 years of 2002 take up.

6.11 In Conclusion

The City of Bath has achieved full employment when measured on a claimant count basis. The City does have a reasonably large economically inactive population in comparison to the remainder of the UK.

The skill levels of residents in B&NES is skewed between the very highly skilled and the completely unskilled. There is a high proportion of residents within the City with no recognised skills.

One clear issue for Bath is the relatively low wage economy found within the City. This may be due to the bias towards public sector and tourism based employment. This results in a low level of wealth creation.

The relatively low levels of high quality private sector employment do not reflect a low level of business start-ups. The rate of business start ups is relatively strong. It is the lack of large scale high quality employers which is most noticeable within the City and the very small average business size.

Research – Retail

7.1 Key Findings

- Bath is a highly successful retail centre with high levels of occupancy and rental levels.
- The historic city results in small retail units which support independent retailers. This creates a unique retail experience which supports the visitor economy.
- Bath is slipping down the retail indices and this is likely to continue.
- The City has a limited ‘bulky goods’ retail offer.

7.2 Introduction

The retail economy is extremely important to the City of Bath. The City has a large retail offer which includes a number of retail multiples providing a retail offer for the catchment area of Bath, but augmented by an independent retail offer which serves both catchment area and visitor alike. The overall retail offer is significantly stronger than that found in cities of comparable size.

This section examines this retail offer and is set out in the following manner:

- Retail space.
- Location and values.
- Type.
- Visitors.
- Expenditure.
- Ranking.

7.3 Retail space

The central core of Bath is dominated by retail and it is important to consider the characteristics of this space in comparison with other cities. In 2004 Nathaniel Lichfield and Partners, commissioned by B&NES Council, estimated that there were 623 units within Bath City Centre providing 795,000 sq ft of retail space. This amount of retail space makes Bath comparable with Swindon but smaller than Bristol City Centre as a destination shopping centre. The retail space within the City Centre is dominated by A1 retail. This classification accounts for over 66% of the total. The proportion of different uses are distributed in the following manner:

Bath City Centre Use Class Mix

Type of Unit	Number of Units	Proportion of Total Number of Units (%)	
		Bath City	GB Average
Class A1 (Retail)	413	66.3	57.4
Class A1 (Services)	42	6.8	9.1
Class A2	38	6.1	8.9
Class A3	98	15.7	12.7
Miscellaneous	7	1.1	1.5
Vacant / under construction	25	4.0	10.5
Total	623	100	100

Source: NLP Street Survey 2004 and Goad Plans

The 2004 figures for total number of units in the City Centre have declined over 2000 figures due to a number of amalgamations in premises, but the overall floor space of the retail core has remained largely unchanged over the period.

The table indicates that the pressure for retail space is high with A1 retail taking a higher proportion of units than in other urban areas. Part of the reason for this pressure is that the retail units on offer are relatively small in size.

Several studies of retail space in Bath have identified that the units available are significantly smaller than in other retail centres. This is a function of the historic town centre and the listed status of many of the buildings which prevent them being altered to suit the demands of retail multiples. From this point of view, the historic nature of Bath City Centre is both a positive and a negative feature. The architecture and style of building restricts the efficient operation of many retailers but at the same time provides some of the character which attracts shoppers to Bath.

Nathaniel Lichfield identified that the size of retail units across Bath in comparison with other cities in Great Britain were distributed as follows:

Bath City Centre Unit Size

Size of unit – Gross Floorspace	Bath City Centre	GB Average*
	% of units	% of units
Under 1,000 sq ft	77.8	41.2
1000 – 2499 sq ft	15.6	42.0
2500 – 4999 sq ft	4.1	10.7
5000 – 9999 sq ft	1.0	3.5
10000 sq ft	1.5	2.6
Total	100	100

Source: Nathaniel Lichfield Report for B&NES Council 2004

*average relates to all town centres surveyed by Goad Plans (Nov 2003)

Whilst this table relates to all Great Britain town centres, it can be seen that the proportion of units under 92.9 sq m (1000 sq ft) is extremely high in Bath and that there are only 41 shops in Bath which cover a greater than 232.3 sq m (2500 sq ft).

The report completed by Experian Property Consultancy in 2004 jointly for Grosvenor Development Limited and B&NES Council appears to take a wider view of the City Centre. This study identifies a larger number of properties (905) and a greater extent of floor space (91,349 sq m (983,300 sq ft)). The general conclusions are, however, similar.

Experian Retail Provision Benchmarking

	Bath	Benchmark Centres Average
Multiples Floor Space sq m (sq ft)	91,348.5 (983,300)	115,218 (1,240,238)
Service Outlets	196	147
Miscellaneous Outlets	282	203
Multiples Outlets	355	314
Comparison Outlets	427	312
Vacant Floor Space sq m (sq ft)	8,156.6 (87,800)	9,528 (102,563)
Retail Floor Space sq m (sq ft)	81203.9 (874,100)	100,616.5 (1,083,063)
Total Key Attractors	66	71

Source: Experian Retail Study for Grosvenor Development Ltd and B&NES Council 2004

Overall the studies support the view that Bath has a reasonably sized retail offer which is based on a large number of retail units housing a large number of retail multiples. These units are, however, small in size and Bath has a very limited supply of larger format modern retail units which are favoured by the retail multiples.

This retail mix contributes to Bath offering a different shopping experience to many other cities of a similar size. The very small units are more suited to independent retailers and some specialist product areas whilst conversely the City does not offer very large store formats preventing opportunities for the most successful retail operators to display their full product ranges.

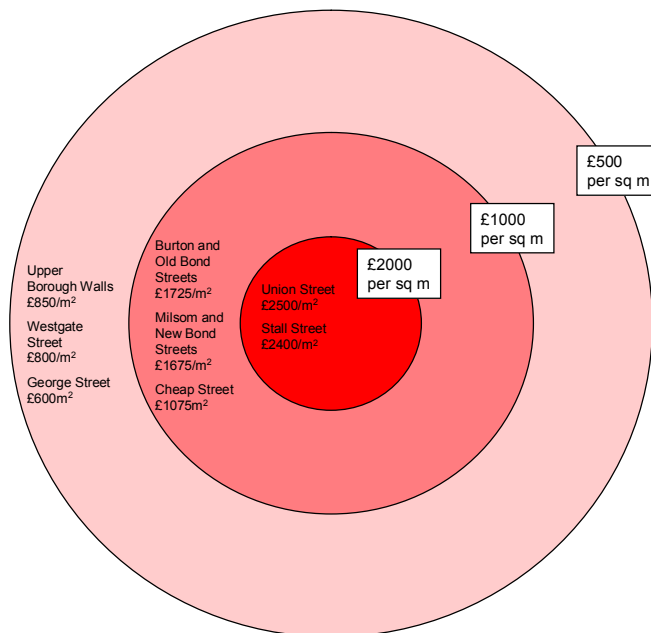
One scheme is planned which will seek to partially address this issue. The Southgate Centre is planned to be redeveloped in the period January 2006 – 2010, although contracts had not been finalised at the time of writing (Dec 2005) and the build programme had slipped accordingly. It is planned that this will provide a modern street type development leading to the creation of 35,348 sq ft of completely reconfigured space. The redevelopment will result in 15,839 sq ft additional new space but has the potential to reinvigorate this entire section of the City.

7.4 Location & Values

The retail space in Bath is concentrated along the North / South retail spine of Milsom Street, Union Street and Stall Street. There is further provision in the roads, alleys and arcades which lead away from this central spine whilst the current Southgate Centre represents the Southern extent of the central spine.

The core of the City, in retail rental terms, is Union Street. This is mainly because it is the location in the middle of the central spine. The decline in rental levels away from this area is shown below.

Declining Retail Values Away from Core



Source: King Sturge and Crisp Cowley from Nathaniel Lichfield & Partners Study for B&NES Council 2004

These relatively high rental levels indicate a buoyancy in the Bath retail property market which is of course influenced by the limited supply of space and the demand from operators to gain a presence in the City. The comparative rates for other retail centres are illustrated in the table below:

Comparative Retail Rentals for South West England and Other Selected Locations

	Prime Rental £/m ²	Secondary Rental £/m ²	Edge of Town retail warehouse (non food) £/m ²
Bath	2500	1250	200
Bristol	2000	925	220
Exeter	2000	850	240
Swindon	1900	500	200
Bournemouth	1700	1300	180
Plymouth	1650	900	200
York	1800	750	200
Edinburgh	3175	1540	300
Chester	2100	1700	290
Durham	1250	750	190
Cambridge	2375	1200	300
Oxford	2600	1250	290
Canterbury	2750	1000	175

Source: Valuation Office July 2005

Prime retail rental levels are more expensive in Bath than in any other area of South West England and represent a buoyant market relative to many of the comparative historic cities in the UK. There is also evidence that the decay in rental values away from the core is limited. Secondary rental levels in Bath are similar or higher to most of the cities examined above.

Related to the high rental levels achieved in Bath, is the low level of vacancy. There are very few properties available for rent at any time. In 2004 Nathaniel Lichfield reported a very low level of availability. Any available units tended to be very small units in sub prime locations. Overall in 2004 the level of vacant units in Bath was 4% compared to a National average of 10.5%. Nathaniel Lichfield also remarked that there were several retailers with requirements for space in Bath – either existing tenants seeking additional or larger units, or potential new entrants.

7.5 Type

Bath City Centre has a wide offer of comparison goods covering most of the retail sectors. The coverage of comparison goods is shown below:

Bath City Centre – Breakdown of Comparative Units

	Bath City Centre		GB Average
	Units	%	%
Clothing and Footwear	142	39.1	26.1
Furniture, carpets and textiles	22	6.1	9.7
Booksellers, arts, crafts & stationers	37	10.2	9.4
Electrical, gas, music & photography	42	11.6	10.8
DIY, hardware & homewares	10	2.8	6.3
China, glass, gifts & fancy goods	32	8.8	4.0
Cars, motorcycles & motor accessories	0	0	3.0
Chemists, drug stores & opticians	24	6.6	7.8
Variety, department & catalogue	3	0.8	2.3
Florists, nurserymen & seedsmen	3	0.8	2.3
Toys, hobby, cycle & sport	11	3.0	5.6
Jewellers	26	7.2	4.7
Other	11	3.0	7.9
Total	363	100	100

Source: Nathaniel Litchfield Report to B&NES Council 2004

The table demonstrates that the Bath retail offer is more dominated by the clothing and footwear (fashion) sector compared with the average. The table also demonstrates, perhaps unsurprisingly, given the rental values and size of premises, that DIY, car accessories, department stores and florists are under represented.

Outside of the central core there is little additional retail development. Those categories not present in the City centre are therefore not well represented in Bath as a whole. Unlike most other cities of its size, Bath does not have a significant edge of town retail offer. In fact beyond single stores for Homebase, Currys and PC World, there are no recognised brand retail offers outside the City Centre. This results in a limited provision of ‘bulky goods’ retail.

As discussed above, Bath does have a relatively large number of retail multiples in the City Centre albeit trading from relatively small units. As part of their 2004 study, Experian completed a schedule of all retailers in the City and examined those retailers who had a presence in cities of a similar scale to Bath but had no presence in Bath. Although this research produced an extensive list, the table below identifies retail chains which had presences in ten or more similar locations but had no presence in Bath in 2004.

Retailers with no presence in Bath but with a presence in 10 or more similar scale cities.

- | | | | |
|--------------------|-------------------|--------------------|----------------------------|
| ■ Birthdays | ■ Miss Selfridge | ■ Bon Marche | ■ Beaverbrooks |
| ■ Millies Cookies | ■ Bay Trading Co. | ■ H&M | ■ British Heart Foundation |
| ■ New Look | ■ Debenhams | ■ JD Sports | ■ Dolcis |
| ■ Virgin Megastore | ■ First Sport | ■ The Perfume Shop | ■ Footlocker |
| ■ Klick Photopoint | ■ Woolworths | ■ Athena | ■ Tammy |

Source: Experian retail report for B&NES Council and Grosvenor Development 2004

This table demonstrates that there are a number of very widely represented retail chains with no presence in Bath, particularly in the value end of the retail offer.

Nathaniel Lichfield completed a complimentary piece of analysis which examined those retailers with a stated requirement for premises in Bath. This list includes some retailers who already have a presence in the City. The retailers who has apparently confirmed requirements from this list are as follows:

Retailers with a Confirmed Requirement for Bath

- | | |
|-------------------|----------------------------|
| ■ Aldi Stores | ■ Supermarkets |
| ■ B&Q | ■ DIY |
| ■ Brantano | ■ Shoe Shops |
| ■ Café Nero | ■ Coffee |
| ■ Costa | ■ Coffee |
| ■ D2 | ■ Menswear |
| ■ Faith Footwear | ■ Shoes |
| ■ Farmfoods | ■ Food |
| ■ Greggs | ■ Bakers |
| ■ Halfords | ■ Motor accessories |
| ■ House of Fraser | ■ Department Store |
| ■ Lakeland | ■ Household accessories |
| ■ Mood | ■ Restaurant |
| ■ Pets at Home | ■ Pet shop |
| ■ Sharps | ■ Furniture |
| ■ Staples | ■ Stationery |
| ■ Tiles R Us | ■ Carpets / floor covering |

Source: Nathaniel Lichfield study for B&NES Council

This list is interesting because it highlights requirements for operators more typically located on edge of city locations – B&Q, Halfords, Pets at Home, Sharps, Staples and Tiles R Us. The list also demonstrates the opportunity to attract a value grocery multiple (Farmfoods and Aldi).

7.6 Visitors

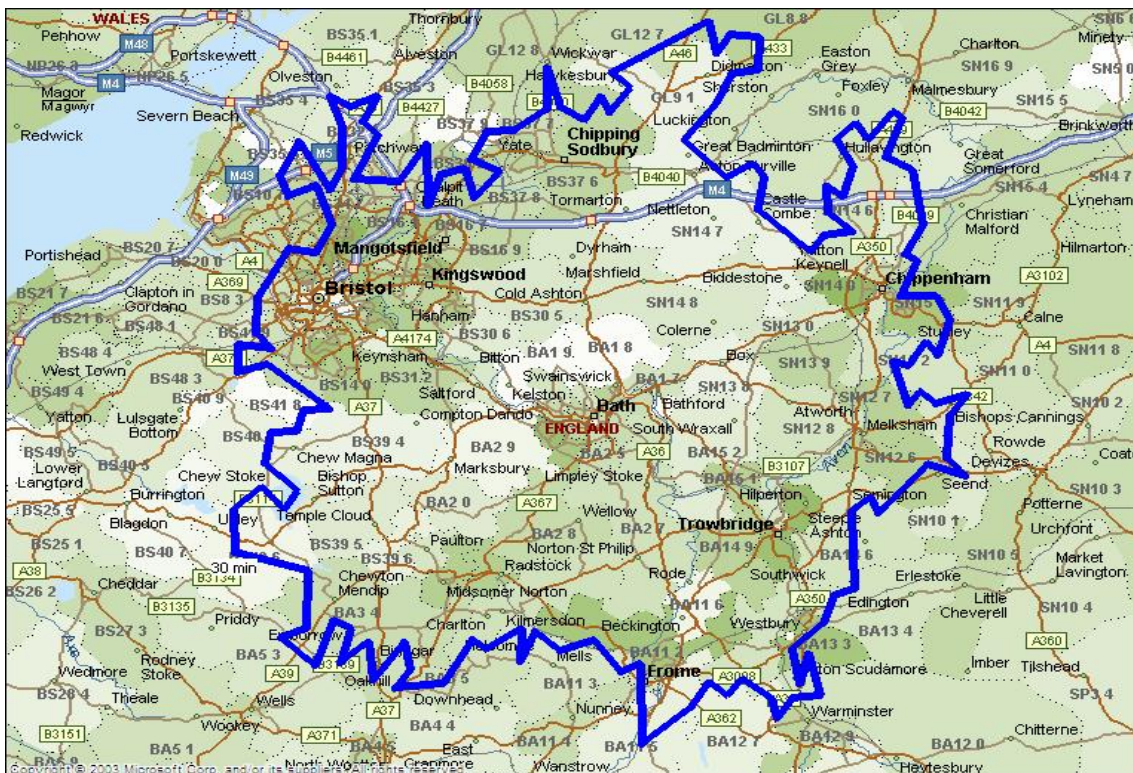
Experian has completed a large amount of work on retail catchment areas. Retail catchment areas are complex because they involve the examination of a number of factors including:

- The overall attractiveness of a centre.
- The population within a specific drive time.
- Competing centres with intersecting catchment areas.

These factors can be modelled to create notional catchment areas for different cities. In the most sophisticated iterations of these models, the catchment areas are drawn for different types of retail.

A simple drive time area of Bath demonstrates that within this 30 minute catchment zone is a population of 826,150 people.

30 Minute Drive Time of Bath



Source: Map point mapping data linked to 2004 updated census data by postcode sector.

The clear problem with this type of approach is that the 30 minute drive time for Bath includes the large retail centre of Bristol and the competing retail centres of Chippenham, Trowbridge and Chipping Sodbury.

This problem is typically solved by using survey data and gravity modelling (which in basic terms predicts flows of people according to the scale of retail offer). The survey data most frequently used for this type of analysis is the Experian ‘Where Britain Shops’ data. This survey data has been modelled in the Experian report examining the ‘Potential for Incorporating Retail into the Bath Western Riverside Masterplan’. This model produced the following table.

Catchment and Shopper Population Benchmarking

Centre	Rank	Catchment Population	Shopper Population	%
Bristol	19	1,228,174	591,557	48.2
Brighton	20	653,314	344,294	52.7
Newcastle upon Tyne	21	2,172,220	846,571	39.0
Meadowhall	22	2,082,267	479,454	23.0
York	23	776,812	320,293	41.2
Watford	24	834,310	388,741	46.6
Croydon	25	1,094,370	579,410	52.9
Merryhill	26	1,290,406	409,203	31.7
Milton Keynes	27	1,270,961	424,461	33.4
Trafford Centre	28	2,326,100	328,399	14.1
Hull	29	583,931	412,319	70.6
Bath	30	524,314	244,138	46.6
Lakeside	31	1,855,639	363,093	19.6
Cheltenham	32	551,443	241,548	43.8
Exeter	33	693,385	347,838	50.2
Plymouth	34	608,322	411,398	67.6

Source: Experian study for Grosvenor Developments and B&NES Council 2004

This table demonstrates that Bath has a relatively small catchment population. This is because the catchment area is restricted to the West by the Bristol urban area with its own retail offer and the remaining surrounding areas are relatively sparsely populated.

Given the proximity of Bristol, the survey data suggests that Bath attracts a high proportion of the assumed catchment population. The data supplied suggests that Bath is a far more important retail centre than a city of this catchment area would predict.

7.7 Expenditure

Experian estimate that total retail expenditure in the Bath catchment area is £450m whereas in a slightly different approach Nathaniel Lichfield assume that £526m of comparison goods shopping is made in the B&NES area.

Both Nathaniel Lichfield and Experian estimate that c£100m of comparative retail 'leaks' out of Bath. Experian suggest that this will mainly relate to 'bulky goods'. Despite this leakage, however, Nathaniel Lichfield estimate that overall Bath gains a net inflow of comparative expenditure amounting to £130m from outside the B&NES area (excluding tourist visitors).

These estimates are all subject to survey and modelling data which has not been independently assessed by Ernst & Young.

7.8 Ranking

The vitality of any City Centre relies to a large extent on its retail offer. The shoppers help drive the local economy, not simply through their retail expenditure but also through their contribution to bars, restaurants, car park revenues and other visitor amenities. The better the retail offer the further people are prepared to travel for their visit. Catchment from a wider area increases the potential visitor numbers which provides a greater level of expenditure in the City, which in turn attracts further demand from retailers. This virtuous spiral continues to drive the local economy.

In the case of Bath, the historical, architectural and cultural offer also attracts visitors and these visitors, will in many cases combine their visit with some element of retail activity. A strong retail offer will influence the length of their stay; their willingness to return; and their propensity to recommend Bath to their peers.

The importance of retail to a economic vibrancy has been recognised and a number of retail indices have been developed to consider the vitality of retail locations. These indices have typically been turned into league tables and are frequently referred to in commenting on the trends in the importance of a shopping centre. They are used by retail operators and Local Government alike as a measure of performance.

There are two measures considered in the retail studies which have been completed for Bath in the recent past. These are the 'Management Horizons Retail Index' and the Experian 'Retail Centre Ranking'. These indices have conflicting views.

The Management Horizons Retail Index shows that in 2003/04 Bath was ranked the 28th most important shopping centre in the UK although in regional terms the City ranked below Bristol (23rd) and Cheltenham (24th). A comparison of this data with 2000/01 however, demonstrates that Bath had moved up the rankings (from 30th)⁴.

Conversely the Experian 'Retail Centre Ranking' argues that Bath is slipping down the league table of retail importance in the UK. Against this measure Bath has slipped from 15th in 1998; 28th in 2002; down to a position of 30th in 2004. This has placed Bath below Bristol (19th) but ahead of Cheltenham (32nd)⁵.

In making any conclusions about this data it is essential to be absolutely clear what is being measured.

According to Management Horizons, their retail index, 'enables retailers, trading nationally and in a range of location types, to cluster stores in venues of similar retail status and thereby compare their trading performance on a like-for-like basis. Anchor stores, such as John Lewis, Marks & Spencer and Debenhams (in the UK) are given a higher score than other multiple operators in order to reflect their greater influence on shopping patterns.

⁴ Data taken from Nathaniel Lichfield 'B&NES City and Town Centres Study'.

⁵ Data taken from Experian 'Western Riverside - Assessing the potential for incorporating retail into the master plan'

Towns, shopping malls, factory outlet centres and fashion parks are rated using a weighted scoring system which takes account of each location's provision of non-food multiple retailers and anchor store strength.⁶

Experian provide a more thorough explanation of their measures within their study for Bath Western Riverside. Nevertheless the Experian index has many similarities. It measures:

- Count of multiple retailer outlets (multiple retailers are defined as having a store network of nine or more stores).
- Count of comparison retailers outlets (comparison retailers are defined by Goad's usage classification).
- Floorspace of multiple retailer outlets.
- Number of service and miscellaneous outlets (such as churches, offices etc).
- Floorspace of retail outlets (retail as opposed to non-retail / retail services).
- Count of key retail attractors (selected by Experian to represent popular and successful retail fascia).

Under the Experian approach the seven variables are weighted appropriately to derive an overall vitality score for each centre, upon which they are ranked. Unfavourable variables (vacant outlets and No. of service and miscellaneous outlets) carry negative weightings.

As a result both indices place a high level of importance on the number and size of retail multiples. A city centre covering a wide area dominated by large format versions of the strongest retail multiples would score extremely well. Any city centre attempting to maximise its ranking position would aim to attract more and larger multiple retailers.

The analysis section of this report considers whether these are appropriate measures of vitality for a city such as Bath where the retail economy is strongly influenced by tourism and is linked to the independent retail offer.

7.9 In Conclusion

The City of Bath has a strong retail offer which is significantly stronger than that found in cities of a similar size. The market is buoyant with retail rental values significantly higher and vacancy rates significantly below many other larger locations. Retail activity is restricted to the centre of the City and the historic nature of the town therefore means that many of the units are of a small size. This restricted area and smaller scale units adds to the character of the overall retail experience but does also result in Bath slipping down the indices of retail vitality as larger purpose built retail centres are constructed.

⁶ Management Horizons web site.

Research – Live

8.1 Key Findings

- There is a strong residential property market in Bath.
- The private rented market is strong in B&NES and appears to be dominated by the student market.
- Housing stock in B&NES is in good condition but there appears to be a lack of smaller properties.
- Bath has a housing affordability issue.
- The RSS in the South West has a need for additional housing in the next twenty years and Bath has an identified role to play.
- The B&NES Council Homeseeker's register suggests an increase in waiting lists for social housing.

8.2 Introduction

The live section of the report recognises that the City of Bath is firstly a community and a visitor destination second. If the economy of Bath is to be strengthened and the vibrancy of the City improved, a balance in the mix of communities is essential. If this is to be achieved the residential market must be considered in detail.

This section of the report considers:

- House price trends.
- Private rents.
- Housing stock.
- Tenure.
- Housing locations in Bath.
- Planning total housing numbers.
- Planning levels of affordable housing.
- Development sites for new housing.
- Affordability definition and issue.
- Affordable housing need.
- Affordable housing need – dwelling and tenure types.
- Other Information.

8.3 House Price Trends

Average house prices in B&NES are high. In 2004, the average price for B&NES was £235,000 which is 29% higher than the England average (£181,000). This has risen by 182% since 1996 when the average price was £83,000. By comparison, in the West of England, Bristol had the highest increase (200%) and South Gloucestershire the lowest (164%). Trends for B&NES are on a par with those of the SE average rather than the South West.

Mean House Prices 1996 to 2004

	1996	1997	1998	1999	2000	2001	2002	2003	2004
B&NES	83,302	87,428	98,405	113,885	142,673	156,108	184,108	216,105	234,767
Bristol	64,443	72,081	79,869	88,874	106,939	121,271	148,507	176,568	193,057
Reading	72,047	81,377	91,581	111,824	132,495	143,312	170,775	180,470	190,416
SW	69,348	75,570	82,110	91,532	106,151	119,823	144,935	169,976	191,697
SE	87,068	95,527	107,951	120,743	141,908	157,244	181,911	204,055	223,447
England	73,117	80,599	87,778	98,385	110,589	121,769	141,108	159,357	181,330

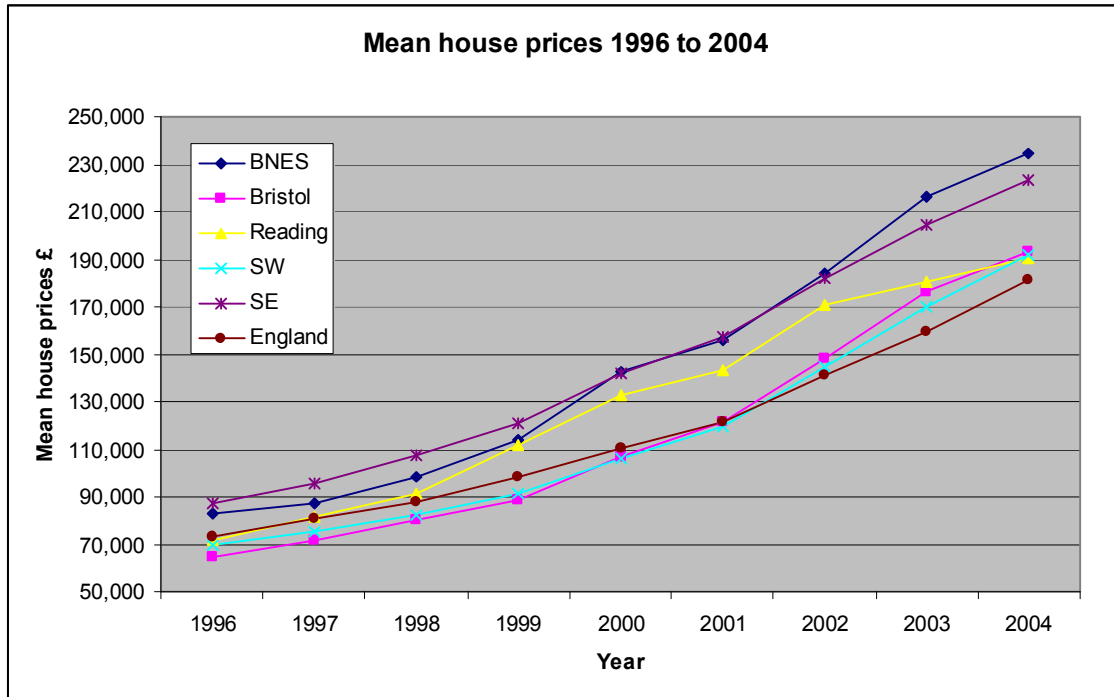
Source: ODPM/Land Registry

Growth in House Prices 1996 to 2004

	1996 to 2000	2000 to 2004	1996 to 2004
B&NES	71.3%	64.5%	181.8%
Bristol	65.9%	80.5%	199.6%
Reading	83.9%	43.7%	164.3%
SW	53.1%	80.6%	176.4%
SE	63.0%	57.5%	156.6%
England	51.2%	64.0%	148.9%

Source: ODPM/Land Registry

This data is illustrated in the graph below.

Growth in House Prices 1996 to 2004***House Prices in Bath***

In the period April to June 2005 average house prices in B&NES were £238,000. The average for Bath during the same period (as per post code areas shown in the table below) was £281,000. Although this is based on a small sample size over a short period, this does indicate that Bath house prices are higher than the average for B&NES.

Average House Prices in Bath for the period April – June 2005

Area*	Post Code Area	Detached	Semi-Detached	Terraced	Flat / Maisonette	Overall
Inner Bath	BA1 1**					
Inner Bath	BA1 2	676,250		242,799	253,272	306,160
Inner Bath	BA2 3		288,333	199,152	177,857	202,973
Inner Bath	BA2 4			405,550	249,000	331,879
Outer Bath	BA1 3	701,666	272,625	245,740	145,310	287,305
Outer Bath	BA1 4		206,583	196,318	138,237	188,187
Outer Bath	BA1 5	565,000		302,687	281,803	349,963
Outer Bath	BA1 6		238,900	287,239	185,132	255,161
Outer Bath	BA1 7	384,942	327,791	219,125		325,755
Bath Average						280,923
B&NES		350,685	218,258	205,478	197,614	237,806

Source: Land Registry. A zero price indicates no transactions during this period.

* - post code allocations as per B&NES Council Affordable Housing Strategy 2004-2007. ** - no data was available for this area.

Previous prices reported for 2003 to 2005 seem to reflect these trends.

Knight Frank completed a report for Grosvenor in March 2004 which looked at residential values. This report noted that in December 2003, the average property and flat prices reported for Bath were £215,200 and £173,800 respectively which exceeded the regional average by 22% and 35% respectively. It found that the postcode sector BA1, covering most of Bath City Centre and the northern suburbs was a property price hot-spot in terms of prices for flats but is less differentiated from surrounding areas in terms of overall prices. Data on distribution of residential prices in B&NES in 2003 from the same Knight Frank reports shows that the largest proportion of residential transactions were for properties with a value of £150,000 to £200,000.

In Bath City Centre, residential values for quality apartments reported in 2005 were collated by Llewellyn Davies as part of their Bath Western Riverside study. Their findings are shown in the table below:

Residential Values for Quality Apartments

Dwelling type	Price range
1 bed	circa £150,000 - £180,000
2 bed	circa £220,000 - £290,000
3 bed	£290,000+

Source: 'Bath City Centre/Twerton Riverside Concept Framework and Capacity Study, Llewellyn Davies March 2005

New residential development prices in Bath

Prices for new developments in 2004 showed that average prices per sq ft ranged from £250 to £410.

Recent Residential Developments

Development	Unit Type	Average Size m ²	Average Price £	Average £ / m ²
Devonshire Mews, Bath	3/4 bed mews houses	72	245,000	3,403
	4 bed townhouses	102	357,000	3,500
Crescent Lane Mews, Bath	3/4 bed townhouses	125	505,000	4,040
The Tramshed, Bath	3 bed apartments	130	565,000	4,346
	3 bed apartments	91	330,000	3,626
The Forum, Bath	3 bed apartments	86	235,000	2,733

Source: Knight Frank Report for B&NES Council and Grosvenor Developments

Development land values

The Knight Frank Study for Grosvenor also considered land values. Their findings were that the land market in Bath has seen strong price growth in recent years, rising from circa £2m per hectare in 2000 to circa £2.6m in 2003. This is the highest figure in the SW (average values were circa £2m in 2003) and higher than the England and Wales average (excluding London) of circa £1.9m.

According to the reported views of B&NES Council Valuation Officers taken from the Llewellyn Davies Bath Western Riverside study, land values for residential sites are even higher at circa £3.6m per hectare.

8.4 Private rents

Accurate private rental data is more difficult to obtain than house price data. However, based on 2001-2002 data, the private rental market was stronger in B&NES than the West of England, SW and England. Average market rents per week in 2001-2002 are shown in the Table below:

Average Rent per Week in 2001/02

Area	£
B&NES	101
Bristol	86.5
N. Somerset	93.5
S Gloucestershire	96.5
West of England	92
South West	81
England	80.5

Source: West of England Sub-Regional Housing Study, Main Report, An Independent Report, DTZ, May 2004

DTZ suggested in their study for the West of England Sub-Regional Housing Study (May 2004) that local variations within West of England probably reflect different composition of private rented stock rather than a fundamental difference in demand and supply.

Data in the report conducted by Knight Frank for Grosvenor suggested that average private rents in B&NES were £116 (based on net rents excluding service charges) which exceeded other areas in the SW and the national average by 11%.

There is anecdotal evidence to suggest that buy-to-let investors have been acquiring stock at the lower end of the market attracted by the city's increasing student population. For example, it is suggested that in Twerton 1,000 students are living in private rented accommodation and in Brougham Hayes nearly 50% of stock is let to students. Rental income from students is reported to be typically £800-1,000 per house per month in the B&NES Council Affordable Housing Strategy.

Average rental prices for different types of dwellings in the B&NES Council Affordable Housing Strategy suggest that values could be even higher and circa 130% higher than social rented values.

B&NES Reported rent per week

	1 bed apartment	2 bed apartment / house	3 bed house	4 bed house
Average private rent per week	125	158	181	216
Average RSL rent per week	56	69	78	89

Source: B&NES Council Affordable Housing Strategy 2004-2007: “Delivering affordable homes for local people”

8.5 Housing Stock

According to the DTZ West of England Sub-regional Housing Study, the total dwelling stock in B&NES rose from 67,900 in 1991 to 72,100 in 2002 this represented a rise of 6.2%. This rise was below the West of England average (8.9%). Across the West of England, the overall the proportion of occupied dwelling space has increased from 94.8% to 97.2% of the total housing stock between 1991 and 2001 suggesting pressure in the residential market.

Total housing stock for West of England up to 2002 is shown in the table below

Housing Stock, Occupancy and Completions

Area	Total Dwelling Stock			Housing Completions	Occupied Dwelling Space %	
	1991	2001	2002	1991-2001	1991	2001
B&NES	67,900	71,300	72,100	4,100	94.2	97.1
Bristol	162,600	169,700	170,800	7,100	94.4	97
N. Somerset	73,200	80,100	80,000	7,200	94.5	96.6
S. Gloucestershire	86,700	102,000	102,400	14,400	96.3	98.2
West of England	390,200	422,900	425,100	32,700	94.8	97.2

Source: West of England Sub-Regional Housing Study, Main Report, An Independent Report, DTZ, May 2004 - Original data source: Census/JSPTU

Housing completions

Housing completions data for B&NES were collected in the B&NES Residential Land Survey 2004 and trends are shown in the table and graph below. Total completions for the period 1990/1991 to 2000/2001 (4,539) differs slightly from the Census data due potentially due to Census data taking into account demolitions but overall, the total numbers of housing completions fall slightly behind Local Plan targets for B&NES and behind target for Bath (refer to Section 7.7). Average completions per year was 390.

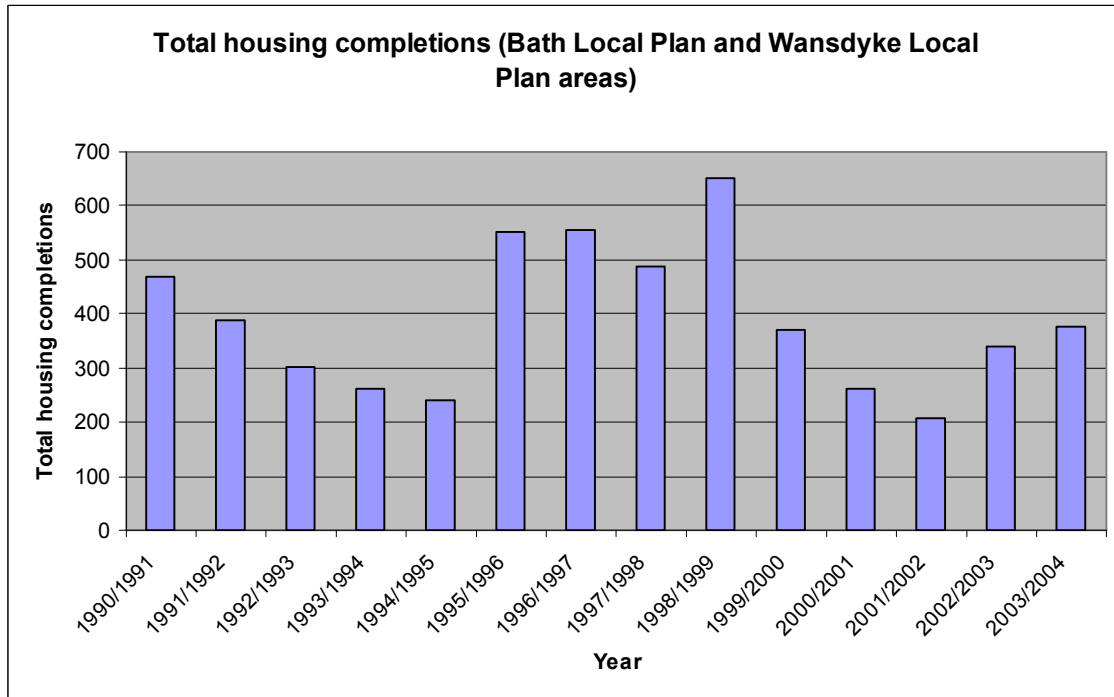
Housing completion requirements to meet planning targets is discussed in more detail in Section 7.7.

Annual housing completions since 1990

Year	Total number of units
1990/91	469
1991/92	389
1992/93	302
1993/94	261
1994/95	241
1995/96	551
1996/97	555
1997/98	488
1998/99	650
1999/00	371
2000/01	262
2001/02	208
2002/03	338
2003/04	376
Total	5,461
Average	390.1

Source: B&NES Council Residential Land Survey 2004

Annual housing completions since 1990



Source: B&NES Council Residential Land Survey 2004

Dwelling stock type

According to Knight Frank in their report for Grosvenor, out of the estimated B&NES stock, houses make up 79.0% of the total stock (70.4% for Bath itself). B&NES has significantly more converted flats and less purpose-built flats than the GB average (10.5% for B&NES vs 15.3% for GB).

The housing stock in B&NES by number of bedrooms in 2000 is shown in the table below.

Proportion of accommodation by number of bedrooms

	1 bed	2 bed	3 bed	4+ bed
Bath	11%	28%	42%	19%
Keynsham	10%	18%	52%	20%
Norton-Radstock	5%	26%	50%	19%
Rural areas	5%	19%	46%	30%
B&NES total	9%	24%	45%	22%

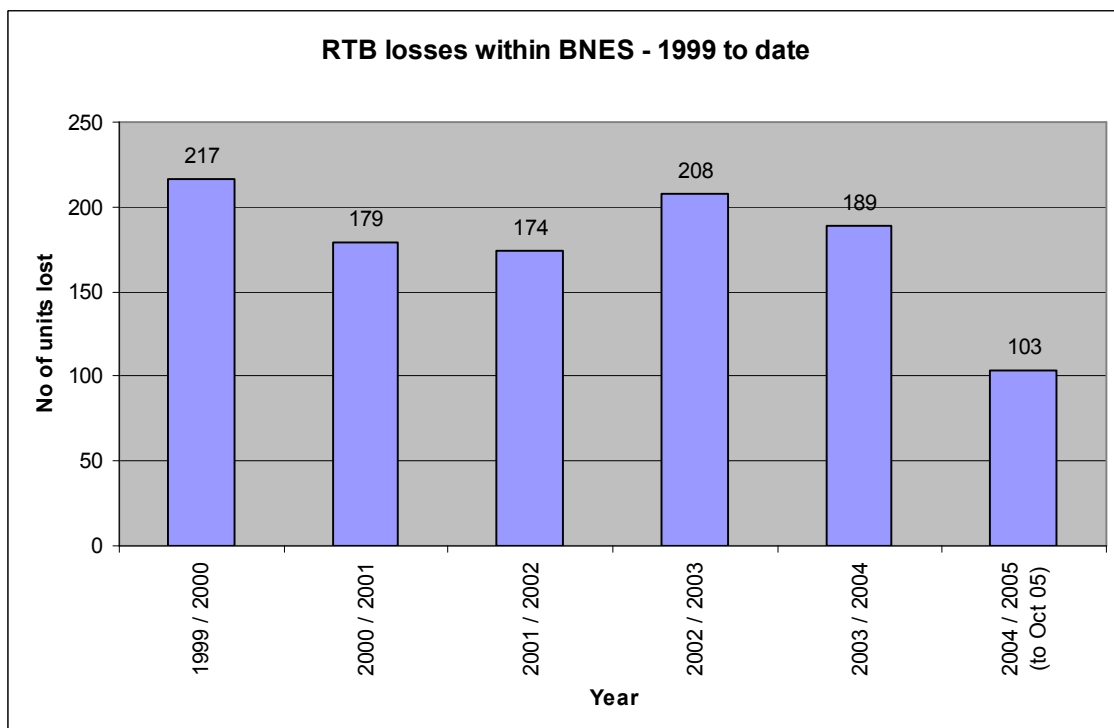
Source: B&NES Council Local Plan 1996-2011 - Includes changes up to the Pre-Enquiry Changes, November 2004

This research supports the overall conclusion that B&NES is under supplied for smaller properties.

As reported in 2004 by Knight Frank there are 9,570 social housing units in BNES of which 2,255 units (24%) have an age restriction of 60 or over. In Bath itself, there are 5,538 units of which 1,069 (19%) have an age restriction:

	B&NES	Bath
Total units	9,570	5,538
Units with age restriction of 60 or over	2,255	1,069

Although there have been some development schemes to create new social housing units – for example, the 6-year £18m programme using the receipts from the stock transfer in 1999 which provided 600 new units – there have also been losses due to residents exercising their ‘Right to Buy’ (see graph below). The rate of loss is at circa 2% per annum.



Condition

The overall condition of the housing stock in B&NES, the West of England and GB as a whole has improved greatly in recent years. For B&NES, quality of stock is not a significant issue and, as for the West of England as a whole, unfitness is more of an issue for the private rented sector (91% of the West of England total) than other tenures. In 2001, the proportion of housing stock unfit for human habitation was 4.2% for West of England (of which 25% were in B&NES), 5.1% for SW and 4.2% for England.

Total unfit dwellings by unit

	1996	2001	2003
B&NES	4,900	4,200	4,200
Bristol	20,400	9,600	8,000
N. Somerset	1,300	2,800	2,800
S. Gloucestershire	2,500	2,100	1,600
West of England	29,000	18,500	16,500

Source: *WoE Sub-Regional Housing Study, Main Report, An Independent Report, DTZ, May 2004*

8.6 Tenure

The overall tenure split for B&NES reflects SW averages.

The housing market in B&NES and the West of England is dominated by the owner occupied sector (72% for West of England vs 73% for SW). However, the overall proportion has decreased slightly (1% decrease for B&NES and West of England, 2% for SW) which does indicate the end of an established trend. This seems to be driven by a decrease in those in the ‘buying’ category (mainly those with a mortgage) and off set to a certain degree by an increase in the percentage that own their property outright. This may be linked to an ageing population who have been able to redeem their mortgage commitments or a decline in housing affordability.

This trend is no different for B&NES that for West of England or the SW.

The proportion of private rented (including those living rent free) does seem to have increased based on Census data for B&NES although this may be skewed slightly by the change in categories and the introductions of the ‘living rent free’ category.

The proportion of social rented tenure has decreased mainly as a consequence of total numbers of dwellings transferred out of local authority ownership through the Right to Buy (RTB) provisions exceeding the numbers of new dwellings provided.

The total proportion of people in social rented housing (including housing association housing) for B&NES in 2001 was 15%. This is in line with the West of England and SW average.

In 2004 there were 9,570 social housing units in B&NES of which 5,538 units were in Bath. Of these, 24% and 19% respectively had an age restriction of 60 or over (Knight Frank study for Grosvenor).

Note that in 1999, all of B&NES's social housing stock was transferred to Somer Housing Association.

The tenure splits are summarised below.

a) Tenure split, 2001

	All Households	Owner Occupied		Rented			
		Owns Outright	Buying (incl. shared ownership)	From Council	Other Social Rented	Private landlord / letting agency	Living rent free
B&NES	71,200	24,100	27,100	3,300	7,000	8,100	1,800
Bristol	162,100	42,000	60,100	27,500	6,700	21,800	4,200
N. Somerset	80,000	28,400	35,200	5,800	1,700	7,500	1,700
S. Gloucester	99,100	30,900	50,400	7,600	2,200	6,300	1,800
West of England	412,300	125,300	172,700	44,100	17,500	43,300	9,300
SW	2,086,000	710,900	813,300	161,500	120,900	233,200	46,500

Source: *WoE Sub-Regional Housing Study, Main Report, An Independent Report, DTZ, May 2004*

b) Change in tenure between 1991 and 2001

	Owner Occupied						Rented							
	Owns Outright		Buying (incl. Shared ownership)		Total		From Council		Other social rented		Total council and other social rented		Private landlord/letting agency (incl. rent free)	
	91	01	91	01	91	01	91	01	91	01	91	01	91	01
B&NES	30	34	43	38	73	72	16	5	2	10	18	15	9	14
Bristol	24	26	41	37	65	63	22	17	4	4	26	21	9	16
N. Somerset	31	35	50	44	81	79	11	7	2	2	13	9	7	11
S. Gloucester	26	31	58	51	84	82	11	8	1	2	12	10	4	8
WoE	26	30	47	42	73	72	17	11	3	4	20	15	8	13
SW	31	34	44	39	75	73	15	8	2	6	17	14	8	13

Source: Ernst & Young interpretation of data from WoE Sub-Regional Housing Study, Main Report, An Independent Report, DTZ, May 2004

8.7 Housing locations in Bath

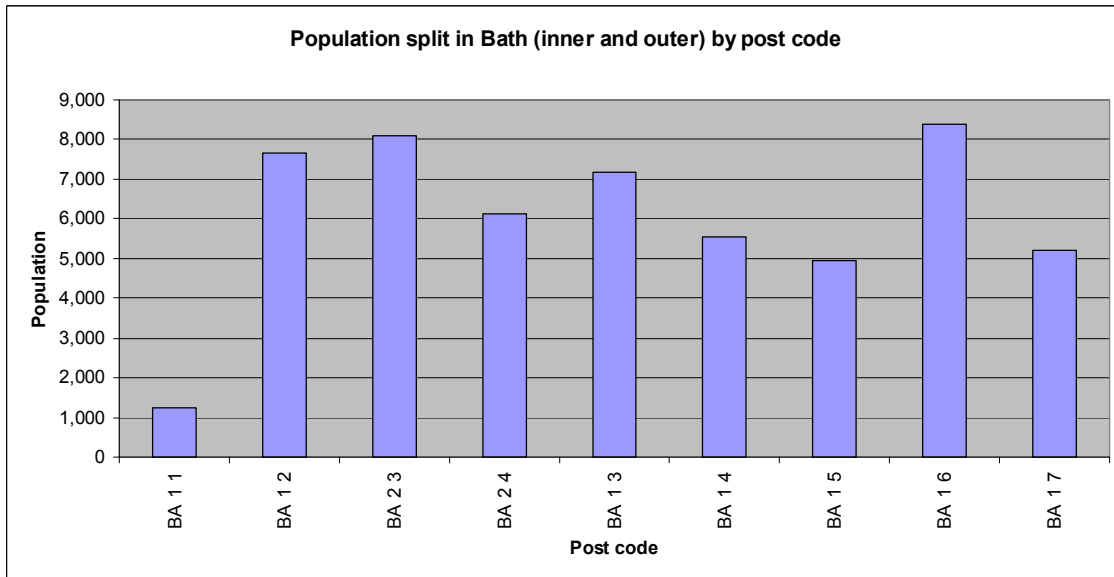
Based on 2003 estimated population data from CACI based on the 2001 census, Bath's population was 54,400 in the following post code areas that cover inner and outer Bath:

Bath Postcode Analysis

Inner Bath	Outer Bath
BA1 1	BA1 3
BA1 2	BA1 4
BA2 3	BA1 5
BA2 4	BA1 6
	BA1 7

Source: Post Office

The most populated post code areas were BA1 2, BA2, BA1 3 and BA 16:



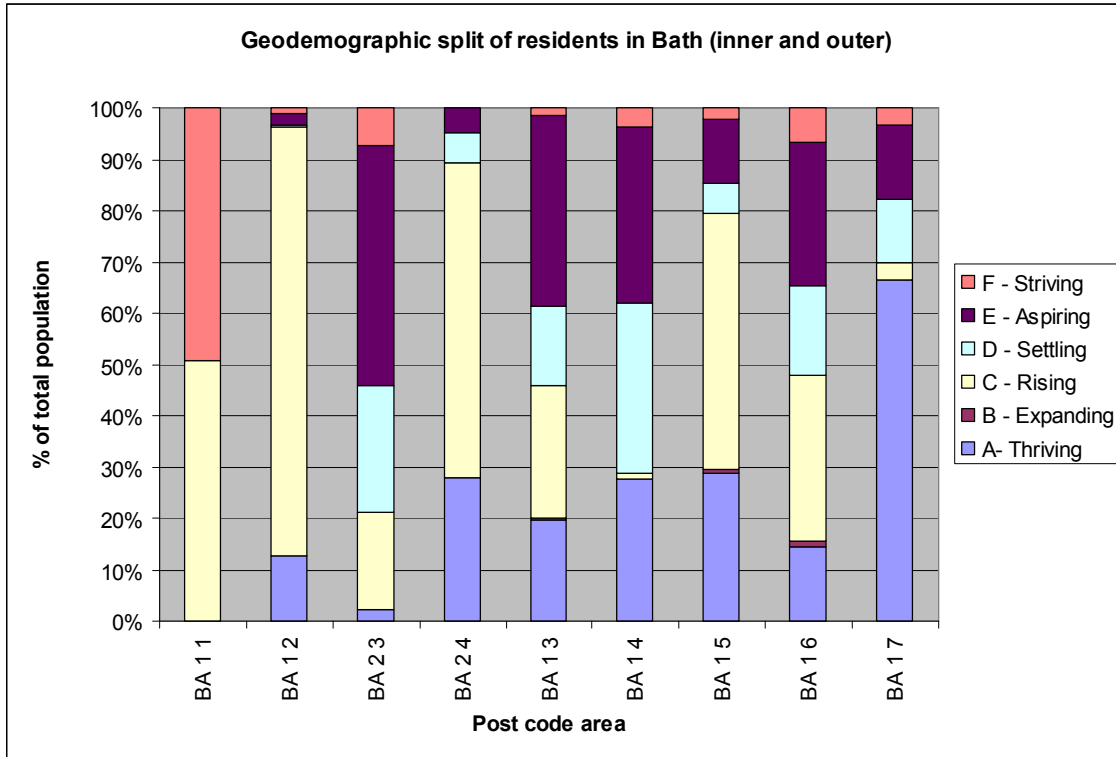
Source: CACI census population records 2003 estimate

In these post code areas, an analysis of the types of residents has been undertaken. Categories and groups are defined in the table below.

Acorn Groupings

acorn 'types'	acorn 'groups'
A - thriving	1 - wealthy achievers, suburban areas 2 - affluent greys, rural communities 3 - prosperous pensioners, retirement areas
B - expanding	4 - affluent executives, family areas 5 - well-off workers, family areas
C - rising	6 - affluent urbanites, town and city areas 7 - prosperous professionals, metropolitan areas 8 - better-off executives, inner city areas
D - settling	9 - comfortable middle agers, mature home owning areas 10 - skilled workers, home owning areas
E - aspiring	11 - new home owners, mature communities 12 - white collar workers, better-off multi-ethnic areas
F - striving	13 - older people, less prosperous areas 14 - council estate residents, better-off homes 15 - council estate residents, high unemployment 16 - council estate residents, greatest hardship 17 - multi-ethnic areas

Analysis of Bath residents



Source: CACI census population records 2003 estimate

Interpretation of Social Population data

Overall, the analysis suggests that there is a marked contrast in population between Category F (‘striving’) and Category C (‘rising’) in the population of BA 1 1 and a higher proportion of Category A (‘thriving’) in outer Bath. Further analysis is provided below:

Area	Post code areas	Comments
Inner Bath	BA1 1	Split approximately 50/50 between Group 8 (better off executives) and Group 15 (council estate residents). Note that the total number of Category F ('striving') is only 25% of the total population in this category (600 of 2,400).
	BA1 2	This area is dominated by Group 8 (81%) which represents the largest population group from the analysis. 12% are in Group 1 (wealthy achievers).
	BA2 3	Almost half (47%) of residents are in Group 12 (white collar workers) with Group 8 and Group 10 (skilled workers) making up 12 and 25% respectively
	BA2 4	Almost half (48%) of residents are in Group 6 (affluent urbanites) with Group 3 (prosperous pensioners) and Group 8 making up 21 and 13 respectively. This is the largest proportion of Group 3
Outer Bath	BA1 3	The main groups of residents in this area are Group 1 (19%), 8 (16%), 9 (13%) and 12 (31%)
	BA1 4	A third of residents are in Group 9 (comfortable middle-agers) with groups 1 and 11 making up 19% and 24% respectively.
	BA1 5	A third of residents are in Group 8
	BA1 6	The resident type spread ranges from 12 to 20% for Groups 1, 6, 8, 10 and 12
	BA1 7	Over two thirds of residents are in Group 1 (wealthy achievers)

Source: Ernst & Young interpretation of CACI census population records 2003 estimate

8.8 Planning Total housing numbers

The total number of houses that need to be developed in the SW, West of England and B&NES have been specified in a number of planning documents based on predicted changes in demographics (population growth and household projections) and anticipated economic growth. The key planning documents are:

- B&NES Council Local Plan, 1996 to 2011.
- The emerging Regional Spatial Strategy, 2006 to 2026.

The B&NES Council Local Plan suggests that an average of 413 dwellings per year need to be provided in B&NES between 1996 and 2011 of which 233 are expected to be provided in Bath. The housing completions rate between 1996 and 2003 for B&NES is meeting this rate. However, the rate for Bath is less (173 pa). By way of comparison, South Gloucestershire, North Somerset and Bristol are currently exceeding structure plan targets in terms of completions in the period to 2003. To bring B&NES back on target, the larger sites such as BWR identified in the Local Plan need to be delivered during the period to 2011.

(The average number of housing completed between 1995/6 and 2002/3 as per the Residential Land survey was 428 min – 208, max 650.)

The emerging Regional Spatial Strategy for West of England requires that 15,400 dwellings are created in B&NES between 2006 and 2026 of which 2,950 are required between 2006 and 2011 and 12,450 are required between 2011 and 2026.

Across the periods of the B&NES Council Local Plan and RSS, this translates to an increase in the average rate of housing completions from 413 to 770 per year of 357 dwellings for B&NES. This is an 86% increase

For the most comparable periods of the B&NES Council Local Plan and RSS (2003 to 2011 and 2006 to 2011 respectively), this translates to an increase in the average rate of housing completions from 420 to 590 per year of 170 dwellings for B&NES. This is a 40% increase in the shorter term. For Bath, the increase is 54%. In Bath, the figure needs to rise from the current level of 173 to 286 (Local Plan targets) to 440 (RSS targets). This is a 155% increase in total.

The average rate of dwelling completions in the longer term beyond the period of the B&NES Council Local Plan (the period 2011 and 2026) increases to 830 pa which is a 101% increase over the current rate.

Planned Housing Completions

	Period			Overall number of net dwellings				Annual net dwellings per annum			
	Start Year	End Year	No. of Years	SW	WoE	B&NES	Bath	SW	WoE	B&NES	Bath
B&NES Council	1996	2011	15			6,200	3,500			413	233
Local Plan (Pre Enquiry)	1996	2003	7			2,870	1,210			410	173
	2003	2011	8			3,360	2,290			420	286
JRSP	1996	2011	15		50,200	6,200			3,347	413	
RPG10	1996	2016	20		54,300			3,700	2,715		
RSS for West of England	2006	2026	20		92,500	15,400			4,625	770	
	2006	2011	5		22,450	2,950	2,200		4,490	590	440
	2011	2026	15		70,050	12,450			4,670	830	

Source: As stated

These housing figures are still subject to review and modification as part of the adoption process for both the B&NES Council Local Plan and the RSS. Both are expected to be complete by mid- to late-2007.

8.9 Planning levels of Affordable Housing

The B&NES Council Local Plan and the Affordable Housing SPG (December 2003) state the position of B&NES Council on affordable housing. This summarised as follows:

- 30% affordable housing. This is based on B&NES Council Local Plan figures for 2003 to 2011 and would provide 126 dwellings per year. However the current version of the B&NES Council Local Plan (Pre-Enquiry Modifications November 2004) has removed the 30% figure and instead says 'a significant proportion'. The Interim Inspectors Report due November 2005 should provide feedback on proposed affordable housing levels.
- The threshold for provision of affordable housing is 15 dwellings or more on a residential site of 0.5 hectares or more. The current issue here is that many of the sites coming forwards for Bath fall under this threshold.
- On site provision is a priority.

Affordable housing requirements are discussed in more detail in Section 7.10.

8.10 Development sites for new housing

The land available for new housing development in the B&NES and Bath area is constrained by the physical limitations of the area and a tightly drawn Green Belt. The density and size of units provided within Bath itself is also limited to preserve the World Heritage and historic status of the City.

The B&NES Council Local Plan 1996-2011 suggests that the 6,200 dwelling target for the plan period (circa 2,300 for Bath) will be achieved through development on the following types of site:

Development by Site

	B&NES	Bath
Dwelling completions 1996 to 2003	2,870	1,210
On large sites (with planning)	580	310
On large brownfield sites allocated in policy GDS 1	1,820	1,400
On large brownfield windfall sites	270	160
On small brownfield windfall sites including subdivision of existing residential properties (residential conversion)	580	400
From re-use of empty properties	0	0
From large Greenfield sites allocated in policy GDS 1	120	20
Demolitions	-30	
Total	6,210	3,500
Total for 2003 to 2011	3,340	2,290

Source: B&NES Council Local Plan with figures for Bath approximated based on evidence provided in the B&NES Council Affordable Housing Strategy

Potential sites for the 1,400 dwellings expected to be provided on large brownfield sites have been identified within the B&NES Council Local Plan. Almost 60% of this target will be provided through the BWR site and a further 14% will be provided by the MOD Foxhill site. However, both of which do not currently have planning applications in the system. Furthermore, they do not take into account the additional housing targets within the emerging RSS.

The Urban Housing Capacity Study (Draft) 2004 provides a more up to date assessment of land available for residential development in urban areas and includes an assessment of housing 'potential' based on an understanding of the processes for urban change and the opportunities it may present. In determining housing capacity it uses the following assumptions on density:

Bath Housing Density

	Dwelling per hectare
City/town centre	100
Urban site (with good public transport access)	60
Suburban sites	30

Source: B&NES Council *The Urban Housing Capacity Study (Draft) 2004*

It suggests that, for the period 2004 to 2011 there is potential capacity to provide circa 2,500 dwellings in urban areas.

8.11 Affordability definition and issue

Housing affordability is a key issue for West of England and B&NES. In the B&NES Council Local Plan 1996-2011 affordable housing is defined as:

“The range of both subsidised and market housing that will be available for those households whose income generally denies them the opportunity to purchase or rent houses on the open market as a result of the local relationship between income and market price”

Affordable housing therefore covers both:

- **Social rented housing** – where housing is allocated on the basis of need rather than ability to pay and rents are set below market levels.
- **‘Intermediate’ housing** – for those who are ineligible for social rented housing but cannot afford market housing. A level of public subsidy or cross-subsidy from commercial development is generally required. This is a relatively new area and different products are available including low cost home ownership (LCHO) and low cost rent schemes such as:
 - Shared ownership schemes (often controlled by RSL’s) enable occupiers to part-buy and part-rent the property until such time as they can afford to buy it outright when they staircase to full ownership.
 - Shared equity schemes where the RSL (or similar) retains a stake in the property.
 - Shared purchase using equity loans.

The issue is therefore a result of the gap between income and market house prices.

Housing affordability is a key issue across England as a whole and in particular the SE and SW. Recent reports by the Joseph Rowntree Foundation show that there has been a marked increase in house price to income ratios since circa 1998.

According to these calculations, in the SW ratios have increased by 13% from 4.20 in 2002 to 4.74 in 2004. In this period the ratio has increased in B&NES from 4.25 to 5.35. This ranks 27th

out of 44 local authority areas in the SW for 2004. Highest and lowest in the SW were Bournemouth (6.15) and Gloucester (3.40) respectively.

House Price to Income Ratio

	2002	2004	% Increase
B&NES	4.25	5.35	25.9
Bristol	4.07	4.57	12.3
N. Somerset	3.31	3.69	11.5
S. Gloucestershire	3.72	4.19	12.6
WoE Average	3.84	4.45	15.9
SW	4.2	4.74	12.9
SE	3.96	4.55	14.9
England	3.37	4.2	24.6
Other Examples			
Reading UA	4.28	4.14	-3.3
Torbay UA	5.2	5.53	6.3
Bournemouth UA	5.08	6.15	21.1
Gloucester	4.90	3.40	-30.6

Source: Joseph Rowntree Foundation, May 2003; Joseph Rowntree Foundation, Oct 2005

This affordability data is based on:

- Household earnings, not individual earnings.
- House prices for 2 and 3 bedroom dwellings.
- Income required for purchase at 3.75 x a single income and 3.25 a multiple income.

According to the Rowntree report, in 2004, a single earner household in B&NES would need an annual income of £30,600 to be able to afford to purchase a lower quartile price dwelling (£140,000). This reduces to £26,500 for lower decile prices.

Local house price and incomes required to purchase a house

	Average House Price	Average Annual Household Earning	2004 House Price (2/3 bed dwelling)		Annual Income required to purchase lowest decile		Annual Income required to purchase lower quartile	
			Lower Quartile	Lowest Decile	Single Earner	Multiple Earner	Single Earner	Multiple Earner
			£	£	£	£	£	£
B&NES	191,327	35,788	140,000	120,998	26,458	30,529	30,613	35,323
Bristol	155,912	34,126	120,000	101,550	22,206	25,622	26,240	30,277
N. Somerset	152,830	41,384	122,500	105,850	23,146	26,707	26,787	30,908
S. Glouc.	150,754	35,995	126,000	110,125	24,081	27,785	27,552	31,791
South West	160,221	33,826						
South East	188,543	41,426						
England	159,986	38,106						
Other Examples								
Reading	179,080	43,287	148,000	136,250	29,793	34,377	32,363	37,342
Torbay	154,340	27,909	119,975	102,050	22,315	25,748	26,235	30,271
Bournemouth	189,511	30,837	158,688	140,500	30,723	35,449	34,700	40,038
Gloucester	127,932	37,614	110,000	94,750	20,719	23,906	24,053	27,754

Source: Ernst & Young Analysis / Joseph Rowntree Foundation, May 2003; Joseph Rowntree Foundation, Oct 2005

There are other models available for assessing affordability and developing figures for affordable housing need. In May 2005 a new 'Housing Need and Affordability Model' was developed by Professor Bramley for use by the West of England local authorities to assess affordability and affordable housing requirement. The model's aim was to be technically more sophisticated and underpinned by recent national research and data. The exercise was a form of 'local housing needs study' that is undertaken by local authorities to support Local Plan policies on affordable housing and local housing strategies and investment programmes. It supersedes the information provided in the Housing Needs Survey of 2000 which was used to underpin the data in the B&NES Council Local Plan.

These figures are calculated from a number of inputs including:

- The ability of younger newly forming households to afford to access owner occupation by reference to:

- Income distributions for all under-35's.
- A lending multiplier of 3.5 x a single person's income and (3.5 x 0.85) for two earners. It assumes a 100% mortgage is assumed to indicate the maximum limit of affordability, and also to reflect the opportunity cost of savings where these are used for a deposit.
- Threshold house prices (lower quartile price) with adjustments for the availability of family wealth (for example, parental contributions, informal loans or inheritance).
- Net migrants to the area.
- Housing waiting list backlogs.
- Moves of tenure from owner occupied to social rented.
- Number of re-lets for social housing.

For B&NES and Bath City, the components of affordable housing in 2006 have been calculated as follows and shows that the need for Bath is driven by the new households that have a need for affordable housing as well as the backlog from the housing register:

Need for Affordable Housing

	New households unable to afford	Net migrants	o/o to social rented	Backlog
Bath City	438	24	58	131
Keynsham	112	0	16	21
Midsomer Norton-Radstock	192	15	31	41
Rural	125	1	21	26
BNES Total	867	41	124	219

Source: West of England Housing Need and Affordability Model, Final Report, 31 May 2005, Prof Glen Bramley, Heriott-Watt Univ, Edinburgh

Figures in this report suggest that only 32% of new households in B&NES could afford to buy in 2004. Based on these calculations, affordability deteriorated significantly between 2002 and 2004 with the trend in B&NES being the same as that for the West of England sub-region. Using this model, affordability is projected to improve and is predicted to 2009.

Bath City centre affordability is generally 4% lower than B&NES (ie, less households can afford to buy). This reflects the particularly high house prices in Bath City and lower incomes.

Affordability of Housing

Affordability %	2002	2004	2006	2009	Average
Bath City	34.6	27.1	30.1	34	31.4
B&NES	38.7	31.6	35.1	39.5	36.2
West of England	41.9	34.2	37.9	42.4	39.1

Source: West of England Housing Need and Affordability Model, Final Report, 31 May 2005, Prof Glen Bramley, Heriott-Watt Univ, Edinburgh

8.12 Affordable housing need

The Bramley model (West of England Housing Need and Affordability Model) combines affordability percentage with demographic and supply information to obtain an estimate of the net need for additional affordable housing. Figures calculated for 2006 are in fact higher than the total amount of housing required through the B&NES Council Local Plan and RSS, suggesting that even if RSS housing completion targets were met, it would not fully address the affordable housing need in B&NES.

Affordable Housing Need per annum

Affordable housing need pa on 2006	Bath City Centre	B&NES
Affordable housing need identified in Bramley study	314	771
B&NES Council Local Plan total housing requirement (average)	286	420
RSS total housing requirement (average)	440	590

Source: Ernst & Young review of B&NES Council data

Net Affordable Housing Need per Annum (units)

	2002	2004	2006	2009	Average
Bath City	238	314	278	241	268
B&NES	639	771	685	562	664
West of England	3,537	4,422	3,855	3,038	3,713

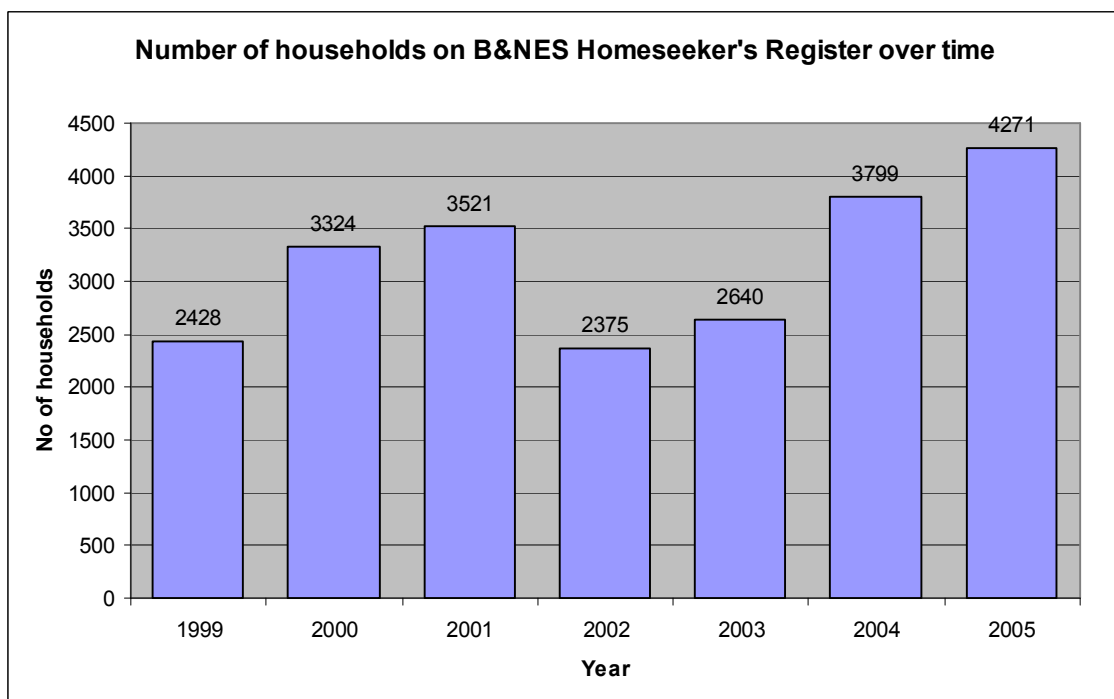
Source: West of England Housing Need and Affordability Model, Final Report, 31 May 2005, Prof Glen Bramley, Heriott-Watt Univ, Edinburgh

The need for affordable housing presented in the B&NES Council Local Plan is based on the Housing Survey 2000. This indicated that there was an affordable housing need at 2006 of 2,667 dwellings (1,732 if the 935 households planning to leave due to lack of housing are not taken

into account⁷). However according to the B&NES Council Local Plan there was an additional 2,925 concealed household (eg young people wishing to leave home).

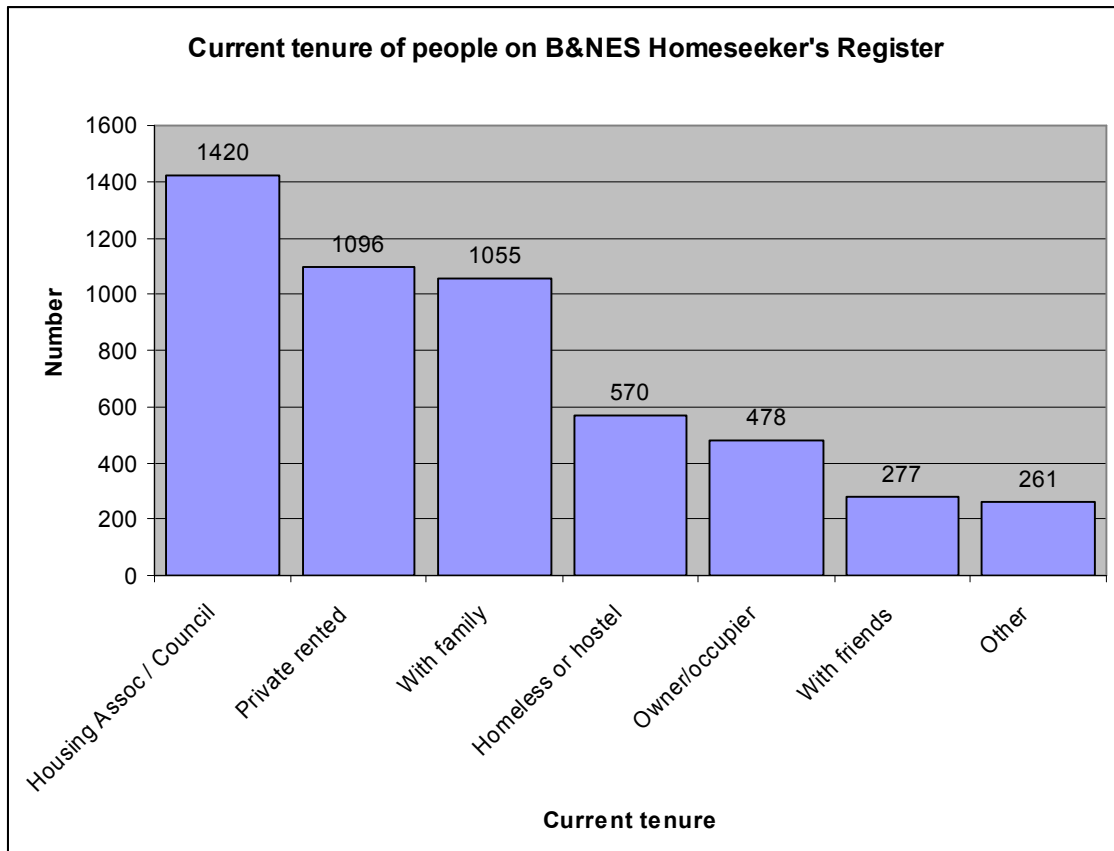
8.13 Affordable housing need – dwelling and tenure types

As at 05 December 2005, the number of people on the B&NES Council Homeseekers Register was 5,157. Since January 2004 this has increased by almost 30% (from 4,108) in this 21 month period. Data available on the trend over a 6-year period does suggest a rising trend but some of this data may not be completely comparable particularly due to the change in system between 2001 and 2002:

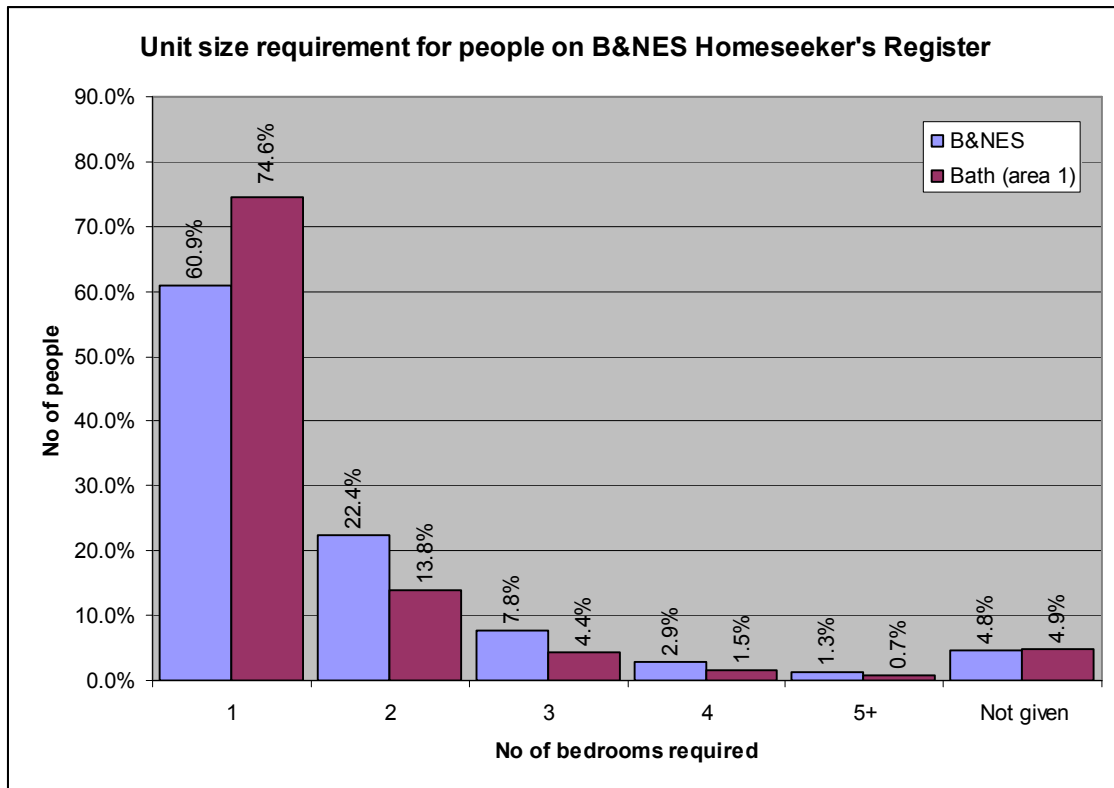


Of this 2005 total 3,743 (72%) had a social housing need (ie, attracting more than ten needs points). Over half of applicants were currently in social rented or private rented accommodation (28 and 21% respectively) and 16% were without secure housing (includes those that are class themselves as homeless, living in a hostel or living with friends):

⁷ B&NES Affordable Housing Strategy



In terms of location, 30 % (1,600) wanted to live in Bath Area 1 (includes Lansdown & Bathwick, Snowhill, Walcot, Weston and Newbridge wards). In terms of unit size required, over 80% of applicants for both B&NES and Bath Area 1 required small units (1- or 2- bedroom properties):



8.14 Other Information

Student Accommodation

According to the B&NES Council Affordable Housing Strategy, it is perceived that the need for student accommodation in the private rented sector has a direct impact on overall costs and availability within this sector. It seems that supply to students is good since they are perceived to be reliable payers (backed by parental guarantees). Student rental income is typically £800-1,000 per house per month.

Main student areas are Oldfield Park and Claverton Down and Twerton.

The University of Bath has 7,930 students and employs 1,800 staff. It generally houses all first years on campus. It has a longer term strategy to house 50% of its students in this way (B&NES Council Affordable Housing Strategy). It has developed a masterplan to provide an additional 950 student bedrooms on campus (B&NES Council Local Plan), although further expansion suggests that more will be needed. Policy GDS.1 land to help meet both student and academic needs on campus.

Bath Spa University College has 4500 students and according to the B&NES Council Affordable Housing Strategy is expecting to expand by 6/7,000 by 2010 - it employs 500 staff. It generally provides student accommodation first year students (circa 1200 per year with 1,000

needing accommodation). It has sites at: Newton Park (containing 400 student accommodation units); Somerset Place (150) and Lower Bristol Road (316 as from Sept 2004). This new site contributes to their need for 350-400 managed student accommodation units. They will be encouraged to produce a masterplan setting out future expansion proposals including assessment of current Newton Park campus capacity.

Elderly Housing

Overall, the elderly population, particularly those over 80 years old, is expected to increase. Accommodation for this group includes residential care, nursing and sheltered accommodation, general accommodation such as flats and bungalows.

Provision of sheltered accommodation in B&NES is relatively high. There are 2,246 sheltered housing units with an additional 52 units of extra care sheltered housing (2,298 units overall). This accommodation is mainly provided by Somer CHT (B&NES Council Affordable Housing Strategy).

In 2002, B&NES Council decided to provide three additional Elderly Persons Homes with a total of 105 beds and 75 extra care units, again led by Somer CHT. Of these, 60 extra care flats are to be provided in Bath (B&NES Council Affordable Housing Strategy).

Homelessness

In May 2003, total numbers of statutory homeless households was 176 with 69 units of temporary accommodation provided by Bath Self Help Housing Association (a subsidiary of Somer CHT). Due to the shortage, B&NES Council does place people in B&B accommodation.

8.15 In Conclusion

The City of Bath has a strong residential property market and recent house price inflation in the City has reached levels more similar to South East England. Housing completions, in recent years, have been below the level set out in the B&NES Council Local Plan. The private rented market is dominated by student demand. These factors combine to result in an under supply of affordable housing.

Both the Area Plan and especially the Regional Spatial Strategy recognise a need to increase the construction of housing units within the City of Bath. B&NES Council would seek to combine this housing construction programme with a requirement for developers to complete schemes with an element of affordable housing. At present this ratio is set at 30% although even this level of provision against the housing completion targets would not satisfy the projected demand for affordable housing.

Research – Visit

9.1 Key Findings

- Within an increasingly competitive market place, Bath has lost a significant number of visitors since 2000 and over the past four years has failed to recapture these numbers.
- Compared to its historic town peers, Bath attracts a higher age and spend profile than many other UK cities.
- Bath has a falling stock of bed spaces and above average occupancy rates.
- Bath has a lower proportion of business tourism than its historic peer towns and cities.

9.2 Introduction

The tourist industry is a vital component of the overall economy for the City of Bath. Employment levels in the tourism and allied service industries are high and the visitor economy also helps support the core retail offer.

This section sets out research on the visitor economy and draws from a wide range of sources. Data in the tourism industry in general, however, tends to be more qualitative than quantitative and on the whole is survey based with the inherent problems with this type of approach. One of the core findings of this study is the need for more quantitative management information relating to tourism across B&NES.

The research is set out in the following manner:

- Visitor numbers to Bath.
- The value of tourism.
- Visitor profile.
- Reason for visit.
- Mode of transport.
- Length of stay.
- Accommodation.
- Nature of visit.

9.3 Visitor numbers to Bath

One of the main issues for Bath is its ability to retain its position as a premier destination in light of increasing competition from UK and European city destinations.

To understand Bath's position in the current tourism environment, the National and Regional situation needs to be examined. The following range of information provides an insight into the UK domestic and international annual total visitor numbers.

Domestic

The following table highlights the total annual domestic visitor numbers for the South East, England and the UK and illustrates general domestic tourism trends. It is apparent that the level of domestic tourism in both England and total UK has declined significantly in recent years.

Total Annual Domestic Visitors (trips) 2000 – 2004 (millions)

	2000	2001	2002	2003	2004
Total UK	175.4	163.1	167.3	151.0	126.6
Total England	140.4	131.9	134.9	121.3	101.4

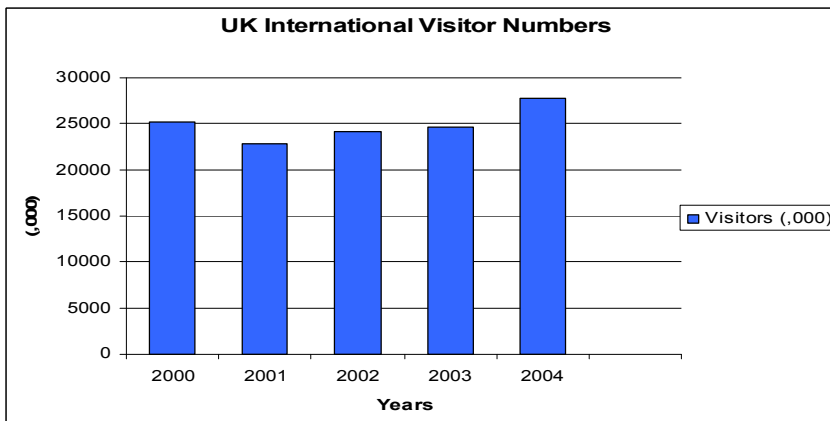
Source: UK Tourism Survey (UKTS), 2004 undertaken for Visit Britain by Statistics on Tourism and Research (STAR UK)

Between the years 2000 and 2004 UK domestic visitor numbers reduced by 28% - a strong element of this decline has been caused by the increase in popularity of the European low-cost market, which continues to grow.

International

By comparison, international visitor numbers have been increasing. The Office of National Statistics collates all international visitor numbers to the UK using the 'International Passenger Survey' which captures a random sample of passengers entering and leaving the UK by air, sea or the Channel Tunnel.

The following graph provides an overview of the current inbound visitor numbers to the UK. The figures indicate a recovery in visitor numbers to the UK from 2001 onwards. The annual total of international visitors into the UK has now surpassed 2000 levels (pre external events hindering international travel such as foot and mouth, 9/11, SARS and the Gulf War).

International Visitor Numbers to the UK, 2000 - 2004

Source: *International Passenger Survey (IPS), 2005 (ONS)*

In conclusion, since 2000 the UK domestic visitor numbers have decreased by over 48 million. This has only been compensated by a relatively small increase of over 2.5 million international visitors. This recent trend therefore represents a strong overall decline for the UK tourism economy.

South West England

From a South West England perspective, however, the position is not so negative. The South West Region, has become the highest recipient of tourism visitors in the UK and has continued to attract both domestic and international tourism. The following table highlights the region's relatively stable position regarding domestic visitors

Total Annual UK Domestic Visitor Numbers to all Regions 2000 – 2004 (millions)

	2000	2001	2002	2003	2004
South West	18.6	19.8	21.0	22.8	20.5
West Midlands	-	-	-	10.8	8.6
East of England	13.2	13.0	14.5	11.8	10
East Midlands	-	-	-	9.6	8
London	18.5	16.9	16.1	14.3	12.8
North West	14.8	13.7	14.5	16.0	12.9
North East	5.6	4.3	4.8	4.8	3.8
South East	26.8	25.9	25.5	20.7	16.6
Yorkshire & the Humber	13.1	11.0	12.2	13.1	10
Total England	140.4	131.9	134.9	121.3	101.4
Total UK	175.4	163.1	167.3	151.0	126.6

Source: UK Tourism Survey (UKTS), 2004 undertaken for Visit Britain by Statistics on Tourism and Research (STAR UK)

Despite fluctuations within the domestic visitor numbers throughout the UK, the South West is the only region to have registered an increase in domestic tourism since 2001. This rise in visitor numbers against the background of a more widely falling market for domestic tourism represents an increase in market share from 10.6% in 2000 to 16% in 2004.

The International Passenger Survey provides a breakdown of the inbound regional visitor numbers. The table below identifies the international visitor numbers split by region. Although visitors may travel to more than one region within the UK, the table allows an understanding of how each region is performing in terms of attracting international visitors.

International Passenger Survey (IPS) Visits 2000 - 2004 (Thousands)

	2000	2001	2002	2003	2004
UK	25220	22820	24180	24700	27760
England	21480	19320	20540	21130	23630
North East	440	440	530	500	540
North West	1320	1250	1520	1840	1810
Yorkshire	920	800	860	920	1110
West Midlands	2280	2040	1530	1730	1730
South West	1630	1370	1850	1880	2030
South East	2140	2000	3700	3590	3950
East of England	1800	1430	1660	1770	1930

Source: International Passenger Survey, 2004 (2000 – 2004) ONS

The table identifies that the South West is also performing well with regard to international visitors. The majority of the UK regions experienced a drop in visitor numbers between the years 2000 and 2001. Following this reduction most regions experienced a general upward trend and international visitors increased. In fact, the South West region had exceeded 2000 numbers by 2004.

In 2001, the South West was attracting 6% of the total UK overseas visitors but by 2004 its market share had risen to 7.5% of the total.

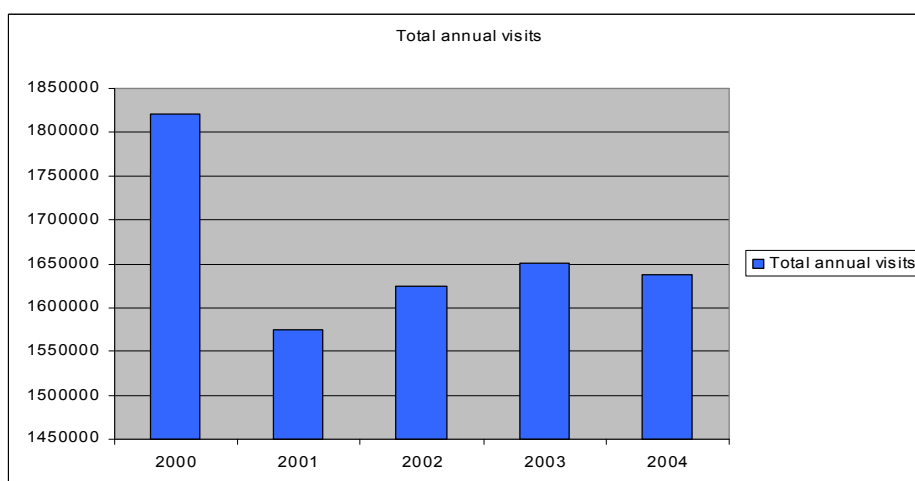
Within the overall South West market however, it is important to consider the position of B&NES and to assess whether B&NES is capitalising on the region's increasing market share of both the UK domestic and international visitor numbers.

Bath

In B&NES, the members of the Heritage Forum recently provided information on total visitor numbers to their attractions (a list of the attractions are provided in appendix 4). This was collated by B&NES Council Heritage Services on behalf of the Heritage Forum. The total figures were given to Bath Tourism Plus to reveal the contribution these attractions make to tourism in the Bath area.

The following graph identifies the total annual number of all visitors to B&NES attractions from years 2000 to 2004. The data highlights a significant drop in visitors from 2000 to 2001 (c14%), and although signs show numbers are increasing, they show no sign of returning to the levels of pre 2001.

Total Annual Visitor Numbers to B&NES Attractions, 2000 - 2004



Source: B&NES Council, Visitor Performance Report (all attractions), 2005

These figures show that B&NES has not regained its visitor numbers since 2000 and that the annual total of all visitors to the area actually decreased in 2004 from the previous year.

In addition to this, the International Passenger Survey provides figures on the leading UK city/town destinations. The following table identifies the top UK destinations for international visitors.

International Passenger Survey - Top UK Cities/Towns, 2000 – 2002

City/Town	Visits 000s 2000	Visits 000s 2001	Visits 000s 2002
London	13,150	11,450	11,600
Edinburgh	910	850	850
Manchester	560	550	590
Birmingham	520	450	670
Glasgow	430	400	400
Oxford	410	360	390
Cambridge	370	260	280
Bristol	360	310	310
York	310	240	230
Bath	300	220	200
Brighton/Hove	260	240	230
Cardiff	240	250	280
Inverness	220	160	180
Liverpool	190	130	190
Nottingham	190	140	200
Newcastle-upon-Tyne	180	180	240
Reading	170	170	150

Source: International Passenger Survey (IPA), 2000, 2001, 2002 (ONS)

It is clear that Bath has lost a significant proportion of its international visitors. In fact in 2000, 1.2% of all overseas visitors to the UK came to Bath. In 2001, this had reduced to 0.9% with 2002 further reducing to 0.8%.

In the two years between 2000 and 2002 Bath has lost over 30% of its overseas visitors. This reduction took place despite the fact that the South West as a whole attracted more overseas visitors to the Region during the same period.

9.4 Value of Tourism

Visitor numbers represent only one aspect of the vitality of the tourist economy. Visitor numbers provide some indication of the performance of an area/city but it is how each visitor spends their money (and where) which provides a clearer understanding of whether a city, region or country is

actually benefiting from the visitor numbers. This is an important indicator to consider, especially in light of the data pointing to a reduction in the numbers of visitors being attracted to Bath.

To appreciate Bath's current position, and how Bath is performing with regard to its competition, an understanding of the UK; regional performance; and recent trends are essential.

The UK Position

The evaluation of tourism spend has been split into domestic tourism and international tourism. Firstly, domestic tourism figures collated through the UK Tourism Survey, undertaken by Statistics on Tourism and Research (STAR UK) on behalf of Visit Britain. The table below provides an overview of the expenditure by domestic tourism in the UK.

UK Domestic Visit Spend

	2000	2001	2002	2003	2004
Total UK Visits (millions)	175.4	163.1	167.3	151.0	126.6
Total UK Spend (£millions)	26132	26094	26699	26482	24357
Spend £ Per Visit	148.98	159.98	159.58	175.37	192.39
% change		+7.3%	-0.3%	+9.8%	+9.7%

Source: UK Tourism Survey (UKTS), 2004 undertaken for Visit Britain by Statistics on Tourism and Research (STAR UK)

The table indicates the UK's total domestic spend per visit is generally increasing (between 2000 and 2004 by 29%) but overall the value of domestic tourism to the economy is decreasing because the reduction in visitor numbers more than offsets the rise in expenditure per head.

In addition to the domestic market value, The International Passenger Survey also provides an indication of the international spend per UK visit, shown in the table below.

Overseas visits to the UK and spend (seasonally adjusted) 2000 – 2004

Year	2000	2001	2002	2003	2004
Visits (millions)	25.2	22.8	24.2	24.7	27.7
Total Spend (£millions)	12800	11320	11730	11860	13050
Spend £ per Visit	507.53	496.06	485.11	480.16	470.10
% change		-2.3%	-2.2%	-1.1%	-2.1%

Source: International Passenger Survey (IPA), 2004 (ONS)

Spend values are significantly higher for overseas visitors than UK domestic visitor values. However, the trend over this time period points to international spend per visit decreasing by circa 7.4%.

Regional Performance

The success of the South West in generating an increased number of visitors needs to be considered alongside the value generated. As one of the leading UK tourist locations, with an increased market share of UK domestic visitor numbers, there is a need for Bath to realise the value of this increase to the region.

The following graph and relevant table plots the total UK domestic tourism spend within each Region.

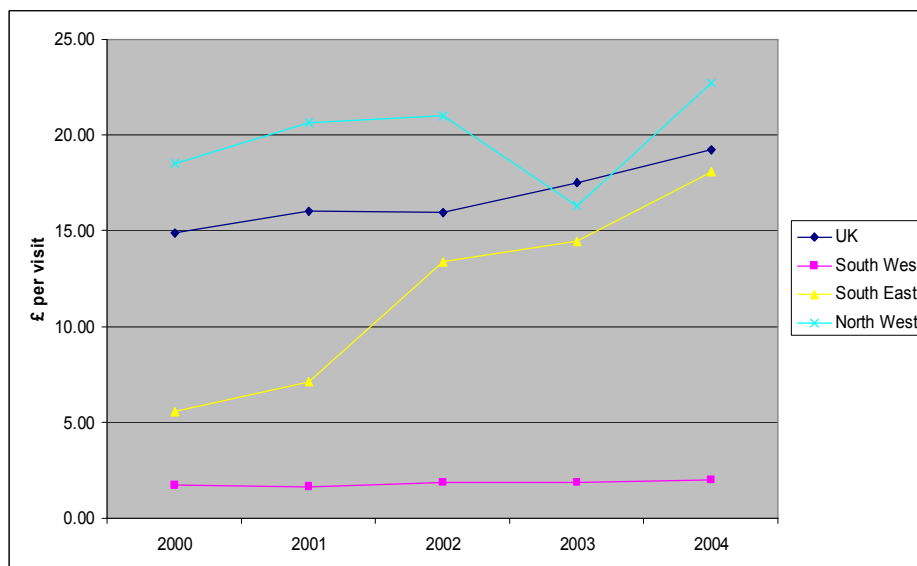
UKTS Domestic Tourism - Spend (£ millions)

	2000	2001	2002	2003	2004
West Midlands				1633	1447
East of England	1537	1799	1704	1654	1641
East Midlands				1352	1201
London	3070	2995	2818	3212	2759
North West	2745	2831	3044	2615	2927
North East	738	628	868	824	700
South East	1490	1843	3420	2999	3006
South West	3122	3291	3901	4263	4103
Yorkshire & the Humber	1691	1452	1595	1930	1584
Total England	19890	20278	20787	20560	18960
Total UK	26132	26094	26699	26482	24357

Source: UK Tourism Survey (UKTS), 2004 undertaken for Visit Britain by Statistics on Tourism and Research (STAR UK)

The table provides some indication on the total domestic visitor expenditure in the South West. However, this annual total needs to be considered against the total number of visitors, which will provide an indication on the true value of each visit.

The following graph looks at the average spend per visit to the South West and compares it with other UK regions and the UK average spend.

UKTS Domestic Tourism - Spend (£ per visit)

Source: UK Tourism Survey (UKTS), 2004 undertaken for Visit Britain by Statistics on Tourism and Research (STAR UK), Ernst & Young interpreted 2005.

The UK Tourism Survey data points to the South West noticeably attracting less expenditure per visit than other UK regions although the nature of the disparity between regions raises some concern with regard to the validity of the data.

The value of tourism can then be further examined further at a local level.

Bath

The following table is taken from the Bath Visitor Survey, 2004, undertaken by South West Tourism on behalf of Bath Tourism Plus. The survey included face to face interviews with all visitors who were not from the Bath area and points to a much higher average visitor spend though the data includes overnight and day visitors, and both domestic and international visitors.

All Visitor Spend by Type, with National Comparisons, 2004 (£ per visitor per day)

	Shopping	Eating Out	Entertainment	Travel	Total
Bath	16.16	13.4	5.93	2.44	37.93
Historic towns/cities	11.64	7.17	2.13	2.14	23.08
All UK destinations	11.11	7.57	2.56	2.39	23.63

Source: Bath Visitor Survey, 2004

In comparison with the UK domestic spend per visit Bath out-performs the UK average and all other regional averages. This shows that the visitor expenditure tables suggest that Bath acts independently of the South West. One of the interesting facts is that the table points to a high proportion of spend associated to shopping, highlighting Bath's retail strength.

9.5 Visitor Profile

It has been identified that Bath is attracting fewer visitors, although in recent surveys the extraction of value remains high compared with other historic towns and the UK regional averages.

To help understand the type of visitors Bath attracts, local and regional organisations such as Bath Tourism Plus, Local Heritage Services and South West Tourism undertake visitor surveys to assess the profile of visitors to the City.

The Bath Visitor Survey was undertaken by conducting face to face interviews with people who live outside Bath. A number of questions were asked, to identify the age, socio-economic standing and reason for visit to provide Bath with a profile of the type of visitors attracted. Some comparison can be made with the UK Tourism Survey which also investigated the age profile of regional visitors.

This profile, in comparison with the regional and national age ranges suggests that Bath attracts an evenly distributed visitor age profile. However, compared to other regions, Bath has a larger percentage of older visitors (55 years and above), whereas, the UK and regional averages tend to suggest a larger percentage of visitors stem from the mid age range of between 25 and 44 years old.

Age range of visitors to Bath, UK and Selected Regions, 2004 (%)

	Bath	South West	North West	Yorks	North East	South East	West Mids	UK
16-24 yrs	8	13	17	16	19	17	16	16
25-34 yrs	16	19	19	18	19	18	25	20
35-44 yrs	17	26	22	26	20	22	23	24
45-54 yrs	18	17	19	16	20	16	18	17
55-64 yrs	17	13	12	14	12	13	11	13
65+ yrs	14	12	11	11	10	14	8	12

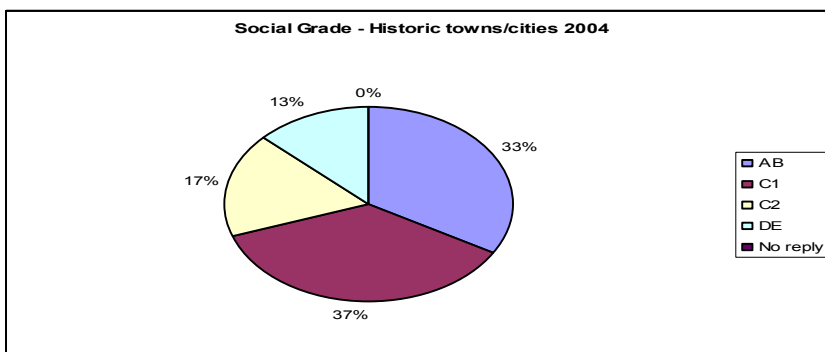
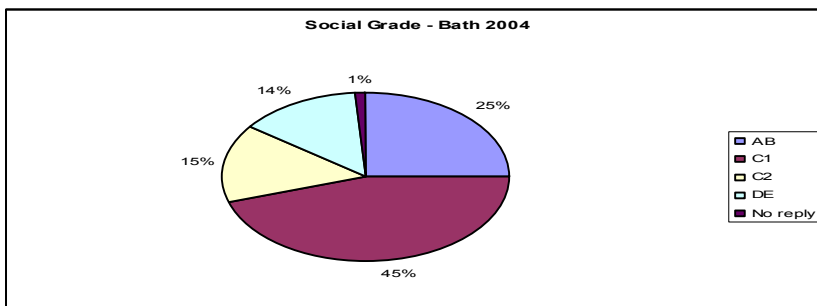
Source: UK Tourism Survey (UKTS), 2004 undertaken for Visit Britain by Statistics on Tourism and Research (STAR UK) and the Bath Visitor Survey, 2004

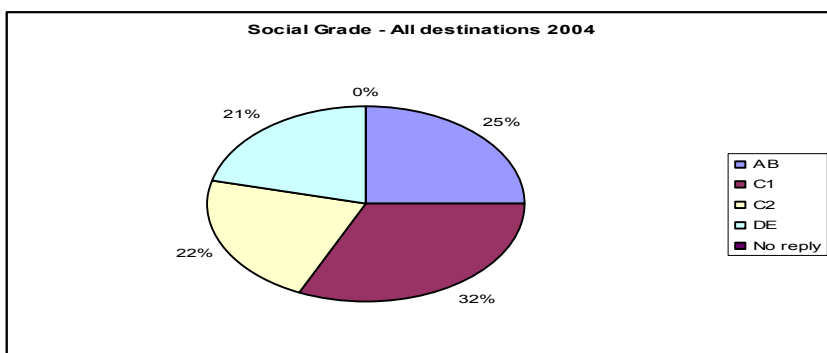
B&NES total visitor numbers in 2004 were 1,638,000; therefore the 2004 visitor survey suggests that over 802,000 visitors (49%) are over the age of 45.

Social grade can also provide some insight into spend profile. Using definitions set by the Office for National Statistics the following graphs represent the social grade of visitors to Bath, Peer UK historic towns and all UK destinations.

Social Grade	Occupation
A	higher managerial, administrative or professional
B	intermediate managerial, administrative or professional
C1	supervisory or clerical, junior managerial, administrative or professional
C2	skilled manual workers
D	semi and unskilled manual workers
E	state pensioners or widows (no other earner), casual or lowest grade workers

Visitor percentages by Social Grade, 2004





Source: Bath Visitor Survey, 2004

Bath, in common with other historic UK destinations has a high percentage (70%) of visitors in the two higher social grades (AB/C1). This goes some way in explaining the high levels of spend within Bath. The Bath Visitor Survey does point to a reduction in AB visitors between 2001 and 2004. However, the majority of the growth in social grade in this time period was with the C1 levels. In 2001, 68% of the visitors were in the AB/C1 social grade. By 2004 the AB/C1 grade increased to 70%.

9.6 Reason for visit

Bath has a strong heritage identity. The Roman Baths is one of the key visitor attractions and the City boasts a wide range of museums, galleries and exhibitions. Alongside this formal heritage offer, the City is also renowned for its Georgian architecture, with around 5,000 buildings 'listed' for their architectural merit. Additionally the cultural offer also provides a strong attraction for the visitor market.

Bath offers the visitor a strong retail offer. Alongside a wide range of retail multiples, there is a choice of smaller specialist and independent shops offering visitors a quality experience relatively unique to Bath.

Bath is also positioned as a base for exploration of other attractions throughout the South West, including surrounding Areas of Outstanding Natural Beauty, Wells, Salisbury, Stonehenge and Glastonbury.

One Hour Drive Time of Bath



The map above shows that the location of Bath also allows the City to be accessible for a high degree of day visitors who stay (or live) in nearby cities such as London, Bristol and Cardiff.

As detailed in earlier sections, Bath does have areas of weakness in a lack of business tourism, which is regarded as an important tourist market throughout the UK, with high associated values. There is virtually no recorded business tourism in Bath and this despite the location of two universities within the City.

The following table has been created using two sets of information; the 2004 Bath Visitor Survey, which provides information on 2004 survey data, using comparison data from 2001; and the Economic Impact of Tourism, undertaken by South West Tourism on behalf of B&NES Council, which provides information on 2000 and 2002 figures.

Staying trips by UK and Overseas visitors 2000 – 2004

	2000	2001	2002	2003	2004
All holidays	54%	86%	48%	Not currently available	86%
Business	13%	1%	10%		1%
Friends/relatives	23%	7%	16%		5%
Other	6%	1%	5%		3%
Language school	4%	5%	22%		5%
Total	100%	100%	100%		100%

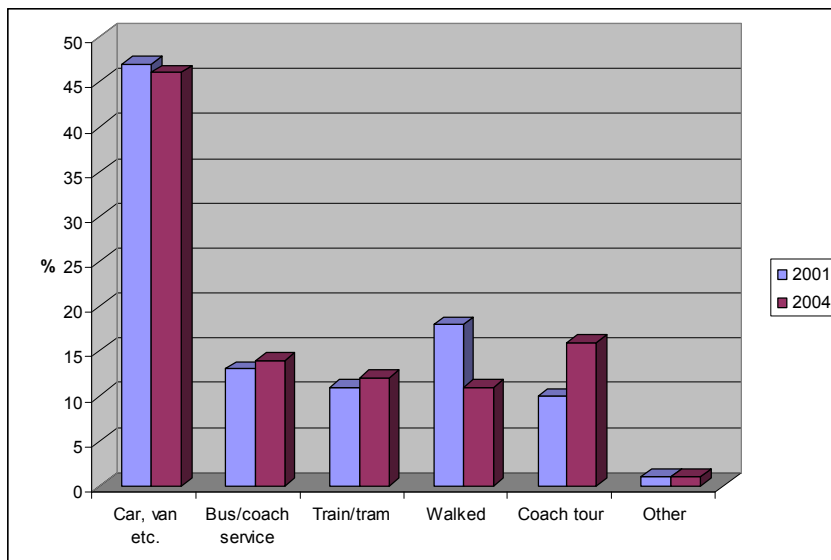
Source: *Economic Impact of Tourism, 2002 and Bath Visitor Survey, 2004*

Bath's challenge lies in creating an environment to penetrate the leisure tourism market more successfully and to consider developing a much stronger business tourism offer. A business offer centres on a strong commercial and corporate core within the City, which will be tackled in the work element of this study and the availability of hotels and conference facilities. Section 8.8 will investigate the City's hotel offer.

9.7 Mode of transport

The type of vehicle used for arriving into Bath is an important factor in understanding the relationship Bath has with its visiting populous. The Bath Visitor Survey, 2004 conducted face to face questionnaires to people who do not live in the Bath area. The following graph provides an analysis of the findings in comparison with the previous study results in 2001.

Form of Transport in Bath 2004 and 2001



Source: Bath Tourism Survey, 2004

It is not surprising that Bath attracts a high percentage of car usage. However, one of the interesting facts is the increase in popularity of coach tours from 10% to 16% in 2004. The level of use in coach travel is above the levels in other UK destinations (5%) and other Historic Cities (4%). This shows the attraction of the City to day visitors arriving in the City from other destinations as part of an organised tour.

9.8 Length of Stay

The Report on the Economic Impact of Tourism (2002), undertaken by South West Tourism on behalf of B&NES Council, explains that the Cambridge Model (see Appendix 5 –Tourism Research Methodology), as well as producing overall estimates of the number and value of visitors, is able to provide an indication of the length of stay per overnight trip.

The report identifies the average length of stay in Bath is 3.5 nights. Trips by overseas visitors are longer than those by UK residents, although because of the suggested different volume of trips in this report (domestic visits in the region of 590,000); the UK length of stay dominates the overall average.

Length of stay in B&NES by visitors from the UK & Overseas

Nights	Domestic	Overseas	Total
Long holidays (4+ nights)	4.9		
Short holidays (1-3 nights)	1.9		
All holidays	3.1	2.6	2.9
Business	2.2	2.1	2.2
Friends/relatives	2.4	3.7	2.9
Other	4.0	5.6	4.4
Language school	0	29.9	29.9
Total	2.8	4.8	3.5

Source: *Economic Impact of Tourism in Bath, South West Tourism, 2002*

NB. The totals in the above table may not sum due to rounding

B&NES Council also undertake an occupancy survey, which appraises all registered hotels, guest houses and B&B's within the area to understand their occupancy and visitor levels.

The following table provides a summary of the annual average lengths of stay for all visitors in a selection of registered establishments. This information covers only a limited sample size of hotels but provides a useful insight into the current position.

Average Length of Stay (Nights)

	2002	2003	2004	2005
Bath City	1.72	1.57	1.78	1.97
North East Somerset	1.68	1.78	1.74	N/A
B&NES district	1.73	1.67	1.74	1.90
South West	2.20	2.21	2.12	1.97

Source: *B&NES Council Occupancy Survey, 2002, 2005*

This information indicates that the average length of stay for Bath City over the time period is at levels of 1.76 nights although this is seen to increase in 2005 to 1.9 nights.

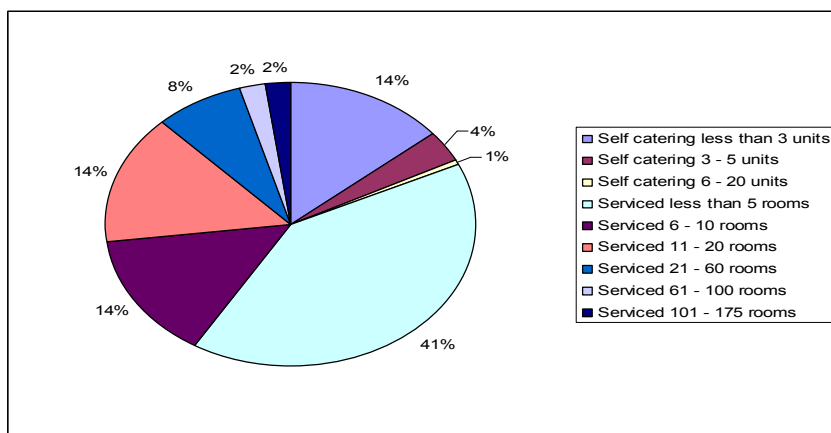
9.9 Accommodation

To assess where visitors stay in the City, it is important to understand the type of accommodation available to visitors.

The following chart profiles the type of accommodation available. The information was provided by Bath Tourism Plus who operate a membership scheme, with private and public sector tourist

based organisations, including serviced and non serviced accommodation. Bath Tourism Plus, as part of their web based services, provides a list of 139 accommodation facilities in and around Bath.

Quantity and type of accommodation available in Bath

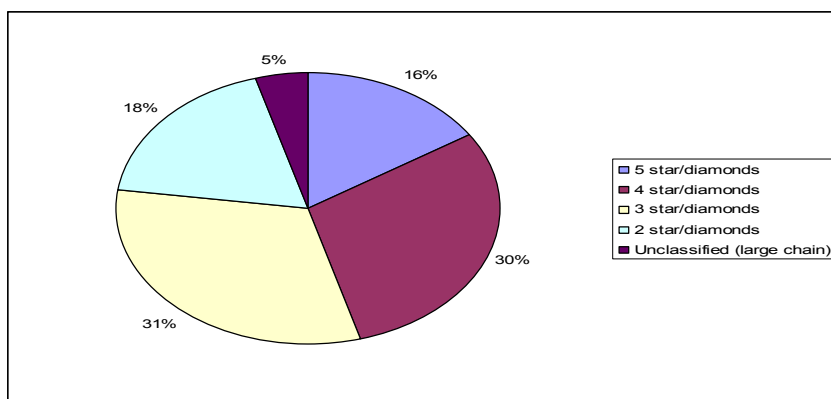


Source: Bath Tourism Plus, membership list, 2005-10-18

The chart identifies that 55% of the serviced accommodation available has 10 rooms or less. Only 12% of the serviced accommodation available has more than 10 rooms.

It is also important to note that all accommodation listed on the Bath Tourism Plus (BTP) membership scheme (and website) has been inspected by one of the ratings authorities (Visit Britain, the AA or the RAC), or is part of a nationally recognised brand (e.g. Hilton or Holiday Inn). Ratings are a sign of quality assurance, giving the visitor the confidence to book the accommodation that meets their specific expectations.

As an example of quality offered in Bath, the following chart has been collated from the Bath Tourism Plus website, which lists all member hotels by quality ranking.

Quality of hotel accommodation from Bath Tourism Plus Members (by hotel)

Source: Bath Tourism Plus website (hotel membership), 2005

Although data relies on Bath Tourism Plus structuring the hotels appropriately, the chart indicates that over 60% of the City's hotel accommodation is within the mid-range level (2 to 3 stars).

If Bath is to begin to secure greater numbers individuals on high quality overnight breaks and start to offer a business tourism product it is clear that the City has a limited amount of serviced hotel accommodation, especially at the appropriate quality and size.

Occupancy levels can provide a number of different assessments on demand and supply of serviced accommodation. The following table shows average occupancy rates.

Average Annual Room Occupancy rate (%)

	2001	2002	2003	2004
Bath City	71	68	74	72
B&NES District	68	64	72	68
Unitaries	65.5	64.5	70	61
Somerset	43	48	49	50
South West	53	56	59	57
England	57	60	60	62
UK	57	59	59	61

Source: B&NES Council Occupancy Report, South West Tourism Occupancy Report and UK Tourism Survey, 2001, 2002, 2003, 2004.

The table points to continually high occupancy levels for Bath City over the Regional and National averages.

During the time period of 2000 to 2004 visitor numbers to Bath City have declined dramatically. However, occupancy levels have remained high throughout this period, suggesting that there has been a reduction in serviced accommodation.

A BIGHA analysis has showed that serviced accommodation is being removed from the tourism market as property values increase and supply returns to the residential sector. Unfortunately, the information on supply over this time period is incomplete and of a questionable quality. South West Tourism published Avon Tourism Facts in 2003 and B&NES Council released the Bath & Beyond 2004 report, which included a bed stock analysis. The following table lists the findings of the two documents but it is unclear whether the results are in any way comparable. The results are shown for illustrative purposes only.

Accommodation Supply in Bath

	Bath (2003) *	Bath (2004) **
	Bed spaces	Bed spaces
Hotels	3029	4462
Guesthouses	448	Not available
Inns	145	95
B&B	1745	Not available
Farms	88	114
Hostels	Not available	451
Total Serviced Accommodation	5455	5122
Total Self catering	232 units	213
Touring caravans/tents	314 pitches	195
Group accommodation	434	Not available
Campus	1624	Not available
Second homes	566 units	Not available
Marinas	55 berths	Not available

Source: *Avon Tourism Facts, B&NES Council (SW Tourism), 2003 and **B&NES (Bath & beyond 2004 Bed stock analysis), 2004. Ernst & Young interpreted, 2005

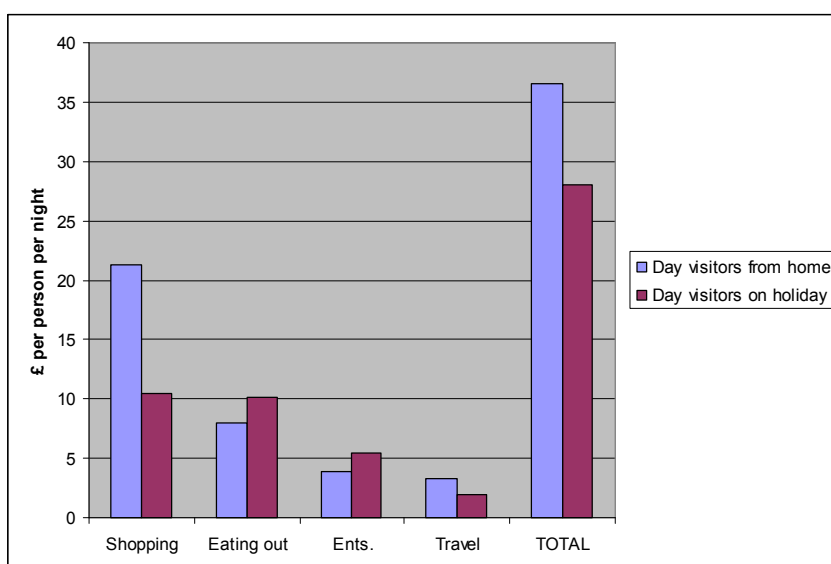
The table suggests that in total, serviced accommodation reduced in Bath by 333 bed spaces. Within this time period Bath's occupancy level reduced slightly from 74% to 72%, but remained considerably higher than the national average.

The information shows that there is a significant demand for bed space within Bath. This demand and high occupancy rates for hoteliers in the City alongside the lack of development land available and the increasing trend of returning Georgian buildings into residential use could have the result in creating a stagnant environment where refurbishment or redevelopment is postponed due to a continual supply of guests.

9.10 Nature of Visit

The Bath Visitor Survey provides an overview of spend relating to certain activities. The following graph provides an indication of expenditure on various activities such as shopping, eating out, entertainment and travel. It also provides a distinction between types of visitors, those on holiday and those visiting from home. The level of expenditure provides a clear indication of the popularity of the activity.

Day Visitor Spend by activity and type of visitor



Source: Bath Visitor Survey, 2004

The data indicates that the day visitor from home spends over £10.78 per visit of their expenditure more on shopping than a visitor on holiday, highlighting the attractiveness of Bath as a retail offer for day visitors from home.

Visitors on holiday have a more even spread of spending including eating out and entertainment (including entrance to attractions and museums). Shopping still however, remains a significant attraction to those visiting the City whilst on holiday

9.11 In Conclusion

Bath is recognised as a premier visitor destination, its heritage, architecture and culture are strong themes which continue to attract visitors to the City. The conclusions which may be drawn from the statistics, figures and evidence are that:

- Bath remains a recognised premier UK visitor destination.

- The heritage offer remains strong, but there is a need to expand on this and develop other elements to attract visitors.
- People who visit Bath are more likely to stay than those visiting other UK Historic Towns.
- On average people spend more in Bath than those visiting other UK historic towns.
- Over the past four years, staying visitors spend on average 1.76 nights in Bath. This means Bath is ideally placed to capitalise on one of the fastest growing visitor sectors – short breaks.

Conversely:

- The age characteristics of a visitor to Bath are older than many other UK destinations.
- Bath is attracting fewer visitors and in an increasingly competitive market place, Bath has suffered a declining market share.
- Bath attracts above average occupancy rates, but this can be partly attributed to a lack of quantity and diversity in the hotel offer.
- Bath compared to regional and national figures has low business tourism visitor numbers.
- Bath's strong retail offer attracts a high proportion of visitor spend.

Analysis - Work

10.1 Introduction

Central Issues	Potential Result	Conclusion	Spatial Outcome
Bath is currently at full employment.	Bath is a relatively self contained economy but has missed out on the high value service sector expansion seen in other city locations in the South of England.	Bath must provide increased private sector employment. The need will become more pronounced as residential development increases.	Employers increasingly seek town centre / edge of town in order to maximise staff catchment and offer staff amenities.
Bath is losing manufacturing employment.	Without further employment space Bath will be unable to provide employment for a large increase in the residential population. This will result in increased out commuting.	The shift in the UK economy towards the service sector means that any employment is likely to be office based.	The Georgian area of the City places significant challenges on modern office occupiers.
Bath has generated little high value private sector employment.	Without a shift towards higher wage employment, housing affordability issues will become more pressing	Bath is reasonably placed to secure further employers. Bath is a university City; with an established position as a sub regional centre; located within the M4 corridor; and with a recognised quality of life and a potentially differentiated offer.	New mixed use office development linked to local amenities can provide a vibrant quarter of the City contributing to the early evening and retail economy.
Bath has little modern employment space to offer potential employers.		The lack of an existing office market means development would need to be carefully phased.	Coincidentally, over time, shift of existing office occupiers to a modern office quarter could allow more residential occupation of the Georgian core.

The research section illustrates that Bath is a relatively self contained economy – full employment has been reached and there is less inward and outward commuting than for a City of a similar size. Over recent years, however, the City has not generated the employment which would have been expected of a similar urban area and in addition, average wages levels have fallen behind the average for Great Britain as a whole.

The challenge for the City, therefore, is to make the transition to higher value employment and provide employment opportunities for the projected increase in Bath residents.

The analysis considers how Bath might address these issues in the following manner:

- Employment.
- SWOT.
- Further Investment.
- Scale.
- Conclusions.

10.2 Employment

The research has already demonstrated the decline in manufacturing employment and the increase in service sector employment over the last 30 years. In the last ten years employment has changed in the following manner:

Manufacturing Employment Trends 1996-2005

	UK			B&NES		
	Total (000s)	% age Change	Proportion of employment	Total (000s)	% age Change	Proportion of employment
1996	4482		16.0	15		19.3
1997	4516	0.8	15.9	13	-13.3	16.4
1998	4547	0.7	15.9	12	-7.7	14.8
1999	4375	-3.8	15.1	12	0.0	15.4
2000	4252	-2.8	14.4	15	25.0	17.3
2001	4077	-4.1	13.7	11	-26.7	12.5
2002	3878	-4.9	13.0	8	-27.3	9.0
2003	3688	-4.9	12.2	12	50.0	13.5
2004	3569	-3.2	11.7	9	-25.0	10.9
2005	3438	-3.7	11.2	11	22.2	12.6
Average Annual Growth		-2.9			-0.3	

Source: ONS Labour Force Survey

Whilst these official statistics are based on survey data and are therefore somewhat unreliable at a local level, the National trend in manufacturing is clearly and continually downwards. Both

the UK and B&NES had a far smaller proportion of its workforce employed in manufacturing in 2005 than in 1996.

Local anecdotal experience in Bath helps to confirm these statistics. In the recent past Bath has lost a number of manufacturing companies such as Horstmann Timers and CIC Ralphs.

In addition to the decline in existing stocks, the amount of new manufacturing investment into South West England is also in decline. According to Ernst & Young's European Investment Monitor⁸ (EIM), in 1997 55% of inward investment into South West England involved manufacturing. This has declined steadily and in the first 3 quarters of 2005 EIM did not record a single manufacturing project investment in South West England.

Overall, given the long term decline in UK manufacturing employment; the lack of new inward investment providing manufacturing employment; and the paucity of larger scale manufacturing sites available within Bath, it is unrealistic to assume that the City of Bath will derive any significant increase in employment through manufacturing investment. The key issues from a manufacturing perspective will be to try and maintain the companies still within the area.

If Bath is to generate significant employment in the next 10-20 years, the employment growth will, therefore, have to be generated by the service sector. It is also likely that the service sector must backfill further manufacturing jobs as the downward trend in manufacturing employment continues.

As manufacturing employment has been declining, so service sector employment has continued to rise. Non public sector office employment in B&NES has grown by 10% per over the last five years. This has clearly been an important source of new employment but over the same period, office employment in Great Britain expanded by 22%. The economic growth recorded in Britain over the last period has principally been an urban phenomena but the conclusion must be that Bath has missed out on much of this economic expansion.

As seen earlier, Bath has only 4 private sector employers with more than 500 staff (Wessex Water, Helphire Group, Robina Care and Future Publishing). Furthermore, Bath has not secured a single inward investment recorded by EIM⁹. The lack of new employment generating investments can also be illustrated by considering office take-up. Office take-up in Bristol, Cardiff and Reading may exceed 50,000m² in any given year, and Swindon may achieve a take up of 20,000m², against this, office take up in Bath only averages 10,000 m² per annum.

Availability of property in Bath, is however, low and the type of occupiers in the City reflect the space typically available. Ninety per cent of Bath City office occupiers employ less than 25 people and the supply of office space is dominated by units of less than 250m² often in Georgian buildings above ground level.

⁸ The European Investment Monitor (EIM) is a database of all foreign direct investment announcements made across Europe. The database captures records since 1997 and is the most comprehensive record of foreign direct investment decisions available.

⁹ EIM covers the period 1997 onwards

The conclusion is that Bath continues to operate as a sub-regional service centre with a local self contained office market. The City has no office market for wider corporate activity. Without a defined market it is impossible to completely address the ‘chicken and egg’ question:

Has the slow growth in service sector employment been caused by the under supply of offices *or* does the under supply of office space reflect the lack of occupiers demanding space?

The fact that the lack of available land; planning restrictions; and the pressure for housing development has prevented the opportunity for schemes to come forward combined with the high occupancy rates and the fact that some larger employers are forced to work across multiple locations may suggest that the cause is at least partially a lack of high quality supply.

This was also the conclusion reached by Roger Tym & Partners, ‘This is not to deny the limited investment in modern accommodation over the last two decades and the role this has played in constraining the City’s development as an employment centre and the acknowledged shortage of office accommodation.’¹⁰

10.3 SWOT

In determining the future economic direction of Bath, it is useful to consider the likely attractiveness of Bath to office occupiers. The following SWOT matrix provides a summary:

<p><i>Strengths</i></p> <ul style="list-style-type: none"> ▪ High skill level of much of the population ▪ Supply of graduates ▪ Existing sub regional centre ▪ Heavy rail links to SE England / Bristol ▪ Quality of Life ▪ Local commuter public transport links ▪ Compact centre ▪ Strong provision of staff amenities 	<p><i>Weaknesses</i></p> <ul style="list-style-type: none"> ▪ Distance to motorway ▪ Distance to international airport ▪ Apparent full employment and skills shortages ▪ Lack of established office sector ▪ Lack of supply of modern offices
<p><i>Opportunities</i></p> <ul style="list-style-type: none"> ▪ Profile 	<p><i>Threats</i></p> <ul style="list-style-type: none"> ▪ Demand for housing crowds out employment opportunities; Bath

¹⁰ Roger Tym and Partners, Business Location Requirements 2003

<ul style="list-style-type: none"> ▪ Links to Higher Education ▪ Potential of the Dyson Project ▪ Links provided by academic institutions (ie. their network) ▪ Growth of M4 corridor and Bristol sub-region ▪ Some strengths in apparently emerging sectors (environment, design, health) 	<p>becomes a dormitory town of Bristol; status as a sub-regional centre diminishes; economy hollows out.</p> <ul style="list-style-type: none"> ▪ Recession undermines the retail and service economy
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10.4 Further Investment

Clearly there are many different types of office occupier and each has different requirements. In addition companies do not always make decisions which fit expected patterns. Nevertheless from the analysis of Bath it appears unlikely that the City will easily attract major corporate service sector investment. This is partly because of the typical requirements of corporate occupiers and partly because of the local competition for similar projects.

Major corporate service sector investment involved in back office or transaction processing typically requires the following:

- A large available labour pool within a reasonable (30 minute) catchment.
- Demonstrable availability of the required skills.
- Good National and possibly international access.
- Established corporate infrastructure.
- Good access to London.
- Reasonable cost solution.
- Modern high specification open plan office space.

Bath does not score strongly against these factors especially when the location is ranked against the competing locations of Bristol and Swindon. The following table seeks to provide an indication of the relative position of Bath:

	Bath		Swindon		Bristol	
		Rank		Rank		Rank
Working Age population within 30 minutes	549,175	2	175,428	3	643,333	1
Demonstrable availability of the required skills	Small occupier market	3	Medium occupier market	2	Large occupier market	1
Drive time to Motorway	18mins	3	9mins	2	3mins	1
Drive time to Bristol Airport	37mins	2	59mins	3	17mins	1
Drive time to Heathrow	91mins	3	62mins	1	89mins	2
Established corporate infrastructure		=2		=2		1
Train time to London	91mins	2	61mins	1	105mins	3
Train frequency to London	32	2	68	1	32	3
Reasonable cost solution		2		1		3
Modern high specification open plan office space		3		2		1
Average Rank		2.4		1.8		1.7

Source: Ernst & Young corporate location factors derived from EIM analysis linked to research section of report.

Whilst this is a fairly unsophisticated piece of analysis it does highlight that Bath, whilst not an unattractive location for employers, has little to offer the corporate employer over Swindon or Bristol.

What differentiates Bath from Bristol and Swindon, however, is the 'quality of life' factor which is linked to the built environment, the availability of amenities within a compact area and the surrounding countryside. In some respects, it is the fact that Bath has not developed a large

corporate sector, which has allowed Bath to maintain its appeal as a location. In order to secure investment by employers, therefore, Bath must recognise and build on its strengths. The strengths identified allow a profile to be developed:

- The working / living environment is only likely to be relevant to owner managed businesses.
- If the attractiveness of the City is a driving factor in their decision making, the available office space must be in close proximity to the City. This is reinforced by demand surveys. Cluttons demand survey (2001/02) stated that two thirds of office movers in Bath required City Centre space.
- Restrictive transport links mean that the business will either supply the sub-regional market (current profile of office users) or proximity to market will be mainly irrelevant as a location factor. International businesses are unlikely to select Bath as a location until international airport links are improved.

In addition to 'quality of life', Bath has a number of further areas of differentiation from competing cities. The research and development expertise within the universities and the linkages university staff have with private employers is a key strength.

The science itself, however, is not a strong enough attractor for further investment. The attractor is the proposition the university offers in sharing research or collaborating in research projects with private companies.

The exploitation of the key strengths of the University of Bath; Bath Spa University; and potentially the Dyson Centre can become a key aspect of the employment strategy. This has been strongly demonstrated in locations such as York, Edinburgh, Manchester and of course Cambridge.

10.5 Scale

The expansion of the residential capacity of Bath drives a need for investment in employment space. If this expansion does not take place, there will necessarily be a large increase in the amount of out-commuting from Bath. This is seen as undesirable, unsustainable and is contrary to the main thrust of policies contained within the Regional Spatial Strategy.

There is a further risk that, if Bath becomes recognised as a dormitory town of Bristol, its status as a sub-regional centre will diminish and business may increasingly retract back to a larger office in Bristol covering the whole of the West of England. The Bath economy will become increasingly marginalised and may begin to hollow out.

Against this scenario it is important to consider not only the amount of employment required but also the potential demand which can be created within the Bath economy.

It is important to consider the potential employment and residential growth scenarios and ensure some measure of balance.

i. Employment Growth Forecasts

Employment growth forecasts have been prepared for Bath in a number of studies. It is inherently difficult to produce long term econometric forecasts for employment. Unsurprisingly, therefore, the data published to date in this area varies widely. The findings are summarised below:

- a. Roger Tym and Partners (Business Location Requirements 2003) use demand projections prepared by Business Strategies' Regional Planning Service in which they apply national employment growth forecasts for 30 industrial and service sectors to the B&NES economy. This work predicts future employment growth of 4600 jobs in B&NES from 2001-2011¹¹.
- b. A second study was prepared by the JSTPU relating to Bath Commuting. This study projects employment data from the 2001 census and simply extrapolates the employment increases forward at the same rate across the whole economy. This method predicts 13,875 additional jobs to 2026.

The same study provides alternative projections which use data for the SW economy (prepared by JSTPU and SWRA) and apply the growth rates to Bath. This analysis results in growth predictions of between 8850 and 13,050 jobs to 2026.

JSTPU then apply higher employment growth rates for Bath (based on recent data showing employment growth in Bath outstripping the sub regional economy). This predicts employment growth of 15,800 to 2026.

Finally, JSTPU make some broad assumptions on job growth in different sectors of the economy and predict job growth of 11,000. This final calculation assumes that virtually all the net new job creation will be in retail, leisure and tourism.

ii. Residential Growth Forecasts

- a. Roger Tym and Partners (Business Location Requirements 2003) provide a baseline indication of growth in the population of working age across B&NES of 2300 from 2001 to 2011. Using economic activity rates of 80% results in a net increase in workforce within the District of 1900.
- b. The Bath Commuting study prepared by the JSTPU takes the employment growth projections as the starting point and considers the increase in dwellings which would be required to support this growth. Using a West of England average ratio of 1.14 economically active people per household¹² and a mid point employment growth estimate of 12,500 the study arrives at a requirement for 9300-9800 additional dwellings between 2006-2026.

¹¹ The breakdown of this net growth figure was a loss of 1200 industrial jobs replaced with 1200 office jobs and non-business space activities rising by 4600 jobs

¹² Chelmer Model June 2005 for SWRA

- c. For comparison, the requirement of the Regional Spatial Strategy for residential development in B&NES amounts to 15,400 residential units. Using the same economic activity ratios, this would amount to 17,556 new economically active residents.

The wide variation in the econometric data is unhelpful. Before providing some interpretation, it is important to consider the physical capacity of the economy to provide employment opportunities. There have been a number of studies which have attempted to provide an analysis of the market for offices in Bath.

- iii. Scale of Bath office market
 - a. The JSPTU Bath Commuting Study uses data from the West of England Strategic Partnership report (RPS/Alder King 2003) which states that the current market for new offices in Bath is 3000m² per annum. This report does not assume that this figure is net of office space being lost to residential development which is identified as 1500m² from the separate report prepared by Roger Tym and Partners (Business Location Requirements 2003).
 - b. Roger Tym and Partners specifically refer to a demand led requirement for 18,000m² of net new office space over 10 years. The demand calculations are based on the same national employment growth rates attributed to different sub-sectors of the Bath economy. Clearly this equates to only 1800 m² of net new space per annum.
 - c. Cushman & Wakefield Healy & Baker (Bath Western Riverside Office Research Study 2004) predict a gross annual office take up of 10748m² – 15449m².
 - d. King Sturge Office Survey 2002 showed an average gross office take up of approximately 10000 m² per annum.

10.6 Conclusions

It is difficult to draw definitive conclusions from this work. Firstly, all these studies recognise the requirement for greater office development. The studies also recognise that Georgian offices are increasingly unsuitable for modern office requirements.

Ernst & Young strongly supports this issue. If Bath is to generate significant employment, the City requires a modern office offer and a clear marketing strategy.

Bath needs to provide a modern office offer combined with a planning policy to allow existing office stock to return to residential use. Whilst the Georgian stock is unsuitable for modern office requirements of raised floors and cabling; air conditioning; high quality lighting; and disabled access, a large depressed office stock reduces market confidence and to some extent rental levels.

Modern office space would allow Bath to capitalise on pent up demand, organic growth, develop a marketing plan to attract lifestyle businesses from the South East and work with the University to identify suitable research clients of the University and to some extent University spin out companies.

There is some belief in Bath, that there is a strong opportunity for gaining creative industry investment. Whether this can be achieved in a new, relatively expensive office quarter, remains to be seen. The inward investment space for creative industries is already relatively crowded but with the correct proposition there is no reason why this cannot be sought as (a small) part of the employment generating capacity of the new office quarter.

In terms of scale, from the analysis above, the various reports estimate that Bath could support between 1800 – 15,449m² of space per annum. This report has also demonstrated that there is currently 195,000 m² of office space in Bath of which 51,095m² is vacant (or there is 144,000 m² of occupied office space in Bath).

It appears entirely appropriate to develop 5-10,000 m² of office space per annum for ten years. If this level of development was carried out, but at the same time Georgian space was removed from the market, it is possible that no net new office space would have been created over the period.

More realistically, if office leases typically extend to 10 years on the exiting office stock, and 50% of office occupiers move at the end of their lease, there is a take up of 7,000m² per annum. The provision of this level of space is unlikely to upset the equilibrium of the office market and the level of provision may then be flexed over time.

The intention is to create net new office space for an increase in employment but without upsetting the equilibrium of the market.

B&NES Council also needs to identify an ‘edge of Bath City’ strategy for the location of essential manufacturing, repair and maintenance services. Many of these services are likely to be displaced through the re-development of areas such as Bath Quays for office use.

Analysis - Retail

11.1 Introduction

Central Issues	Potential Result	Conclusion	Spatial Outcome
Bath has a strong retail offer comparative to the catchment area.	The redevelopment of the Southgate Centre will better meet the needs of modern retail multiples. The Centre is likely to attract existing Bath occupiers and disturb the current retail patterns in the City.	Bath has a successful retail offer which will be improved by Southgate. There are a number of sequential sites which may reinforce retail in the future. The independent retail offer supports the visitor economy.	The North/South retail axis works extremely well in the City. The Southgate redevelopment will shift some of the retail market to the South of the City. A remote retail offer is likely to create a competing destination especially if it is created before the equilibrium of the central spine is restored.
Retail multiples and independent shops are both well represented with few vacant units. Average shop sizes are however small.	The completed Southgate Centre is likely to address some of the requirements of local residents and will have little impact on the independent offer.	There is undoubtedly a market for greater bulky goods provision but limited space. Provision of bulky goods is, therefore, a question of priorities.	There are sequential opportunities which will allow the retail offer to be stretched in the future.
There is virtually no out of town retail offer and this limits the availability of bulky goods.	The timescale of Southgate and the nature of lease premiums and lease renewals mean that it will be many years before the central spine returns equilibrium.	Council ownership provides the opportunity to manage the character of the commercial estate.	Sequential opportunities can be used to re-establish an East/West corridor within the City. This can link the Green Park Station offer into the City.
The development of the Southgate Centre will offer both reconfigured and additional retail space.	The relative limitation on some types of retail and the large expansions of retail offer elsewhere mean that Bath is likely to continue to slip down retail indices.	Retail values, vacancy rates and breadth of offer are more useful measures of success in a retail location such of Bath which supports a visitor and local market.	
Bath is slipping down the league table of retail centres using the common retail indices			

This report has already identified that Bath provides a strong retail offer – a retail offer which far outweighs the amount which would be anticipated for the size of its catchment area. The retail offer is also significantly different from other Cities because of the strong independent

sector and the limited floor space which have prevented the multiples dominating the streetscape.

Conversely, however, the relative lack of large modern retail units has curtailed the variety of retail occupiers particularly at the value end of the market. The small unit size also limits the range of products occupiers are able to stock and display.

Away from the centre, scarcity of land has resulted in Bath providing virtually no out of town retail space. This results in a city, which offers a wide range of shops but does not conform to models or retail centres. Bath has avoided 'clone town' status.

With this in mind, the analysis addresses the retail economy in the following manner:

- What is the function of retail?
- What is the nature of the current offer?
- The proposed development at the Southgate Centre.
- Demand projections.
- Future scale of the retail offer.
- Impact of growth in residential property.
- The management of the retail offer.
- Outcomes.

11.2 The function of retail

Most retail studies focus on the ability of a town or city to provide a suitable retail offer for its catchment area in terms of convenience and comparison shopping. Demand analysis considers the spending patterns within the catchment area and the ability of a location to extend its catchment area against competing adjacent conurbations.

Based on this type of approach, Bath considerably outperforms its peer group. Bath has a greater retail offer than the population catchment area would suggest – and a better penetration level of its catchment area than would be expected given the proximity of another major retail centre - Bristol.

One reason for the apparent strong performance of retail in Bath is that models of retail demand rarely consider the impact of the tourist economy. In Bath the link between the visitor economy and the retail economy is an important factor in the ongoing vitality of the retail offer.

In retail terms the architecture of Bath fulfils two important functions. Firstly, it creates the streetscape for which Bath is renowned which in itself attracts tourist interest, but secondly the historic nature of the buildings restricts the size of retail operation which can be accommodated. This favours the smaller and diverse retailers. It is these smaller and diverse retailers that ensure Bath is differentiated from other locations, where High Streets are increasingly dominated by a relatively small number of retail multiples. This differentiation continues to sustain visitor

numbers because the offer and atmosphere of Bath is not found in many other cities. It is this virtuous spiral which then causes high demand for retail units with resulting low unit vacancies and high rental values.

Ironically, it is this same virtuous spiral of differentiation which is causing Bath to slip down the UK indices of retail vitality. These indices (whether Experian or Management Horizons) concentrate primarily on the number of retail multiples and crucially the amount of floorspace covered. It is on the measure of floorspace which limits the scoring potential of Bath and as larger developments are completed elsewhere, so Bath slips down the rankings.

This report seeks to reach an appropriate conclusion, therefore, where the function of retail is recognised as having a role to play in the provision of services to residents but also in being a key aspect of the visitor economy. Ernst & Young also question whether indices of retail vitality offer a useful benchmark for a city such as Bath.

11.3 The Current Offer

The research section of this report describes the retail offer in some detail, but much of the character of the City is illustrated by the following table:

Size Distribution of Retail In Bath

Size of unit – Gross Floorspace	Bath City Centre	Bath City Centre	GB Average*
	No of units	% of units	% of units
Under 1,000 sq ft	485	77.8	41.2
1000 – 2499 sq ft	97	15.6	42.0
2500 – 4999 sq ft	26	4.1	10.7
5000 – 9999 sq ft	6	1.0	3.5
>10000 sq ft	9	1.5	2.6
Total	623	100	100

Source: Ernst & Young Analysis of Nathaniel Lichfield¹³ data

As discussed, Bath has a strong retail offer, with a high number of multiple retailers but unit sizes within the City Centre are small in scale.

The retail provision is mainly arranged in a linear fashion down a North / South spine from Milsom Street to the Southgate Centre. This spine and associated side streets, squares and yards is largely successful and this is demonstrated by the relatively high rental levels and limited voids. Previous retail studies have also claimed that there are a number of retail multiples with a requirement for space in Bath.

¹³ All references to Nathaniel Lichfield refer to the B&NES City and Town Centre Study October 2004

Analysis of these apparent requirements would support the argument that there is a particular interest in Bath from retailers at the value end of the market.

Outside of the City core, the limited availability of land has resulted in very little out of town shopping in Bath. There is a paucity in the provision of bulky goods and out of town grocery multiples are restricted to Sainsbury and Morrison's neither of which are large scale by current standards.

11.4 The Proposed Southgate Centre

There is a current planning consent for the development of a retail scheme on the site of the current 1970s Southgate Centre and the current bus station. The proposed scheme will also involve the demolition of Churchill House.

This scheme has many advantages, since it will redevelop a decaying and unattractive area of the City, it will not disturb the successful North / South flow of the City Centre, and it will provide modern larger scale retail units in an area of the City which has traditionally focused on the provision of a retail offer for the residents of Bath.

At the time of this report (December 2005) the scheme was not contractually certain and had been subject to a number of delays. In particular Ernst & Young understand that the scheme will not start until the long leaseholder (Morley) has selected and put in place a commercial agreement with a development partner. As a result the precise timescale and detailed design/configuration of the scheme is not absolutely clear.

Nevertheless, the new Southgate Scheme would represent a major retail development for the City and as such, the precise offer needs to be examined in some detail.

New Southgate retail unit mix

Size of unit – Gross Floorspace	New Southgate Centre (All floors)
	No of units
Under 1,000 sq ft	16
1000 – 2499 sq ft	25
2500 – 4999 sq ft	21
5000 – 9999 sq ft	4
9999 – 100,000 sq ft	4
>100,000 sq ft	1
Total	71

Source: B&NES Council Property Department Schedules

The total size of the new Southgate Centre from this analysis is 414,949sq ft.

The new development can be (partially) compared to the old development. This is not a wholly satisfactory comparison because there are a number of retail outlets outside of the old Southgate Centre which will be extinguished as part of the development work. Nevertheless, the analysis provides a sense of the different configuration of the new development.

Current Southgate retail mix

Size of unit – Gross Floorspace	Current Southgate (Ground fl only)*	Current Southgate (All floors)
	No. of units	No. of units
Under 1,000 sq ft	17	0
1000 – 2499 sq ft	13	28
2500 – 4999 sq ft	0	1
5000 – 9999 sq ft	3	1
9999 – 100,000 sq ft	2	5
>100,000 sq ft		
Total	35	35

Source: B&NES Council Property Department Schedules

*This table concentrates on ground floor surface area. This distinction is important when examining the old centre since there is no trading carried out on the upper levels of the current Southgate Centre. The new Southgate Centre will allow trading above ground floor levels but at present there is no clarity on how much of the upper floor space will be used as retail trading space. As a result this analysis assumes 100%.

The total floorspace of the current Southgate Centre is 178,401 sq ft but retail trading space is currently limited to 97,999 sq ft.

The analysis would suggest that the new Southgate Centre will offer over 300,000sq ft of space. This, however, ignores the ancillary retail space in the adjacent developments which will also be extinguished as part of the new scheme. Experian¹⁴ estimate that the existing space which will be redeveloped as a result of the new Southgate Centre amounts to 210,000sq ft. This analysis is slightly flawed because it does not account for the access and service space in the existing Southgate Centre (Experian estimate the Current Southgate at 120,000 sq ft rather than 97,999sq ft.). Furthermore it is unclear that there is a further 90,000 sq ft of fully functioning retail space within the proposed development footprint of the new scheme.

It is possible to make three conclusions from the data available on the Southgate Centre

- There has been no definitive study on exactly how the new Southgate Centre will change the retail mix in Bath.

¹⁴ BWR - Assessing the potential for incorporating retail into the Masterplan May 2004

- The Southgate Centre will increase the retail offer in total scale. There is no clarity on exactly how much retailing space will be available but on these estimates it could be 225,000 sq ft. (Current schedules for the Proposed Southgate Centre less Experian data adjusted for service and access space).
- It is possible that previous studies have under-estimated the importance and scale of the proposed Southgate development. Nathaniel Lichfield estimated that it would provide 161,000 sq ft of space¹⁵ whilst Experian estimated the uplift at 170,000 sq ft¹. Even using these measures, however, Southgate is a significant development. Nathaniel Lichfield estimate that the current area occupied by retail in Bath is 796,500sq ft. As a result the proposed Southgate Scheme will increase the provision of retail by at least 20%.

Aside from the estimates regarding the scale of the Southgate Centre, it is also important to consider the changes in the configuration of the retail units. Once again, it is impossible to provide a definitive schedule but the following analysis demonstrates the clear shift in unit size:

Changes in Configuration likely to be provided by the New Southgate Scheme

Size of unit – Gross Floorspace	Current Southgate (Ground fl only)*	Proposed Southgate	Change
	No. of units	No. of units	No of units
Under 1,000 sq ft	17	16	-1
1000 – 2499 sq ft	13	25	+12
2500 – 4999 sq ft	0	21	+21
5000 – 9999 sq ft	3	4	+1
9999 – 100,000 sq ft	2	4	+2
>100,000 sq ft		1	+1
Total	35	71	+36

Source: Ernst & Young analysis of B&NES Council Property Department data

This table demonstrates that the new Southgate Centre will create a new product in the South of the City of modern retail units of between 2500-4999 sq ft. This size of retail unit most closely matches the typical requirements of retail multiples on the UK High Streets.

The impact of this on Bath can be *estimated* by superimposing this data onto the Nathaniel Lichfield distribution shown above.

The following table considers the changes in the total numbers of different sizes of retail units across the whole of Bath. This estimated analysis helps to demonstrate the impact of Southgate on the overall character of the City.

¹⁵ B&NES City and Town Centre Study Oct 2004.

Estimate of the change in the configuration of retail in Bath as a result of the Proposed Southgate Scheme

Size of unit – Gross Floorspace	Current Bath Distribution (units)	Current Bath Distribution (%)	Remove old Southgate*	Add Back New Southgate	Future Bath Distribution (units)	Future Bath Distribution (%)	GB Distribution	Change in Bath percentage
Under 1,000 sq ft	485	77.8	(17)	16	484	73.4	41.2	-4.4
1000 – 2499 sq ft	97	15.6	(13)	25	109	16.5	42.0	+0.9
2500 – 4999 sq ft	26	4.1	(0)	21	47	7.1	10.7	+3
5000 – 9999 sq ft	6	1.0	(3)	4	7	1.1	3.5	+0.1
9999 – 100,000 sq ft	9	1.5	(2)	5	12	1.8	2.6	-0.3
Total	623	100	(35)	71	659	100	100	0

Source: Ernst & Young interpretation of Nathaniel Lichfield Study and B&NES Council Property Department Data.

*This underestimates the impact because units outside the current Southgate Centre will also be extinguished.

As far as data allows comparison, the Proposed Southgate Development will refresh the Southern end of the retail spine, it is estimated that it will nearly double the provision of units in the 2500-4999sq. ft. range for Bath as a whole. These units are important in attracting medium sized retail multiple occupiers. The scheme will significantly increase the retail offer in Bath but the result will not skew the overall distribution of units away from a prevalence of smaller occupiers. Given this, it is likely the essential character of retail in the City will be preserved.

11.5 Retail Demand in Bath

There has been a large amount of work completed considering the demand patterns for retail in Bath. The principle reports were completed by Nathaniel Lichfield and Experian. Their conclusions, despite using different data, were broadly similar. They both used the standard comparison of comparison, and convenience retail (with both reports commenting on bulky goods separately). In considering future retail demand in Bath it is important to review the findings of these reports.

- i. Study Methodology
 - a. Nathaniel Lichfield

B&NES Council Property Services have raised some concerns over the conclusions reached by the Nathaniel Lichfield report but the study did contain a large amount of relevant detailed statistical analysis. This analysis is useful in providing some evidence for this report.

Nathaniel Lichfield produced mapping data for an assumed catchment area and then used survey data in order to estimate the market share of Bath for zones within the catchment area map. National average per capital expenditure levels were then applied to the overall share of the population who shopped in Bath within each map zone.

The overall anticipated expenditure provided by the catchment area was then compared to the turnover which would have been expected (using UK averages) from the retail trading areas of different types of retail operation in Bath.

This allowed a comparison of the current expenditure to the expected expenditure to make a conclusion about whether retail was trading ahead or below National averages.

b. Experian

In a similar manner to Nathaniel Lichfield, Experian used their own survey data to build a catchment area and set out the market share of Bath in the shopping habits of the population within the catchment area. This proportion was then compared to overall retail expenditure expected within this catchment area using UK average retail expenditure rates. The Experian report did not fully reproduce a comprehensive breakdown of all their statistical analysis.

ii. Conclusions of demand

a. Nathaniel Lichfield

Nathaniel Lichfield concluded that the current retail offer was significantly 'over trading'. They also stated that they estimated that whilst Bath had an outflow of some retail expenditure, there was a net inflow of £130m into B&NES (primarily into Bath City).

Over-trading was defined as the expected expenditure from the catchment area (using national per capita expenditure patterns) compared to benchmark turnover for the size of retail development (using a variety of average sales densities for the retail offer)

Performance of Retail in Bath

Retail Analysis of Bath	Expected Expenditure £m	Benchmark Turnover £m	Difference £m	'over trading' percentage
Comparison	477.42	374.35	103.07	26.7%
Convenience	150.25	129.28	20.97	16.2%

Source: Ernst & Young interpretation of Nathaniel Lichfield

Nathaniel Lichfield then used projected retail growth indices (and not population growth) to project demand forward. This resulted in the following:

Projected Performance of Retail In Bath

Retail Analysis of Bath	Expected Expenditure 2007 £m	Expected Turnover 2011 £m
Comparison	578.27	677.7
Convenience	165.21	176.19

Source: Nathaniel Lichfield

Based on average turnover rates of £7500 per sq m for convenience retail and £5000 per sq m for comparison retail, future demand for floorspace was calculated which brought expected expenditure back in line with benchmark expenditure. On the basis of these findings Nathaniel Lichfield concluded that 23,400m² of High Street comparison space, 14,000m² of large format comparison space and 4,100m² convenience space could be developed to bring the turnover of floorspace in line with UK averages by 2011.

b. Experian

The Experian report does not provide the same level of detail on future space projections. The report does conclude that approximately £100m of bulky goods expenditure 'leaks' from Bath and if this is captured within Bath it would amount to 400,000-500,000 sq ft of bulky goods retail space.

Experian estimate that Bath would require a further 300,000-500,000sq ft of retail space to maintain its position in the top 30 retail locations in the UK.

Finally Experian suggested that residential development within Bath Western Riverside would create a requirement for further convenience space.

Whilst these demand projections offer an interesting perspective they are predicated on the standard data models of sales densities and floorspace requirements of retail multiples. Given that all the reports into Bath suggest that the City outperforms expectations based on average survey data, it is unclear whether a statistical approach based on these averages is valid for the City of Bath. Such an approach also ignores the importance of tourism in the retail offer..

11.6 Future Scale of the Retail Offer

The previous studies are all, to a greater or lesser extent, dependent upon the use of UK average consumer expenditure patterns, UK average floor space expenditure and projected retail expenditure growth.

This report has already identified that the Bath retail offer is far from average – floorspace, scale of offer, penetration of catchment area and the impact of visitors all make Bath a different type of retail market.

What is clear, is that at the current scale of retail, rental levels are strong and retail voids are rare. An alternative approach to identify the future scale of retail in Bath is to accept the current expenditure levels per square metre are at the appropriate level to support a vibrant retail economy in Bath. If an objective is set to maintain floorspace sales at the current level it should be possible to ensure that the Bath retail offer maintains its vibrancy. Such an approach could be seen as the lower estimate of retail requirement in Bath.

Comparison Retail

The following analysis seeks to identify the impact of the Southgate Centre on expenditure per square metre across Bath. The analysis shows that estimated comparison spend in 2005 is £6390/m². If this is set as the level at which the retail property market functions strongly in Bath, the impact of the Southgate Centre can be examined.

For the purposes of this analysis it is assumed that the catchment area of Bath remains constant throughout and the Experian comparison growth forecasts of 4% real growth per annum are accurate (given the performance of the retail economy in 2005 these estimates appear overly optimistic).

Future Expenditure and Floorspace in Bath

	2004	2005	2006	2007	2008	2009	2010	2011
Forecast Expenditure in Bath £m	477.42	496.52	516.38	537.03	558.51	580.85	604.09	628.25
Forecast comparison retail space m ² *	77700	77700	60049	69664	79279	88894	98509	98509
Sales per £/m ²	6144	6390	8599	7709	7045	6534	6132	6378

Source: Ernst & Young analysis of Nathaniel Lichfield, B&NES Council and Experian data

*This assumes that 17,651m² are removed in the demolition of Southgate and the redevelopment involves 38,460m² of new space which is developed in a phased process between 2007-2010

The table demonstrates that given the forecast growth in retail comparison goods expenditure, Southgate does not reduce the sales per square metre achieved in Bath. Under this scenario at the point of completion, Southgate allows the Bath retail offer to trade at the same high average rate currently achieved.

This analysis does support the statement made by Nathaniel Lichfield that, ‘...the impact of further development over and above the Southgate development should be considered carefully and monitored closely as development comes forward.’

It would seem that beyond 2011, however, there are opportunities to continue to expand the Bath retail offer incrementally through further sequential developments identified in the spatial plan. The proposed increase in residential units will also create further demand for comparison retail (see below).

Convenience Retail

Convenience retail needs to be examined in a slightly different manner. The convenience retail offer in Bath is far less likely to be influenced by visitors to Bath and, in the case of Sainsbury, Morrisons and to a certain extent Waitrose, the offer is largely conventional supermarkets. As such patterns of convenience expenditure in Bath are likely to conform to national averages.

The Nathaniel Lichfield study identified that convenience shopping is relatively under provided in Bath. Convenience retail expenditure is forecast to grow modestly over the next 7 years (Experian forecast approximately 1% per annum).

It is reasonable to assume, therefore, that there will continue to be strong levels of trading across convenience retail in Bath, with pressure for some expansion. This is supported by anecdotal evidence across Bath on the performance of the grocery multiples in the City. Any growth in residential units will create further demand for convenience retail.

Bulky Goods

In the study completed by Experian on the retail pattern in Bath, bulky goods retail was specifically examined. The analysis demonstrated that when national average levels of expenditure on bulky goods were attributed to the Bath catchment area and then average turnover levels were attributed to the bulky goods retail outlets in Bath, there was a significant under provision of space. Experian estimated that £100m of expenditure 'leaked' out of Bath through the under provision of bulky goods retail and that this would amount to a physical space requirement of upto 500,000sq ft.

The scale of under provision could be analysed further by examining the increasing role of the internet and considering a more refined definition of bulky goods, but nevertheless, it is likely that a case could be made that Bath has a some under provision of this type of retail space.

This is not in itself a compelling reason for developing an edge of town bulky goods retail destination. There is a decision to be made over whether this type of retailing fits the character of Bath, is a high priority given the pressure on available land, and whether a lack of this type of retail space is a hindrance to the quality of life for residents in the City.

Given that there is some provision of every type of retail in the City and that Bristol and Trowbridge do offer out of town retail parks, our conclusion is that the provision of bulky goods retail is not a priority given the other space requirements in the City and that further provision of some aspects of bulky goods retail could be provided as an extension to the existing retail core.

11.7 Impact of the growth in residential property

The broad conclusions concerning retail development have so far been reached without consideration of any rise of population within the catchment area.

Given the pressure across the sub region for an increased number of residential units there is likely to be a significant increase in population not simply within B&NES but across the catchment area. It is important to give some consideration of the impact this will have on the opportunity for retail in Bath.

Using the same approach as above, it is possible to estimate the scale of retail provision which would be required to maintain expenditure per square metre at the same level as the catchment area population increased.

This is relatively straightforward in considering the increase of population in the City of Bath because we can assume that all the new residents are likely to shop in Bath rather than in competing locations. It is more difficult to achieve for the entire catchment area since outside B&NES different proportions of the population will visit Bath depending on their distance from the City and the relative attractiveness of competing locations. A full analysis of these implications is outside the scope of this study.

Nevertheless, the data examined to date allow the following broad conclusions to be reached.

Comparison Goods

To maintain the current sales of 6390m² estimated to be achieved in Bath at present and using the average comparison goods expenditure levels of £2403 per person, an additional 10000 people added to the catchment area of Bath would create a demand for 3760m² of shopping space.

Convenience Goods

To maintain the current sales of 8118m² estimated to be achieved in Bath at present and using the average convenience goods expenditure levels of £1425 per person, an additional 10000 people added to the catchment area of Bath would create a demand for 1750m² of shopping space.

11.8 Management of the Retail Offer

The retail offer in Bath can be broadly characterised as offering a higher cost and more exclusive offer on Milsom Street with value based retailers more likely to be found towards the southern end of the retail spine – particularly in the Southgate Centre.

This pattern also results in the northern area of the City adding to the visitor experience of the City whilst the southern area tends to serve the general requirements of Bath residents.

The redevelopment of the Southgate Centre will disrupt this pattern of retail in Bath at least temporarily. Initially the demolition work and the loss of car parking space may create a disincentive to visit Bath for much of the catchment area – especially in the more distant areas of the catchment area. We are assured, however, that a study will highlight a number of options, including the provision of a temporary car parking site, which if brought forward will alleviate the parking issues. Ernst & Young believe that the satisfactory resolution to this issue is of great importance – failure to address this issue will result in a restriction to visitor numbers with potential visitors finding other locations. This could have a long term impact on visitor numbers in the City.

Once the phases of the development start to open, there is likely to be further disruption. Many of the retailers elsewhere in Bath – particularly the retail multiples are likely to be attracted by the large and uniform units provided by the new centre. This is therefore likely to lead to these retailers vacating their current premises and moving into the new Southgate development.

It is possible that this will lead to voids elsewhere in the retail area, but given the apparent over-trading in Bath, the measured and phased increase provided by Southgate and the interest shown in Bath by retailers who are not currently represented, this scenario is not considered likely other than in the short term.

What is likely, however, is that a range of retailers will seek to enter the Bath market for the first time and the mix and range of these retailers will have an important impact on the overall retail environment. The recent retail studies have listed a wide range of retailers who are understood to have an interest in the City. The research completed within this report demonstrated that these retailers tended towards a value based retail offer.

The key to the future success of retail in Bath is the mix of the retail offer and the differentiation of the City (as discussed previously). This is achieved by maintaining a balance between the retail multiples and the higher value independent retailers. If this balance is to be maintained it will be important for B&NES Council to take a very proactive approach throughout the course of the Southgate redevelopment. B&NES Council has a greater opportunity to make proactive interventions because of its ownership of much of the retail core. Even in the cases where B&NES Council does not have control, however, it is still possible to take a proactive approach to premium retailers. Such an approach could explain the vision for the retail spine, develop interest and then keep potential occupiers aware of the changes and emerging opportunities within the City. In this manner B&NES Council could at least try to facilitate the continued diversity of the retail offer.

Where B&NES Council owns the property they have the opportunity to make a more direct intervention. B&NES Council will have the opportunity to offer to release tenants from their leases as they seek to relocate to Southgate. This will provide the Council with complete control over the decision to grant future leases and in this manner the Council may use a degree of selectivity to control the retail mix. There is, however, the potential for such an approach to be compromised by the need for immediate revenue. Any compromise of this type has the potential, however, to damage the overall retail asset in the long run.

11.9 In Conclusion

The redevelopment of the Southgate scheme is extremely important in providing an extended and varied retail offer in Bath. With no increase in population and against current projections, the Southgate redevelopment will maintain sales as a proportion of floorspace until approximately 2010. There will be a need for further comparison retail space at this point.

The projected increase in population within Bath will create a demand for additional space as residential units begin to be developed.

There is an opportunity for bulky goods retail in Bath but this is seen as a low priority given the pressure on land use in the City. Any large format retail units which can provide edge of city provision of electrical or furniture in a manner not dependent on car use would allow an

extension of the bulky goods retail concept without creating an out of town and competing retail environment. This can be achieved through the extension of retail through the 'Kingsmead knuckle'.

There is an opportunity for more convenience retail and this could be achieved through a larger Sainsburys store to better meet their current standard store configuration.

Sequential developments identified in the spatial work completed by Terence O'Rourke provide sufficient retail space beyond the completion of the Southgate scheme with only limited retail development on the eastern end of Bath Western Riverside.

Analysis - Live

12.1 Introduction

Central Issues	Potential Result	Conclusion	Spatial Outcome
<p>There is a strong residential property market in Bath.</p> <p>The private rented market is strong in B&NES and appears to be dominated by the student market.</p> <p>Housing stock in B&NES is in good condition but there appears to be a lack of smaller properties.</p> <p>Bath has a housing affordability issue.</p> <p>The RSS in the South West has a need for additional housing in the next twenty years and Bath has an identified role to play.</p> <p>The B&NES Council Homeseeker's register suggests an increase in waiting lists for social housing.</p>	<p>The limited availability of residential development land and the apparent attractiveness of Bath as a place to live means that housing demand should continue to outstrip what the market can supply.</p> <p>In the short term additional supply alone is unlikely to have a major impact on improving affordability.</p> <p>There is a risk that ever increasing numbers of Bath workers will be forced to live outside Bath.</p> <p>A housing market that can only supply the more affluent could lead to social/community imbalance.</p>	<p>The market should be allowed to supply residential demand. B&NES Council should use their influence to increase supply of smaller units.</p> <p>Sites close to Bath Centre should be made available for housing to minimise transport restrictions <i>but</i> balanced with the need for provision of employment sites.</p> <p>A level of affordable housing of 30% (as per the Local Plan) should be achievable considering current values.</p> <p>The need for social rented housing is high and a split of 80% social rented and 20% intermediate housing from affordable housing quotas seems supportable.</p>	<p>Sites, including BWR as the largest site in proximity to Bath City Centre, have been identified and should be made available for residential development.</p> <p>Housing density and design will need to be managed to balance housing need with quality of environment and development of sustainable communities.</p>

The central conclusions and issues identified within the research section of this report were:

- There is a strong residential property market in Bath.
- The private rented market is strong in B&NES and appears to be dominated by the student market.
- Housing stock in B&NES is in good condition but there appears to be a lack of smaller properties.

- Bath has a housing affordability issue.
- The RSS in the South West has a need for additional housing in the next twenty years and Bath has an identified role to play.
- The B&NES Council Homeseeker's register suggests an increase in waiting lists for social housing.

To address these conclusions, a number of questions need to be answered:

- How many houses need to be provided to meet planning requirements and to address affordability? Where should these be provided?
- What size and tenure of dwellings are required for affordable housing?
- How can these be financed?

12.2 Residential Market: Housing Supply

The strong residential property market in B&NES and Bath needs to be harnessed to increase the total supply of housing and the rate of housing completions.

How many houses need to be built?

There is pent-up demand in Bath due to the lack of residential land and the attractiveness of Bath as a place to live. As the population increases this demand should increase¹⁶.

The rate of housing completions will also need to increase to meet planning targets. According to figures from the B&NES Council Local Plan, the average number of housing completions for Bath between 1996 and 2003 was 173 (B&NES Council Local Plan 1996-2011). The average reported by Knight Frank for the ten years to 2002/3 was 148 units. In the future this rate will need to increase to 286 per year to meet B&NES Council Local Plan targets and 440 per year to meet RSS targets.

The Knight Frank Report suggests that the market would be capable of absorbing a housing completion rate at BWR of 180 to 220 units over a 12 to 15 year development period with no adverse impact on either prices or demand in the wider market. According to the Land Registry the number of sales in the Bath market has averaged 2,651 per annum for the eight years to 2004 and an average housing completion rate of 200 units would equate to circa 8% of this total sales market.

Where can houses be built?

The B&NES Council Local Plan and Urban Housing Capacity study provide lists of development sites that could be available for housing development. Of these, BWR is the

¹⁶ It is predicted that 7,700 additional people will be living in city by 2021 according to the Knight Frank Residential Research: Bath Western Riverside: the nature of demand for residential property at Bath Western Riverside

biggest and represents 57% of the target for large development sites. Other sites identified within GDS1 in the B&NES Council Local Plan are captured in the table below.

Site name	Local Plan Map ref	UHC Study Ref	Size / ha	Approx no of dwellings (during Local Plan period)	Planning status
Bath Western Riverside (BWR)	B1	BN02	35.2	800	Outline application expected March 2006
MOD Foxhill	B2	BN25	18.7	200	No application received
Rush Hill (Clarks/CIC Ralphs sites)	B3	BN16	5.2	100	Outline consent - 13 Jan 2004 for 130 dwellings
Southgate	B4	BN14	4.5	90	Full consent - 12 Sept 2003 for 92 dwellings
Land west of Swainswick Bypass	B5	BN74/75/76	2.75	20	Full consent - 03 Mar 2004 and 10 Dec 2003 for 20 dwellings
Windsor Castle site, Upper Bristol Road	B9	BN04	0.2	24	Full consent - 13 Oct 2003 for 24 dwellings
Eastern part of Univ of Bath Campus, Claverton Down	B11	-	22.2	0	University related used only
Land at Lower Bristol Road	B12	BN120	7.2	75	No application received
Land at St Martin's Hospital, Odd Down	B13	BN44/45	7.4	70	TBC. Full consent for BN45 received for 128 dwellings
Former St Mary's School, Burlington Street	B14	BN30	0.16	15	No application received. Previous application not being pursued
237 Englishcombe Lane	B15	BN95	0.35	10	Outline consent - 29 Mar 2004
Podium/ Cattlemarket	B16	-	1.36	0	-
Avon Street Car park	B17	-	0.95	0	No application received.
Total			106.17	1,404	

Sites B1, B16 and B17 are being modelled as part of the Bath Business Plan. Additional sites for residential development have also been identified. This is summarised in Chapter 17 - Financial modelling of spatial projects.

In addition, smaller sites have been providing up to 12% of total completions for Bath. If plans for the provision of new office space are realised then additional units may be freed up as commercial units are converted back to residential use.

What types of houses need to be built? What density and design is required?

There is already a lack of smaller properties in the Bath housing stock based on existing demand and there is a further forecast growth in single and smaller sized households. This was highlighted in the Knight Frank report. B&NES Council can influence this requirement as part of their affordable housing provision as part of s106 negotiations.

The B&NES Council Local Plan suggests that density should inform, and be an outcome of, design. Policy on density is generally that there should be a minimum of 30 dwellings per hectare. To allow a density of greater than 50 dwellings per hectare, there needs to be a high quality of design built into the scheme to ensure that the community is sustainable, with good public transport, good access to employment sites and other important community facilities.

The Urban Housing Capacity study is based on 100 dwellings per hectare for city centre sites and 60 dwellings per hectare for urban sites that have good transport links. The BWR Supplementary Planning Guidance suggests that high density would be appropriate but does not provide exact figures.

Overall this would suggest that high density development would be possible. This would make best use of the land available and help meet sustainability requirements. A high density development would also be more likely to provide the smaller units that are required. However, this needs to be balanced with a need to provide a high quality of environment. Also, developers generally seek to provide smaller units in the form of flats yet this may not meet the needs of families with children.

The design of new housing needs to take into account guidelines from the B&NES Council Local Plan. Other guidance – for example, from the Housing Corporation Scheme Development Standards – will need to be followed if grant funding for such organisations is to be sought. Furthermore, the new draft Housing Strategy (Draft Housing Strategy 2005-2010: “BE: at home – improving our housing situation for local people”, B&NES Council Housing Key Partnership, 09 November 2005) sets out its objective to address crime reduction issues through the use of ‘Secured by Design standards’ in both private rented sector accommodation and social housing.

How can the student accommodation need be met?

The increased student population is likely to continue to be an important factor driving demand for rented property. Despite recent and planned provision of bespoke student accommodation it is expected that the rental market will remain under supplied. The provision of further private sector housing will need to continue to help meet this need.

The new draft Housing Strategy reiterates the requirement for development of campus housing. It also aims to work with the private sector to increase fitness standards in existing housing.

12.3 Housing Affordability

How many affordable housing units are required?

Housing affordability is a key issue for Bath. The total number of affordable housing units per year calculated for 2006 significantly exceeds the total housing units required to be delivered according to the B&NES Council Local Plan, RSS and draft Housing Strategy:

Affordable housing need per annum for Bath

	Total housing requirement	Affordable housing
Affordable housing need for 2006 (Bramley study)	-	314
B&NES Council Local Plan total housing requirement (average)	286	86 ^a
RSS total housing requirement (average)	440	132 ^a
Draft Housing Strategy target (as from April 2007)	-	150

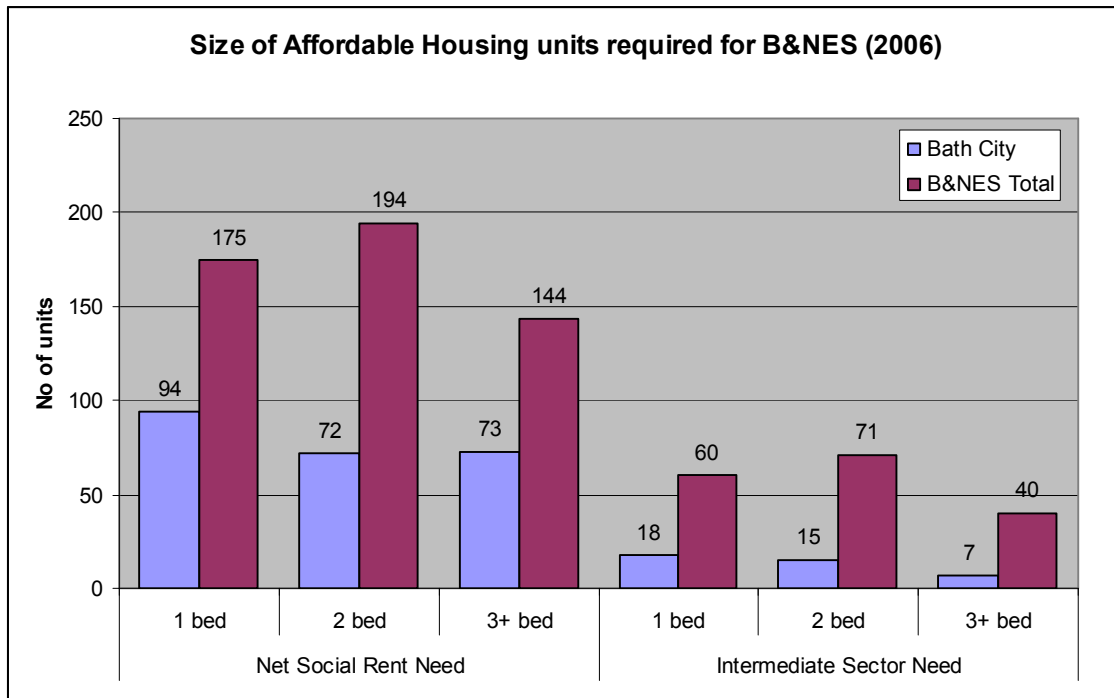
a assuming 30% affordable housing requirement negotiated as part of s106 agreements

The components of housing need for B&NES and Bath City in 2006 were calculated in the Bramley affordability model and show that the need for Bath is driven by the new households that have a need for affordable housing as well as the backlog from the housing register.

B&NES Council Policy states that affordable housing should be integrated into the overall residential scheme.

What unit size is required?

The Bramley report calculates the following unit sizes would be required for Bath and B&NES. Again, the focus is on smaller units.



What tenure of housing is required?

The Bramley study suggested that out of the predicted net affordable housing need, circa 25% could be met by intermediate forms of provision. This is based on two types of intermediate housing:

- Shared ownership refers to a minimum 25% share purchased of a new RSL dwelling, with the remaining 75% rented.
- Homebuy refers to a 75% share purchased of a cheaper secondhand dwelling (based on threshold prices) using an 'equity loan' mechanism to cover the remaining 25% share.

The calculations in this study suggest that up to 14% extra households could afford Shared Ownership while up to 16% extra could afford Homebuy (these groups largely overlap). However, the model for shared ownership makes relatively optimistic assumptions about the financing of this tenure and is sensitive to the minimum tranche offered for purchase. The practical financing arrangements for shared ownership may make it difficult to offer many tranches as low as 25%. A typical average is usually around 40%, and many shared owners buy a 50% share. These levels would reduce the number provided in the analysis by a half and three quarters respectively.

B&NES Council policy has a preference for social rented units (see, for example, the Affordable Housing SPG 2003). This has recently been updated through the draft Housing Strategy:

“From March 2006, we will seek to ensure that 80% of all new affordable housing developments will be made available as social rented accommodation, with the remaining 20% available for shared ownership and other intermediate tenures.”

How will affordable housing be financed?

Current B&NES Council policy requires a minimum of 30% affordable housing provision for residential sites over the threshold sizes. It is assumed that this level of provision does not require public subsidy. The financial modelling of the Bath Business Plan development sites (see Chapter 17) helps test this theory.

Public sector subsidy can come from a number of different sources. For example:

- The South West region **Single Housing Investment Pot (SHIP)**. The budget is £158m for 2006/7 rising to £203m in 2007/8. The provision of additional affordable housing is a top priority and circa £280m will be available of these 2 years. It includes:
 - The **Approved Development Programme (ADP)** distributed by the Housing Corporation to registered social landlords (RSLs) to provide new social housing. For example, the decision on a funding submission of circa £1.8m for the provision of 20 social housing units and 20 intermediate from B&NES Council and Knightstone RSL on the BWR site is expected in January 2006.
 - The **Housing Investment Programme (HIP)** allocated by central Government to local authorities to fund maintenance of their own stock, private sector renewal and new social housing.
 - The **South West Key Worker Challenge Fund** consists of £10 million prioritised from the SHIP. Of this, Somer Housing Group has received £1.3m of funding to build a total of 60 new homes for local key workers.
- The **Homebuy scheme** is a Government initiative which helps people buy a home on the open market. It is operated by selected RSLs. By helping people to buy, it frees up their homes for rent by others. Applicants contribute 75% of the purchase price through mortgage and personal savings and the RSL loans the remaining 25%. There are no monthly repayments to the RSL. Instead the loan is repaid when the house is sold. The amount repaid will be 25% of the house value at the point of selling.

The allocation of this funding to projects within the Bath Business Plan masterplan still needs to be determined.

12.4 SWOT for housing

Strengths	Weaknesses
Strong residential market	Lack of development land for new housing
A place where people want to live	Housing stock lacking in smaller units (1 to 2 bedroom)
Good housing stock quality	

	<p>High house prices and rents had led to an affordable housing issue</p> <p>The design of modern development is generally poor??</p> <p>Homelessness and rough sleepers</p> <p>Lack of funding for delivering affordable housing</p>
Opportunities	Threats
<p>BWR and other large developments to provide dwellings</p> <p>High prices should positively impact financial viability of schemes</p>	<p>Competition from other uses for housing land</p> <p>Development of larger sites potentially constrained by transportation requirement</p> <p>Social /community cohesion – community imbalance as areas of ‘very rich’ and ‘very poor’ develop if affordable housing issue is not addressed</p> <p>Ability to meet 30% affordable housing in new development with the need for s106 to help fund other work such as transport</p>

12.5 In Conclusion

The strength of the housing market suggests that, at present, a phased build of a large number of residential units is possible with no impact on the overall residential market within the City of Bath. Restrictions on housing development are more likely to be caused by design and infrastructure capacity issues than market considerations.

There is a need for affordable housing units to be constructed in the City and even at the ratio of a 30% provision on all new housing developments; the overall requirement for affordable housing is unlikely to be met.

Analysis - Visit

13.1 Introduction

Central Issues	Potential Result	Conclusion	Spatial Outcome
<p>Within an increasingly competitive market place, Bath has lost a significant number of visitors since 2000 and over the past four years has failed to recapture these numbers.</p>	<p>With UK tourism figures significantly reducing and a continued focus on the importance of tourism by the majority of cities and regions in the UK, competition for a reducing market will continue to intensify.</p>	<p>Bath needs to continue to strengthen its heritage offer, whilst utilising other city strengths such as the Spa (health & wellness) and festivals (culture & art) to create diversity and increase both visitor numbers and return visits.</p>	<p>Increasing visitor numbers require management. The improvement of city gateways and the legibility of the public realm can maximise the impact of the City on the tourist and ensure a smooth integration between visitor and resident. This management can further stimulate the East/West cultural flow in the City.</p>
<p>Compared to its historic town peers, Bath attracts a higher age and spend profile than many other UK cities.</p>	<p>Due to their ability to travel and higher propensity to spend, the '3rd Age' visitors (people 45 to 64 year old) are fast becoming an important market for tourist destinations. Evidence points to Bath's past ability to attract this type of visitor, but with falling numbers, an increasing reliance on day visitors (retail) and further work required to strengthen Bath's attractiveness to visitors, Bath may continue to lose visitor numbers in all markets including the valuable '3rd</p>	<p>The 45 + target audience is reportedly difficult to mass market to, due to individual preferences and a desire not to be considered 'old'. Bath needs to improve its knowledge, analysis and marketing of its key messages to this target audience.</p>	<p>As above.</p> <p>Bath must also work to ensure the new Southgate retail development will not dilute the unique retail experience, which currently attracts both visitors (and spend) along the entire North/South retail spine.</p>

	Age'		
Bath has a falling stock of bed spaces and above average occupancy rates.	Pressure on serviced accommodation to return to residential and with the Spa development incorporating the only planned new hotel, Bath will place pressure on the current stock of serviced accommodation to accommodate any increase in demand.	Bath must ensure that to cater for any increase in tourism numbers and increased business activity, the City's facilities are able to accommodate the growth and are of the standard and diversity required to compete with other regional and UK cities.	Limited land availability and the increasing pressure for new residential and employment developments restrict one avenue of attracting further hotel use. This places further pressure on the current stock of serviced accommodation.
Bath has a lower proportion of business tourism than its historic peer towns and cities.	A shortfall of suitable facilities, alongside the lack of corporate activity within the City, perpetuates a low level of business tourism attracted to the City.	Bath must ensure it considers all options for suitable conferencing facilities, including: <ul style="list-style-type: none"> - The University - Hotel operators and - Serviced office providers 	Spatial considerations for a conference facility, whether it is university, hotel or serviced office accommodation led, must be taken into consideration.

“Heritage is our legacy from the past, what we live with today, and what we pass on to future generations. Our cultural and natural heritage are both irreplaceable sources of life and inspiration”.

UNESCO World Heritage

Its status, since 1987, as one of 23 UK World Heritage Sites, highlights the national and international importance of Bath and its importance as a visitor destination.

The heritage, architecture and cultural themes are strong elements which attract domestic and international visitors to the City.

The conclusions drawn from the initial research included:

- Bath is suffering from falling visitor numbers. However, spend is high compared to UK and historic town averages.
- Bath's visitor age profile is well balanced and Bath attracts a greater number visitors ages 40 and over than other historic UK towns.

- Bath remains a recognised premier UK visitor destination and the heritage attraction remains strong, but there is a need to expand on this and develop other elements to attract visitors.
- Over the past four years, staying visitors spent on average 1.76 nights in Bath, ideally placing Bath in a position to capitalise on a rapidly growing visitor sector – short breaks.
- Bath's hotel offer is limited and occupancy levels are relatively high compared to UK averages.
- There is little business tourism for a university city.

This analysis will look for potential areas of development which may strengthen Bath's visitor offer and help regain visitor numbers to a level experienced before 2001, to increase the visitor's contribution to the City and ensure the tourism offer remains sustainable.

The analysis undertaken will follow the process identified below:

- Understand the general conditions.
- Who visits Bath?
- Which visitors are valuable?
- What do these visitors want?
- The future offer of Bath.
- Future visitor projections.
- SWOT.
- Areas of Development.

Tourism is an increasingly competitive market place and therefore the first stage of this analysis will be to investigate the general conditions influencing tourism.

Secondly, the initial research undertaken will enable us to understand who currently visits Bath and which of these visitors are valuable. The analysis will also look at what these visitors are looking for in their holiday/visit destination.

Thirdly, the analysis will look at Bath's current and future visitor offer, through the marketing and promotional messages provided by the visit bath website. This will allow a clearer understanding of the type of visitors Bath is currently looking to attract.

Lastly, a SWOT analysis will be undertaken to identify the strengths of the City, but more importantly highlight the weaknesses and threats, which will provide some insight into the development needs for Bath as a visitor destination.

13.2 General Conditions

Generally people's lifestyles have become increasingly busy and stressful. The intensity of work places pressures on the necessity and importance of leisure time. The following general factors create the environment in which Bath competes to attract visitors.

Economic

The state of the economy both domestically and globally affects how people enjoy their leisure time and take holidays. In general terms, rising oil prices and the demand for oil directly affects the visitor market especially overseas visitors. Flight supplements due to rising oil prices are not an uncommon practice in recent years.

Exchange rates also determine levels of visitor spend. For example the recent strong pound against the dollar produces a disincentive for US travellers to visit the UK. Numerous other economic factors can be taken into consideration. However, it is consumer confidence which is a prominent influence affecting visitor numbers. The Gulf War, SARS, foot and mouth and terrorism all affected customer confidence and visitor numbers. Since 2001 one or all of these political, economic or social issues has caused significant negative affects on visitor numbers and customer confidence in travelling to or within a country. This is subsequently reflected in falling visitor numbers.

It is these external events which have played a detrimental role in Bath's visitor economy, as 2001 witnessed a sharp reduction in visitors to the City. However, in times of increasing consumer confidence, Bath remains slow to pick up visitor numbers to pre 2001 levels.

Demographic

The general adult population is growing. Interestingly, the majority of the growth is at either end of the spectrum. The families group has fluctuated over the time period, showing a negative growth rate overall, which may be attributed to people deciding to have families' later in life. This in turn has inflated the growth of the pre/no family group. It is however the '3rd Age' and retired groups which has contributed a combined increased of over 6%.

UK Adult population by life stage 1999-2003

	1999	2001	2003 (est)	% change
	000s	000s	000s	1999-2003
Pre-/no family	12,499	13,269	13,383	+7.1
Families	13,600	13,201	13,350	-1.8
'3 rd Age'	11,860	12,133	12,331	+4.0
Retired	9,238	9,353	9,472	+2.5
All adults	47,197	47,955	48,560	+2.9

Source: National Statistics 2002/Mintel

There has been a significant shift over recent years in the socio-economic groups, suggesting a

more affluent population. This higher level of disposable income provides people with more flexibility and opportunity on which to spend their money. As holidays and leisure become an increasingly important avenue for disposable income, the table below highlights that this change in the top three socio-economic groups is encouraging for UK visitor destinations.

Adult Population by Socio-economic Group

	1999	2001	2003 (est)	% change
	000	000	000	1999-2003
AB	9,951	11,356	12,197	+22.6
C1	12,947	13,043	13,911	+7.4
C2	10,436	10,323	10,059	-3.6
D	8,355	8,324	7,966	-4.7
E	5,504	4,909	4,428	-19.6
Total	47,194	47,955	48,560	+2.9

Source: National Statistics 2002/Mintel

Industry trends

The single most noticeable industry trend to affect the traveller and holiday market is the low-cost airlines market. It is a highly competitive market, which has won a significant market share through the development of an intra European network of routes and a dogmatic approach to feverishly cutting costs. The industry is however, influencing not just more people to fly, but to fly more frequently. The rise of the importance of the low cost airline has had a detrimental affect on the domestic tourism market.

Technology, and in particular the internet is also having a profound affect on the visitor market for both research on destinations, booking holiday destinations and transport (flights, hire cars etc). The internet allows greater flexibility and independence.

The growth of technology and the increasing trend for people to organise and book their own holiday tailored to their specific needs (greater independence), has forced many airlines and tour operators to adapt their products and marketing to provide a more flexible appeal.

The Mintel, Holiday Destinations UK, 2004 report suggest that the beach holiday remains the most popular type of vacation. However, thanks to the growth of independent travelling and technology, there has been significant growth in the 'City' break market both in the UK and Europe.

13.3 Who visits Bath?

The initial research identified that since the year 2000 UK domestic visitor numbers decreased by over 48 million. This has only been compensated by a relatively small increase of over 2.5

million international visitors. This recent trend points to a total reduction in visitors by 45.5 million since 2000.

The research also highlighted that the total annual number of visitors to B&NES attractions dropped significantly between the years 2000 and 2001. Although visitor numbers are now increasing again, they show no sign of returning to the levels of pre 2000.

This is also highlighted by the International Passenger Survey for Bath, which shows that there was a significant decrease in international visitors (by 80,000 in 2001). Although numbers increased in 2003, Bath still has 30% less visitor numbers than in 2000.

International Visitors to Bath

	1997	1998	1999	2000	2001	2002	2003
Bath	350	350	300	300	220	200	210

Source: *International Passenger Survey*

The Bath Visitor Survey, undertaken in 2004, which posed face to face interviews with visitors to the City, provided an insight into the profile of the visitor compared with other UK historic towns. The survey provided interesting results including:

- Bath performs well in leveraging high levels of spend from both domestic and international visitors and out performs the UK historic town averages.
- However there is a high proportion of spend associated on shopping.
- Bath does attract a well balanced age profile of visitors compared to other UK destinations.
- However, 49% of the visitors to Bath are 45 years plus, which places Bath in an advantageous position given the rise in the importance of this demographic.
- Bath, alongside the historic UK destinations has a similarly high percentage (70%) of visitors in the three higher social grades (ABC1).

As external pressures ensure the tourism market becomes more competitive for all UK destinations, Bath has witnessed a significant reduction in visitor numbers, with only slow recovery in recent years.

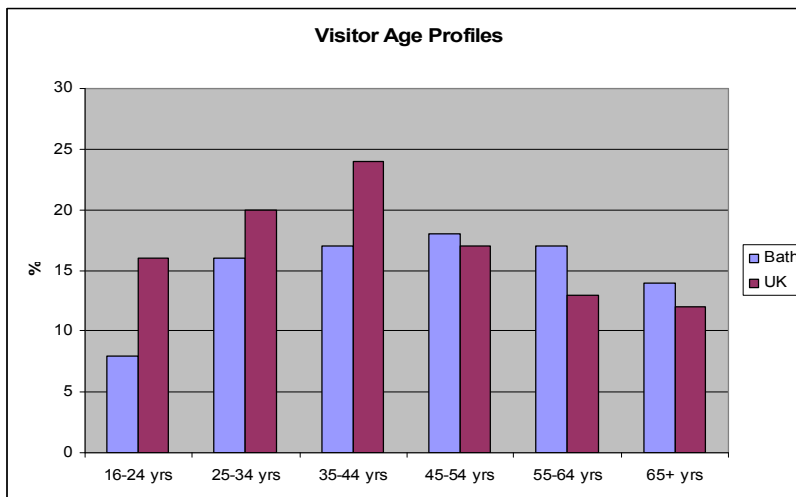
However, the Bath Visitor survey in 2004 highlights that visitors are still attracted to Bath and the City is performing well compared to other UK historic towns, especially in attracting the 45 year and over age ranges and the higher socio-economic groups, who tend to spend more on holidays than other groups.

This suggests Bath's visitor offer remains strong.

13.4 Which visitors are valuable?

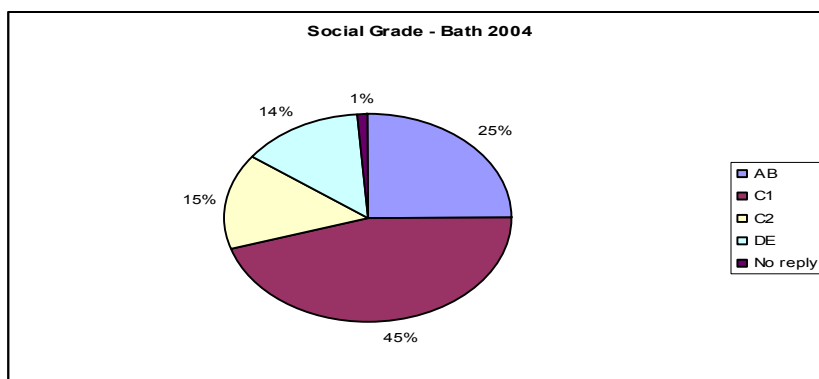
As identified in the research and highlighted in the graph below, Bath has an evenly distributed age profile. However, compared to UK averages Bath has a larger percentage of total older visitors (45 years and above).

Age range of visitors to Bath, UK and Selected Regions, 2004 (%)



Source: UK Tourism Survey (UKTS), 2004 undertaken for Visit Britain by Statistics on Tourism and Research (STAR UK) and the Bath Visitor Survey, 2004

Bath also attracts a high proportion (70%) of the top three social grades (ABC1),



Source: Bath Visitor Survey, 2004

The research suggested that B&NES attractions are enticing fewer visitors. The recent surveys undertaken by Bath Tourism Plus, Bath Heritage Services and South West Tourism point to the ability of the City to leverage higher spending levels from its visitors compared to other historic towns and UK averages.

The visitor surveys undertaken point to a large proportion of 45 year and over age ranges being attracted to the City, which as detailed in a recent report by Mintel, is an important age group referred to as the '3rd Age' group.

The Mintel 3rd Age Holidays report 2004, states that although it is difficult to give this age profile fast boundaries (due to differing lifestyles and it being dependant on when people first started to raise a family), the '3rd Age' is defined as "consumers aged between 45 and 64 years old. They range from parents with children still at home (above the age of 16 usually) to those whose children have left home".

Adult Population by Life Stage 1999-2003

	1999	2001	2003 (est)	% Change
	000s	000s	000s	1999-2003
Pre-/no family	12,499	13,269	13,383	+7.1
Families	13,600	13,201	13,350	-1.8
'3rd Age'	11,860	12,133	12,331	+4.0
Retired	9,238	9,353	9,472	+2.5
All adults	47,197	47,955	48,560	+2.9

Source: National Statistics 2002/Mintel

In 2001, the '3rd Age' group represented 25% of the population, which is a significant proportion and as identified has increased by 4% over the 1999 to 2003 time period.

The '3rd Age' group is becoming more important to the tourist industry. A large proportion of this group also includes the 'baby boomers' - the first of the post World War II generation, brought up in a different social and economic climate to their parents. The Mintel '3rd Age' Holiday Report 2004 suggests due to the 1950's and 1960's increasing trend of consumerism – including a rise in the demand for holidays, this was when the sophisticated consumer was first created.

However, with conflicting reports suggesting that within this '3rd Age' group either more people are retiring, due to increasing property values, or a high proportion of people are remaining in employment, due to pension shortfall, the group as explained by Mintel, 2004 is defined by their "attitude and priorities".

The '3rd Age' Holidays UK 2004 report by Mintel, states "3rd Age' consumers enjoy spending time doing things they enjoy". This includes "hobbies and interests, gardening and DIY, sport and exercise, holidays and eating out".

Health, fitness and finance play an important role in influencing people to take holidays. According to Mintel, “more so than previous generations ‘3rd Age’ consumers now have the time, desire and often the money to form an important market for holidays”.

The table below, taken from the ‘3rd Age’ Holidays UK report by Mintel identifies that on average ‘3rd Age’ holiday makers take 2.27 holidays annually compared with 2.16 amongst all adults.

Number of holidays taken in the last 12 months*

	One	Two	Three
All adult holidaymakers**	32%	36%	32%
All ‘3rd Age’	28%	35%	37%

Source: GB TGI, BMRB Spring and Summer 2004 / Mintel

* Base of 5,581 adults aged 45 – 64 who have been on holiday in the last 12 months

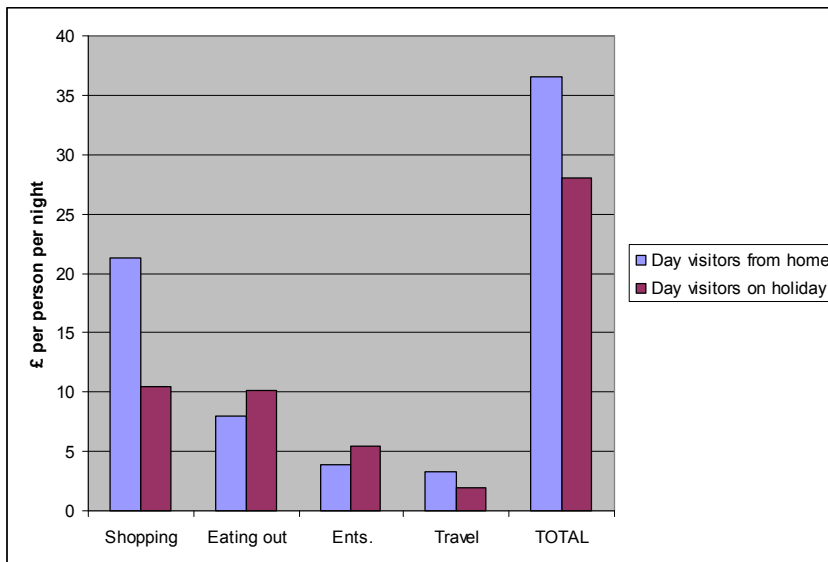
** Spring 2004

‘3rd Age’ holidays tend to follow the general holiday trend for shorter holidays. This shorter length in stay allows multiple holidays to be taken.

Mintel also reports that with figures taken from the TGI survey of around 25,000 adults (summer 2004), 53% of ‘3rd Age’ holidaymakers will visit destinations in the UK, followed by Spain at 35% and France at 11%. This suggests the UK remains a strong attraction to this age profile.

13.5 What do these visitors want?

The Bath Visitor Survey, as indicated in the graph below, points to a high proportion of spend on shopping, with eating out and entertainment being next in the ranking.



Source: Bath Visitor Survey, 2004

This provides clear indicator of how visitors wish to spend their time and money in Bath.

The following visitor trends have been identified in this analysis:

- Demographically the '3rd Age' (45 – 64) and the retired (65+) are the projected fastest growing age groups.
- The internet is having a profound affect on the behaviour of visitors, enabling a greater independence and flexibility.
- Independent holidays are becoming more popular than package holidays, especially with the higher socio-economic groups.
- Established tour operators have begun to offer more flexible packages to accommodate this new independent traveller.
- The economic climate is creating a preference for shorter breaks and city breaks are a growing visitor market.

The following table is taken from the 'City Breaks in the UK' 2004 report by Mintel, which details a survey of visitors to a number of top UK City destinations, including Bath. The survey looks at the visitor's preferences and attitudes regarding UK City destinations.

Visitor Preferences

	All	Brighton	Bath	Oxford	Other city in the UK
	%	%	%	%	%
Transport:					
You prefer to fly using a no-frills/Low cost airline	24	30	28	32	27
You prefer to fly using a regular airline	23	26	22	23	20
You prefer to take other modes of transport	12	15	12	13	17
Destination:					
You prefer to go abroad	34	38	34	37	36
You prefer to visit destinations recommended by friends or family	19	23	23	22	20
You prefer to go somewhere in the UK	14	16	24	17	17
You tend to choose destinations that are accessible by low-cost airlines	13	12	14	14	14
You use travel guides to choose a city break destination (eg Time Out, Lonely Planet)	10	15	17	13	12
You never visit the same city twice	8	6	6	6	10
Preferences:					
You prefer to go on a city break with your partner or your family	32	30	27	30	34
You prefer to take an independent city break	19	30	28	26	23
You prefer to take a package city break	11	10	14	7	9
You prefer to go on a city break with your friends	7	6	3	6	5
Length of stay:					
You prefer to take 1-3 nights on a city break	30	34	42	34	35
You prefer to take 4+ nights on a city break	17	16	15	21	20

SOURCE: NOP/Mintel, 2004

The table above focuses on:

- Visitors to Bath are primarily affluent ‘empty nesters’ (‘3rd Age’) and retirees who are attracted to the cultural and historical sites the City has to offer.
- A large proportion of these travelers make their own independent arrangements.
- Conversely, they are also the most inclined to purchase packages and to use tour operators, presumably because they are convenient and perhaps because of their perception that holiday packages offer the best deals.
- Holidaymakers who visit Bath are the least likely to be Internet users, and this probably accounts for the relatively lower response rate to the statement regarding Internet bookings. This may be due to a high proportion of retired respondents.
- Consumers who take a city break in Bath are also the most price-conscious, given the fact that this group had the highest number of people agreeing that they take advantage of promotions.
- Overall, it seems that although this segment want flexibility, value and convenience are also important to them.

The Mintel ‘3rd Age’ Holidays UK 2004 report also suggests there has been a significant increase in the proportion of short/city breaks taken by ‘3rd Age’ holiday makers. This is driven largely by the low cost European air routes and as explained earlier due to increasingly busier lifestyles forcing shorter holidays to become the norm.

This is further highlighted by the higher socio-economic groups within ‘3rd Age’ holiday makers having a much higher propensity to take short/city breaks, thus emphasising the importance of affluence for UK city destinations.

The ‘3rd Age’ group are fitter and healthier, more financially independent, enjoy a better quality of life and are more able to fulfil their individual aspirations. One of the key findings in the Mintel report was individuality. Travellers are taking the time to do what they never had chance to do when they were younger.

“The ‘3rd Age’ group is an ever more significant proportion of the population that the holiday industry must sit up and take notice of”. However, it is their independence and individuality which makes the group difficult to market. Although the Mintel City Break UK survey results suggest a lack of internet use, the ‘3rd Age’ Holiday report UK 2004 report suggests the 45 – 64 age group has a higher than average internet usage, with more leisure time to investigate and plan holidays, which in turn allows them to act more independently.

Due to better healthcare, a preoccupation with healthier lifestyles and the fact this age group is fitter than any before it, allows them to enjoy more travel, sports and other leisure activities.

13.6 What does Bath offer?

The International Council on Monuments and Sites (ICMOS) considers heritage tourism as embracing both natural and cultural inheritance, which encompasses “all experiences absorbed by the visitor to a place that is beyond their own living environment”.

Cultural and heritage tourism has developed into a significant tourism phenomenon, especially in the short break and specialist holiday markets. The challenge is achieving a balance between conservation, sustainability and the ability to leverage benefits for the City.

The World Heritage Site of Bath markets itself as “a unique” city and “one of England's most beautiful places to visit”.

The entire City was designated a World Heritage Site by UNESCO in 1987 and Bath understandably directs its marketing towards the heritage, architecture and cultural attractions of the City. Bath's heritage product is a strong and features throughout the following promotional areas:

Attractions

The City's attractions are largely historic. The ‘Visit Bath’ website highlights a selection of the main visitor attractions such as the Roman Baths; the Bath Abbey; the Circus and the Royal Crescent.

Shopping

‘Visit Bath’ promotes the “quantity and quality” of Bath's retail offer. One of the key messages is that in addition to all the familiar retail names there's a wide choice of smaller specialist and independent shops, which can be enjoyed whilst strolling through the picturesque Georgian parades.

Entertainment

Bath offers visitors more than just architecture and shopping. Museums such as the No 1 the Royal Crescent; the Museum of Costume; and the Jane Austen Centre supplement the heritage visit experience.

Eating and drinking is a central feature of Bath's entertainment offer. The ‘Visit Bath’ website is eager to promote the City's Michelin-starred and award-winning restaurants, alongside its value and bistro eateries.

Although there is little promotion of Bath's nightlife, Bath has a wide variety of pubs and bars, ranging from traditional pubs to independent wine bars and the large brand named bars.

However, for a real taste of Bath, the website again returns to its trusted heritage promotion suggesting visitors “...follow in Jane Austen's footsteps and take afternoon tea in the elegant Pump Room or visit the celebrated Sally Lunn's refreshment House”.

Bath provides a sport offer for both the spectator and to some extent the participant with activities from watching National League Cricket and Rugby to walking, cycling and hot-air ballooning.

Bath is also a city with a wide range of festivals and theatrical events. The following list identifies the diversity of the festivals in Bath but is not a comprehensive list:

- Bath Literature festival.
- Bath half Marathon.
- Bath International Music Festival.
- Bath Fringe Festival.
- The Royal Bath and West Show.
- The Roman Baths by Torchlight.
- Bath International Guitar Festival.
- The Jane Austen Festival.
- Bath Film Festival.

Bath also offers weekly food markets such as the Farmers Market, held every Saturday morning at Green Park Station, where a variety of local produce are sold. Recently TASTE has been introduced, which aims to build on the farmers market, specializing in real food and food related items.

Themes

As the destination market becomes increasingly competitive, the visitor becomes increasingly sophisticated and their time is precious, destination marketing organisations have long developed direct marketing campaigns to promote an image and atmosphere, which will attract a certain type of visitor.

‘Love Bath’ is a key theme with the intension of attracting visitors who are looking for a romantic retreat.

The promotion of this theme again focuses on the heritage, architecture and the range of activities and venues provide a perfect setting for an intimate romantic break.

The ‘Winter Breaks’ theme highlights the Georgian architecture, museums, galleries, gardens and attractions, and the lively programme of festivals, theatrical, musical and sporting events which provide an appeal all year round, including winter breaks. This theme also highlights the retail offer and quality facilities available such as hotels, restaurants, pubs and bars.

‘Spa and Wellbeing’ - an offer which is still in its infancy in terms of market and is not a key theme in the current marketing programme. It is targeted towards the luxury, well-being and health markets, where Bath is well placed, due to its natural assets and Roman heritage.

Bath already has a variety of Spas within the City or in the surrounding areas. However, it is the proposed opening of the Thermae Bath Spa (estimated in 2006), which offers a unique Spa utilising the natural hot springs. Other Spas in Bath include:

- Hands on Health.

The Bath House at the Royal Crescent Hotel.

The Spa at Lucknam Park.

The Bath Priory Hotel and Restaurant.

Hotels

Bath Tourism Plus offers a finding service for hotels and guesthouses. Although Bath has a variety of serviced accommodation, the work undertaken points to the total number of bed spaces in Bath reducing, with only 12% of the serviced accommodation in the City offering more than 10 rooms and 60% of the accommodation aimed at the non-premium market (2-3 stars), albeit prices are relatively high.

In Mintel's City Breaks in the UK, 2004 report the use of serviced accommodation has continually been above 50%. The following table taken from the report identifies the change in visitors staying habits between the years 2000 and 2003.

Accommodation used by consumers on a UK city / short break 2000-03

	2000	2001	2003	% point change
Base: adults aged 15+ who have been on a UK city/short break in the last 12 months	822	830	939	2000-2003
	%	%	%	
Hotel (bed & breakfast)	25.1	24.7	26.8	+1.7
Hotel (full Or half board)	28.0	23.6	22.1	-5.9
Caravan	7.9	9.7	11.5	+3.6
Stayed with friends/relations	8.8	10.2	10.0	+1.2
Rented villa/flat/cottage/chalet	12.1	10.6	8.9	-3.2
Guest house	7.1	5.4	7.7	+0.6
Other	4.6	2.5	5.5	+0.9
Tent	2.9	0.9	3.5	+0.6
Holiday home	2.6	3.9	2.4	-0.2
Hotel (all-inclusive)	2.0	1.9	2.0	-

Taken from the TGI survey of approximately 25,000 adults

Source: GB TGI, BMRB Summer 2000, Spring 2002 & Summer 2003/Mintel

Although serviced accommodation remains the favoured choice, this survey points to a sharp reduction in full or half board usage. This can be due to the trend for more flexible and independent holidays, where visitors look for some flexibility in their holiday. The Bath Survey

2004 also supports this - as eating out was the second highest category of visitor spend next to shopping.

Business Tourism and conferencing

Bath offers the usual conferencing services such as venue searches, transportation and corporate hospitality, but the promotion is more akin to a signposting service rather than selling the city's offer for business tourism.

Bath Tourism Plus apparently offer an 'efficient, professional and responsive service' to locate a venue from "a breakfast meeting for six, a ball for several hundred or a conference for a thousand". www.bathconference.co.uk

In March 2002, DTZ Pidea Consulting was commissioned by B&NES Council Economic Forum to evaluate the potential for the development of a conference /arts exhibition centre. The executive summary of this report points to the following:

- Bath should be an attractive location for such events given its social and cultural character.
- However, Bath is constrained by a combination of a lack of conference space and also a lack of suitable hotels.
- It is unlikely that a development will secure commercial viability.
- Apart from developments in large cities such as Edinburgh and Manchester the trend in the UK is to upgrade existing facilities rather than build new centres.
- The existing corporate market is currently catered for by civic centres and the University of Bath.
- A proposed centre could bring in wider economic impacts for the City.
- Options include a 1000 delegate stand alone facility, a mixed 500 delegate and arts centre, and a hotel led development.

13.7 The Future Offer

Regional Strategy

Towards 2015 a strategy by South West Tourism, looks at shaping the region's tourism offer and places great emphasis on "anticipating and then exceeding customers' needs".

Rather than just sticking to the traditional approach of promoting individual destinations, the importance of the 2015 strategy will be on developing and promoting high quality 'customer experiences'. It looks to drive up quality of visitor experiences, delivering sustainable tourism and creating superior destination management arrangements.

The strategy intends to create an industry which:

- Is markedly less seasonal.

- Achieves higher visitor satisfaction rates.
- Is able to command a premium price over competing products in other regions.
- Is welcomed by the host communities.
- Recognises the environmental impact caused by the industry, ensuring that it does significantly more to protect and enhance the environment.
- Is a better employer with employees satisfied with their conditions of employment, training and career development.

The South West strategy also focuses on sustainable tourism which will ensure the impact of visitors on the environment and on local communities is managed and minimised, whilst long-term viability is maintained.

B&NES

B&NES Council looks to ensure the City and surrounding area is a competitive destination focused on delivering quality experiences to targeted markets, taking advantage of Bath's historic, cultural and natural assets.

Its primary aim is to “increase the economic and social benefit of tourism to the area”. A selection of other primary and supporting aims for the future tourism in Bath include:

- Developing markets which will bring high returns.
- Achieving high levels of year round business.
- Developing the high quality tourism products.
- Ensuring tourism employment is secured locally.
- Developing sustainable types and levels of tourism.

The strategy sets out some suggested targets for Bath to achieve by 2006, which includes increasing room occupancy by 10%, increasing visitor numbers by 15% and increasing attendance to events by 15%.

It highlights key areas for further development including:

- Delivery mechanisms and resources.
- Marketing and product development.
- Training and partnerships.

The strategy also lists the critical success factors as being: attracting new ‘off peak’ visitors; improving customer satisfaction and quality; creating effective partnerships and a structured approach.

Facilities

Currently, the new hotel proposal adjacent to Thermae Bath Spa, whilst having no contractual commitment, is the only new planned hotel development. The conferencing requirement has yet to be finalised and the expansion and promotion of the University led conferences could offer an opportunity for further events to be attracted to the City.

The Spa

Bath has already, with regards to its 'Love Bath' and 'Winter Breaks', started marketing itself in line with the 2015 regional strategy aimed at visitor experiences. It is however, the Spa and wellness theme in which Bath is specifically targeting for the future.

Mintel's Spa Holidays report in 2004 states that "research strongly points to a boom in the usage of spas worldwide. Yet in the UK, spas have a low market penetration rate due to their perceived exclusivity and associated high prices".

In their commissioned consumer research undertaken by NOP, the Mintel Spa Holiday report highlights that from a base of 1,971 adults only 12% had visited a spa whilst 22% intend to in the near future. This confirms that the industry is in its infancy. However, with increasing awareness of spas penetration rates are set to increase.

In addition to the increased levels of stress, the desire to feel healthier and look better, the concept of personal time (me-time) is increasing. Visits to spas are fast becoming a popular retreat or escape from modern living.

The concept of Spas has long been a means of wellness or health and became a popular activity in towns such as Baden Baden, one of the most prestigious thermal spas in Germany, which still to this day actively promotes its wellness and health tourism.

According to the European Travel Monitor (ETM) health orientated holidays account for over 15% of the total European international holiday market and many destinations use wellness as a theme.

Mintel's report suggests that although "spa holiday makers spend a higher proportion than other holidaymakers; there is a lower proportion of consumers going on spa holidays than visiting day spas". In fact not all spa holidays are dedicated to a spa alone and often combine other activities such as sightseeing. This format suits Bath's intended offer.

13.8 Future visitor projections?

The initial research highlighted the large proportion of holiday visitors to Bath. Whether they be staying or day visitors, Bath offers some of the UK's finest visitor attractions, with a strong heritage offer, countless Georgian 'listed' buildings, a wide range of museums, galleries and exhibitions. Alternatively, Bath offers the visitor a strong retail offer and the ability to visit the surrounding countryside.

As explained earlier the key target demographic is the '3rd Age', people who are 45 years and over, with either an 'empty nest' (no children at home) or children at home over the age of 16 years.

In demographic terms this population is projected to grow at a higher level than any other age range. The below table taken from the '3rd Age' Holidays UK report by Mintel identifies that between 2003 and 2009 National Statistics suggest the population of '3rd Agers' will grow by 6.6%, which far outweighs the growth of pre/no family and family age ranges.

Adult population by Lifestage 1999-2009

	1999	2001	2003 (est)	2005 (proj)	2007 (proj)	2009 (proj)	% change 1999- 2003	% change 2003-09
	000	000	000	000	000	000		
Pre-/no family	12,499	13,269	13,383	13,448	13,496	13,489	+7.1	+0.8
Families	13,600	13,201	13,350	13,478	13,584	13,591	-1.8	+1.8
'3rd Age'	11,860	12,133	12,331	12,574	12,893	13,139	+4.0	+6.6
Retired	9,238	9,353	9,472	9,604	9,739	10,042	+2.5	+6.0
All adults	47,197	47,955	48,560	49,103	49,714	50,261	+2.9	+3.5

Source: National Statistics 2002/Mintel

The table above also highlights the retired group as another group with high growth rate (6%). This growth is good news for Bath as indicated in the Bath Visitor Survey in attracted a higher percentage of retired visitors than the UK average.

Alongside this growth the Mintel report also points to the expansion of the highest three socio-economic levels - a 14.2% increase in total.

Adult population by socio-economic group 1999-2009

	1999	2001	2003 (est)	2005 (proj)	2007 (proj)	2009 (proj)	% change 1999- 2003	% change 2003-09
	000	000	000	000	000	000		
AB	9,951	11,356	12,197	12,586	12,844	13,189	+22.6	+8.1
C1	12,947	13,043	13,911	14,171	14,422	14,756	+7.4	+6.1
C2	10,436	10,323	10,059	9,885	9,836	9,768	-3.6	-2.9
D	8,355	8,324	7,966	7,887	7,882	7,588	-4.7	-4.7
E	5,504	4,909	4,428	4,575	4,730	4,960	-19.6	+12.0
Total	47,194	47,955	48,560	49,103	49,714	50,261	+2.9	+3.5

Source: National Statistics 2002/Mintel

In conclusion the target market and socio-economic groups identified in the Bath Survey, 2004 as being these attracted to Bath are projected to increase. As Bath adopts its targeting campaign, to promote the City and specific visitor experiences the '3rd Age' and ABC1 groupings must certainly be the target audience.

13.9 SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> World Heritage Site status Strong recognition as a visitor destination in UK High spend levels Strong unique retail offer Links with the London excursion market Diverse festivals & events Universities 	<p>Weaknesses</p> <ul style="list-style-type: none"> Narrow visitor offer - heritage Lack of diversity in the hotel offer High occupancy rates causing a disincentive to re-develop Lack of conferencing facilities Access from London Poor city entrances (e.g. railway station) Poor public realm The early evening economy lacks vibrancy
<p>Opportunities</p> <ul style="list-style-type: none"> Heritage strength Diversification of offer in line with regional strategy Spa project Hotel development New employment opportunities Southgate shopping development extension Exploiting the range of festivals, markets and events Conference opportunities with the university 	<p>Threats</p> <ul style="list-style-type: none"> Displace/disrupt residents Overall management of the tourist offer Increase competition from UK and low cost EU destinations (eg, new EU entrants) Pollution The visitor – resident relationship A lack of continuity in message and internal mechanisms Lack of strength regionally Fragmentation within the industry (tourism,

Cultural space/events facility to support visitors, residents and business.

Enhance community and city pride

festivals, conferencing etc)

Southgate development may expose the fragility of the retail offer

External economic, social and political pressures

13.10 In Conclusion

The market for tourism is extremely competitive and UK domestic tourism has been in decline over the last five years influenced by the availability of inexpensive flights to European destinations. This declining market has affected most UK regions and cities and Bath has been badly affected.

Tourism remains extremely important to the Bath economy and despite the decline in the domestic market, Bath has a number of strengths to build on. Principally, the City has a strong position in the attraction of the older demographic segments of the tourism market and this demographic is growing strongly and has a high level of disposable income.

The data for the tourism industry has been difficult to collate and this reflects a lack of sophistication in marketing management information across the whole of the UK industry.

Penetrating the core '3rd Age' market more effectively is a key objective and requires a strong understanding of the current market position and an effective strategic marketing plan. Bath also needs to better develop the hotel offer and refresh some of the key visitor attractions. The Thermae Spa; better presentation of the festival offer; and marketing of the independent retail offer and artisan culture will all help to build profile for the '3rd Age' market.

The University also presents Bath with a potential opportunity for developing business tourism. An improved hotel offer would allow a strategy to pursue business tourism and such an approach may provide an opportunity to develop a better business model around any festival / arts building close to Green Park Station.

Infrastructure

14.1 Introduction

The approach taken in the preparation of the Business Plan was to identify the key requirements for the City and then to understand the physical infrastructure constraints which would need to be addressed in order to successfully implement the scheme.

As a result transport and infrastructure issues, although extremely important, were deliberately considered at the end of the process as the work needed to help deliver the Business Plan, rather than drive the overall outcome.

14.2 Requirements

The principle infrastructure issues relate to transport and public realm.

Road capacity has been measured as the ability of road junctions to clear during peak hours. On this basis the road system within Bath is at full capacity. At peak times the car parking within Bath is also virtually at capacity with pressure on the Park & Ride facilities with the exception of Odd Down. Finally there is congestion on the trunk road network providing a through route for the City.

The objective of the Council is to reduce the amount of traffic within the City and the identified solution is a combination of an improved local bus network, a new dedicated rapid bus system and an increase in the park and ride provision.

The West of England sub-region has recently gained a substantial award of government funding to examine potential innovative transport solutions and this is some indication of the priority placed on the sub region by the Department for Transport. Nevertheless, there is a danger that the B&NES Council preferred transport solution will not gain the required funding from the Department of Transport.

This Business Plan recognises that in order to carry out the scale of development required to fulfil the Vision, it will be necessary to make the transport infrastructure interventions already identified by B&NES Council. Whilst these costs are subject to a bid which B&NES Council currently hope will be successful, there is a need to put through a cost of c£80m in order to be prudent.

The Business Plan involves the re-development of a number of car parking sites across Bath. On this basis, there is a need to replace these spaces to safeguard the ability of visitors to access Bath before a longer term solution can be identified. Not to do so would be to effectively ration the number of visitors who could gain access to the City and as a result damage the overall economy. Whilst outside the scope of this study, these comments are equally valid for the provision of car parking during the redevelopment of the Southgate Centre.

The Business Plan makes provision for the costs involved in providing decked multi-storey car parking at Charlotte Street. This is a potential solution but Ernst & Young recognise that this issue needs exploring further through a car parking study.

The Business Plan also proposes the development of the Avon Street Coach Park and makes provision for physical infrastructure work and a coach driver amenity block at Odd Down Park & Ride as a replacement.

14.3 Longer Terms Interventions

The Business Plan makes provision for the current transport infrastructure projects identified as requirements by B&NES Council. Nevertheless, there is a desire within B&NES Council to reduce the dependence on car borne travel within the City and the strategy to reduce car movements involves limiting the car dependence of new developments and extending park & ride facilities.

The current capacity of park & ride facilities is reaching capacity and any attempts to increase capacity have been small scale in nature and fraught with planning difficulties. Without a more aggressive park & ride strategy or a more innovative solution to transport in Bath, the overall ambition of fewer car borne journeys cannot be achieved – or visitor numbers into Bath will need to be reduced with the negative impact this would have on the overall economy.

Translation into a Spatial Project

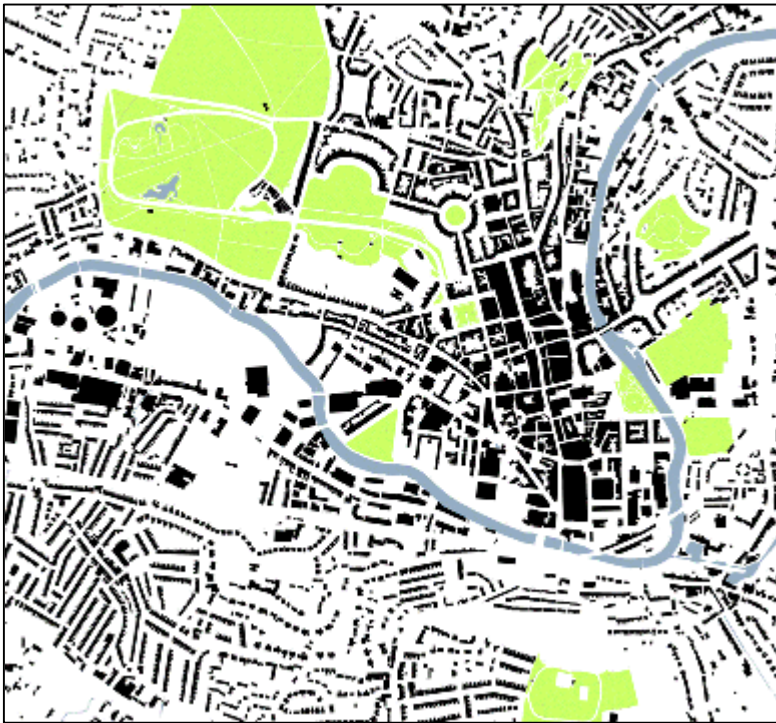
15.1 Introduction

As part of the Business Planning process, Terence O'Rourke produced a series of spatial interpretations of the City of Bath. This work was built up from:

- An analysis of the current characteristics of the City.
- Testing possible design layouts principally involving how to manage the expansion of the retail core.
- Developing a preferred spatial interpretation and analysis of intervention sites.

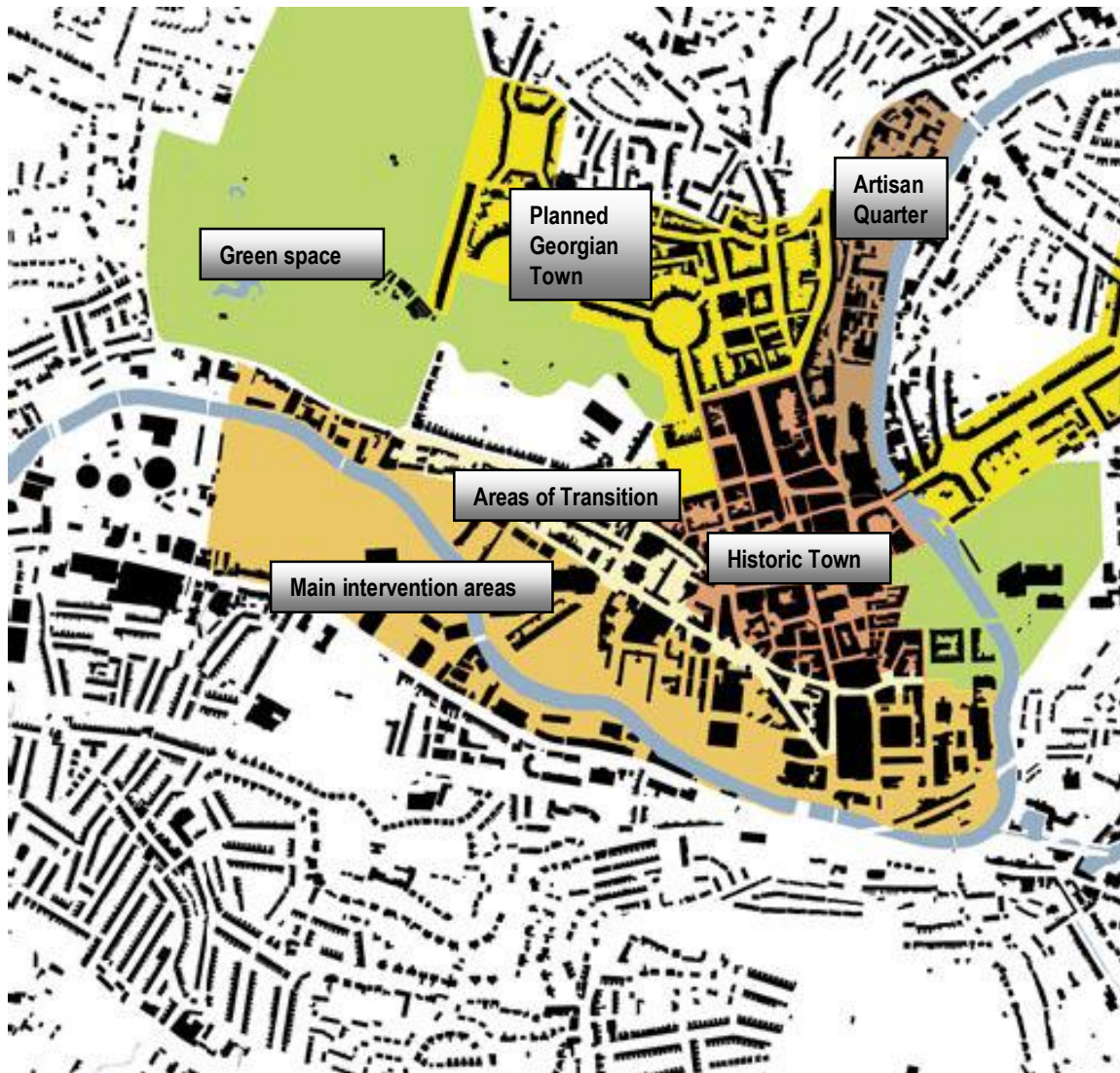
15.2 Current Characteristics

The density of development is illustrated by the following block diagram of the City:



Source: Terence O'Rourke

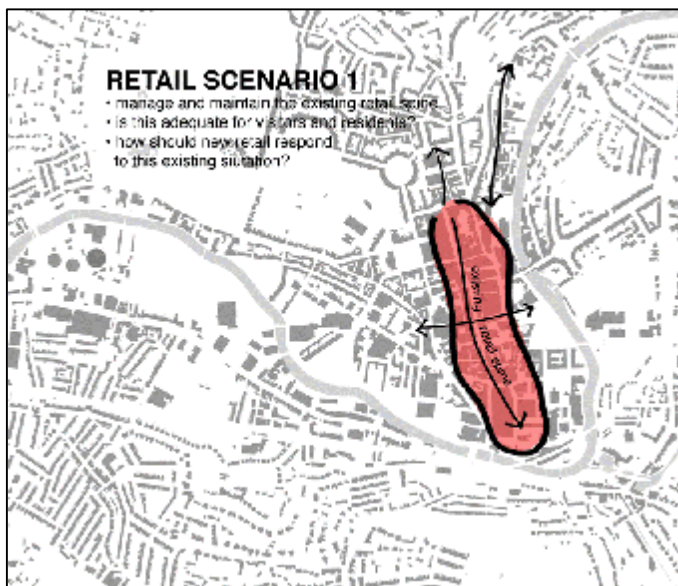
The character areas within the City were then illustrated using the following shaded diagram:



Source: Terence O'Rourke

15.3 Analysis of Potential Designs

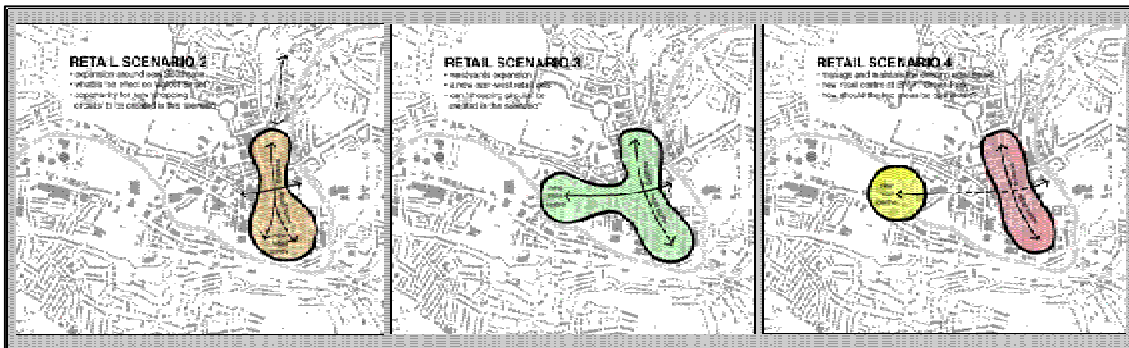
The initial influence on the development of the design of the centre of the City was how the any expansion of the retail core could be interpreted. The process involved:

Step 1 – Current State

Source: Terence O'Rourke

Step 2 – Options

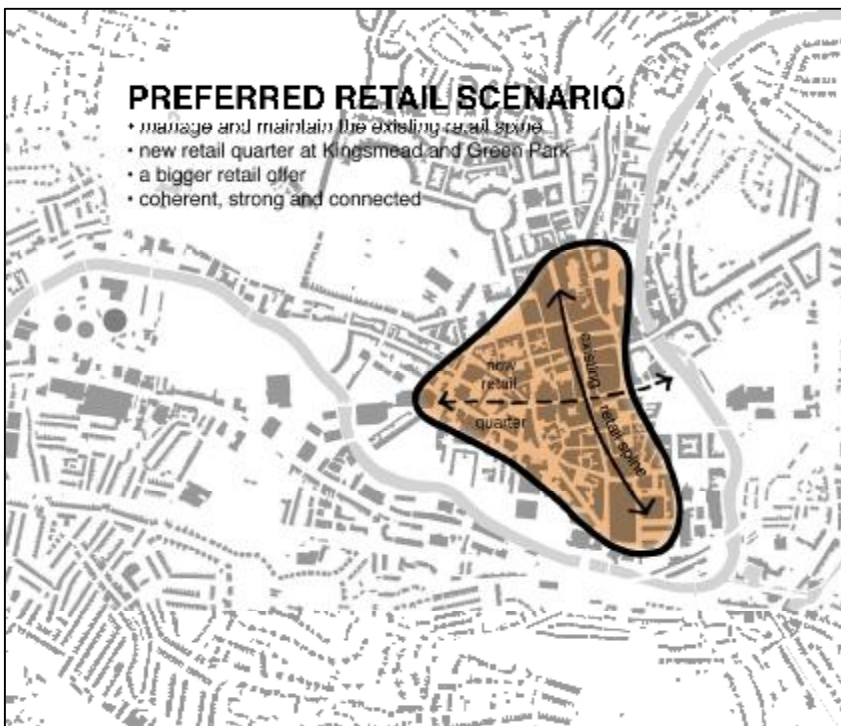
Given that there will be a requirement to extend the retail offer over time, it was important to examine the areas where sequential sites should be identified:



Source: Terence O'Rourke

Step 3 – Preferred Option

As a result of this work and following a workshop with B&NES Council a preferred option for the future development of retail was developed



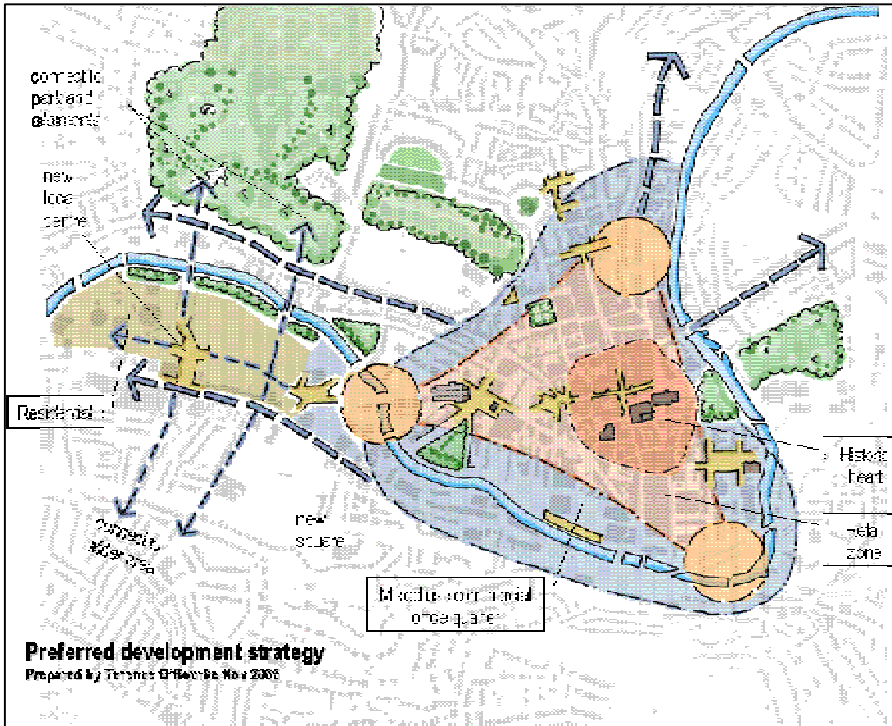
Source: Terence O'Rourke

15.4 Overall Spatial Interpretation

The overall spatial interpretation was built up throughout the project and informed by Ernst & Young analysis. The overall design shows:

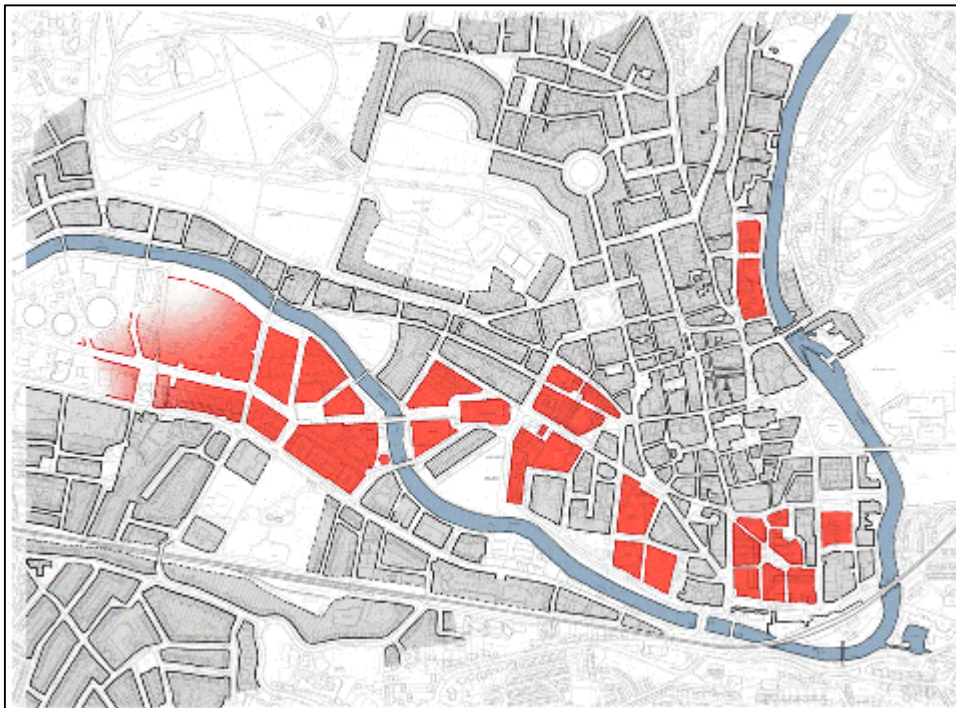
- The overall importance of public realm in the overall Business Plan.
- A sequential increase in retail which is contiguous with the current retail development. This can avoid the creation of competing retail areas and will help improve the East West flow within the City. The linkages of this retail offer with Green Park station are important and as a result the Business Plan seeks to solve the poor pedestrian flow through and beyond the 'Kingsmead Knuckle'. Green Park Station will be enhanced as a retail destination.
- A greater emphasis on office and commercial development within a new mixed use quarter on the edge of the retail centre. This will principally improve the built environment in the South of the City adjacent to the river. By creating this office area close to the City Centre office staff can take advantage of the amenities of the city whilst at the same time they will add to the overall vibrancy of the City.
- The limited housing opportunities within the B&NES area and the desire to ensure a more sustainable outcome to meet the need for greater housing provision led to a greater level of housing provided across Bath Western Riverside (BWR). This will result in BWR becoming more of a community close to the City rather than a mixture of uses including further office and retail.
- An opportunity to enhance the cultural and visitor offer through the provision of a cultural centre close to Green Park Station and an opportunity for some further cultural development between the new Thermae Bath Spa and Green Park Station. The eastern end of Bath Western Riverside can provide some retail opportunities and a potential hotel site.
- Recognition of the central core of the Abbey, Pump Rooms and Roman Baths and the importance of the linkages from Great Pulteney Street, Parade Gardens through to Green Park Station. The importance of walking routes around the City especially through the planned city to the North and the opportunity to extend the visitor journey along Walcot Street.

The result of this was a land use diagram as follows:



Source: Terence O'Rourke

This was interpreted as a block diagram of intervention sites in the following manner:



Source: Terence O'Rourke

Conclusions

16.1 Introduction

The creation of a 'Vision for Bath' and the wide communication process has created general consensus within the City and has generated some momentum for change. The research carried out as part of this Business Plan validates much of the original Vision, whilst the analysis sets out some strategies for developing the overall economy and regenerating the City for both residents and visitors.

After the analysis was completed, the Business Plan translated the findings into a physical development plan, a spatial interpretation of the scheme (Terence O'Rourke) and a financial model to test overall viability.

By carrying out the process in this manner, Ernst & Young ensured that the Business Plan reflected the social and economic needs of the City and created a result which retained the essential characteristics of Bath. The process ended with financial viability – it did not drive the process.

The recommendation is clearly to achieve the overall development of the City which is developed through this document but there are some specific practical and physical recommendations which require highlighting.

16.2 Practical Conclusions

Marketing

In order to implement the Business Plan, there is a need to attract private sector investment to allow physical development, improve the retail offer, and create employment. There is also a need to attract more visitors to the City and address the decline in visitor numbers.

All this activity will require a strategic marketing plan which addresses the overall objective of the City, the target markets, the core proposition, potential investors and marketing communication approach.

External Relations

B&NES Council is insular by nature. This view was widely expressed during the stakeholder interviews and is a key finding of this Business Plan.

If the Bath Business Plan is to be implemented effectively, there needs to be close collaboration between the key organisations. This is particularly true of the University of Bath where the strategies of B&NES Council and the University could be very closely linked. The Business Plan places the University at the heart of the employment and business tourism strategies. The University also has a part to play in the overall housing strategy. They are seen as the single most important stakeholder in this Business Plan. A partnership approach and joint working on some of the projects contained within the Business Plan will be key to overall implementation success.

B&NES Council has developed many interesting ideas about future investors or occupiers. The Business Plan recognises the need to attract high quality retailers, hotel operators and inward investors. To gain interest from investors of this nature will require a far more proactive and external style of operation.

A proactive approach to high quality retailers will be important to preserve the character of Bath during the occupation of the Southgate redevelopment.

Reinvestment

This Business Plan has highlighted the importance of World Heritage status, the retail experience and the importance of visitor attractions. The built environment and the public realm are key each of these aspects of the City.

The wide ownership of the central spine places B&NES Council in a strong position to influence the overall quality of the City but over many years pressure on Council budgets has caused underinvestment in its assets and the public realm. The result is the slow deterioration of the core of the City.

The Council needs to develop a reinvestment strategy consistent with maintaining and improving its asset base. This will ensure the long term value of its rental income.

Transport strategy

This work has identified the need for a more aggressive transport plan to achieve the aspirations of B&NES Council in delivering a transport solution. The Business Plan proposes to retain car parking at the same volume throughout implementation and this is achieved by creating additional parking decks on Charlotte Street Car Park. The Business Plan also makes provision for the relocation of the coach park to Odd Down Park & Ride and identifies the budget required to make the necessary improvements to the local bus network and the rapid transit system.

These recommendations are seen as short term measures and the future strategy will be underpinned by the work that B&NES Council will now carry out as part of the West of England innovative transport study which the Department of Transport is supporting.

Ernst & Young recognise the need for B&NES Council to validate the short term transport proposals made within this study and to ensure that the transport solution supports the implementation of the Business Plan throughout its development. This includes maintaining visitor accessibility at all points during the development programme.

Financial strategy

Whilst the Business Plan mitigates the financial involvement of the Council, there remains a shortfall in funding for the required off site infrastructure work and public realm. The funding

of the shortfall, and contributions to other marginal aspects of the overall scheme, requires detailed financial planning.

There will be the opportunity to identify public funding sources and make the required grant applications. There is also the opportunity to link the funding into an overall asset management plan for the commercial estate of B&NES Council. The work on this activity will be carried out in 2006 and there are important links between this project and the financial modelling within the Business Plan.

Planning

The formal planning process within B&NES Council needs to embrace the Business Plan and ensure that planning policy supports the interventions required. The planning framework has a fundamental part to play in ensuring that the Business Plan for Bath is treated as a whole rather than a series of individual projects. As a result B&NES Council need to put in place a planning strategy to support the effective delivery of the Business Plan.

Delivery

The delivery of the Business Plan will be a complex project made more complex through the variety of land ownerships involved in the intervention sites and the need to link the process to planning policy.

Developing the optimum delivery structures and getting appropriate legal agreements in place between parties has a fundamental effect on the financial returns, influence, control, and risk profile for all concerned.

Work needs to be carried out on the most appropriate delivery vehicles from a Council and a developer perspective. This may be a single purpose delivery agency approach at arms length from the Council linked to a master developer agreement but this is only one example of the structures which could be used. Each structure considered will have differing risk/reward profiles and as such the key requirements of each party need to be reviewed and the most appropriate structure developed. These structures can then be tested within the financial model.

Public Realm and Built Environment

The current masterplan has been carried out at a high level. The overall concept discusses many opportunities for placing significant investment in the public realm and the built environment but the detail of these interventions would only be developed as part of a detailed development of an individual scheme.

As a result, there remains detailed design and cost work to be undertaken on each intervention site before B&NES Council would be in a position to enter into detailed negotiations with a master developer or other delivery vehicle.

16.3 Physical Conclusions

Housing

Residential capacity of BWR should be maximised and within reasonable design and transport limitations. There is a need for a mixture of dwelling size – although a proportionately higher number of smaller units.

Bath Western Riverside is an ideal residential location - a brownfield site, adjacent to further residential developments within walking distance of the City Centre.

This report makes provision for 3553 new housing units within the central area of Bath by 2017, of which 2854 units are created across the Bath Western Riverside site. The Business Plan builds in a 30% affordability ratio (by units) across all housing developments.

The build programme of over 400 units per annum between 2013-2017 represents close to the level proposed within the Regional Spatial Strategy. The Business Plan also recommends the transfer of old and obsolete Georgian offices back to residential stock.

Despite the level of housing identified within this strategy, there will remain strong demand for affordable housing. The longer term answer to this demand is the increase in the skills base and wealth creation within the City.

Employment Space

As the population of the City increases, there is the need to generate further employment. More private sector employment will also increase the skills, employment opportunities and wealth creation within the City.

The service sector is key to the creation of jobs in a modern city and the provision of office space is a pre-requisite to attracting service sector employment – although a marketing strategy for the Council will also be required.

The mixed use employment space is set out in proximity to the City Centre. Occupiers are likely to be attracted by the quality of the working environment in the City and it is important that the mixed use office quarter is in close proximity to that environment. The office quarter will also be close to the confluence of public transport; be close enough to walk from the new residential development on Bath Western Riverside; will bring vibrancy into the early evening economy; and will improve the built environment on the Southern edge of the City.

The Business Plan sets out an opportunity to create 73,000m² of office space in the period 2008-2017. This represents 50% of the total occupied space in Bath. It is expected that some obsolete Georgian stock will return to residential use. A build programme of 7300 m² per annum is below current total office take-up per annum and as a result represents a phased build up in office space.

If the 73,000m² of office space represents additional new space to Bath, this will provide the opportunity to create 5200 additional employment opportunities.

Retail

The redevelopment of Southgate is seen as vitally important to the overall retail offer in Bath and every effort should be made, if required, to ensure completion.

The Business Plan also recognises the importance of retaining retail vibrancy and securing the retail experience through the preservation of a high quality independent retail offer. This Business Plan argues that there is unlikely to be a requirement for additional comparison goods retail space until 2011. At this point, sequential development is seen as important to avoid competing retail locations and support the vibrancy of the overall City.

The Business Plan makes provision for 48,587m² of retail space but this is gross built space. The Business Plan also makes provision for loss of retail space at Homebase, Sainsburys and the Podium.

This involves stretching the retail offer towards Green Park Station which becomes an important gateway to the town with a food based market type retail offer of its own. The new retail space will provide additional convenience retail and the opportunity for some 'lifestyle' products (furniture, homestyle and electrical) in larger format stores. The Business Plan does not make provision for a car borne bulky goods type retail offer.

Tourism

The Business Plan sets out the need to expand market share in the core '3rd Age' market for Bath. This is the fastest growing and most affluent demographic in the UK placing Bath in a highly competitive position.

In order to better compete for this market the overall offer needs refreshing and improving and the Thermae Spa, the improved retail offer and reinvestment in the heritage assets and public realm will help address this issue.

The Business Plan makes provision for 2 new hotel developments in addition to the proposed Spa hotel and also makes provision for the re-development of the Hilton Hotel.

The Business Plan recognises the importance of a statement building on Bath Western Riverside in close proximity to Green Park Station. This had been earmarked as a cultural building but no market analysis has been carried out on this activity.

The Business Plan recognises the importance of business tourism and the opportunity that the universities represent in generating this type of activity. In order to support business tourism there is a need to create some convention space and this could, perhaps, double up as a central venue for the festival offer of the City.

The Business tourism offer would be supported by the work on hotel development.

The exact nature of the 'cultural building' therefore needs further analysis.

Other physical issues

The Business Plan involves the redevelopment of a number of car parks. The importance of the visitor economy and the lack of an alternative transport plan in the short term results in a requirement to replace the lost car parking spaces. The alternative is to effectively restrict access to the City and further erode visitor numbers.

As a result, the Business Plan makes provision for the redevelopment of Charlotte Street Car Park through additional car parking decks.

The Business Plan also makes provision for infrastructure and accommodation associated with the development of a coach park at Odd Down Park and Ride (with a coach drop off in the City Centre).

The Business Plan currently makes provision for the redevelopment of the Homebase site. This is a high cost option and at present no alternative site has been identified for the relocation. If this option is going to be pursued as part of the Business Plan, an alternative site must be identified.

Recommendations & next steps

The work throughout the Business Plan sets out the physical recommendations for the delivery of the Vision for Bath. A summary of the key physical recommendations are:

- Maintain the balance between work, live and visit throughout the delivery of the Business Plan and ensure that developers are unable to simply deliver the easy development opportunities at the expense of the wider Vision.
- Undertake a high density of housing development on Bath Western Riverside albeit in keeping with design and transport considerations.
- Create a mixed use office quarter close to the City Centre and encourage more private sector employment.
- Engage with the Universities to maximise opportunities arising from: corporate research clients of the university; academic conferences; spin out research; and the numbers of students who graduate but currently leave the City.
- Ensure that the Southgate scheme is successfully completed and plan for sequential retail expansion post 2010.
- Invest in complimentary tourist activities and allow expansion of the hotel offer.
- Develop the 'iconic arts building' as a small mixed use convention centre / festival focal point allowing expansion of business tourism.
- Identify and deliver some quick wins.

There are a number of important areas of work which need to underpin the Business Plan if implementation is to be carried out effectively. The work required is the preparation of:

- A strategy for transport and parking to tie in with the medium term requirements of the Business Plan and the longer term aspirations of the Vision.
- A financial strategy which identifies the funding mechanisms for the public sector contribution to the Business Plan, and delivers consistent re-investment in the built environment.
- A planning strategy which ensures that the planning process supports the needs of the Business Plan in terms of physical development.
- A marketing strategy which underpins the overall development of the retail, tourism and office economy and sets out a proactive private sector targeting plan.
- A delivery strategy which considers the internal resources and structure of B&NES Council alongside the most appropriate development procurement route.
- Detailed work concerning specific design, cost and current use relocation issues on specific intervention sites.

Councillor, officer and stakeholder meetings

Meetings

Throughout the engagement, various working groups contributed to the findings within the report:

- Bath Development Board
- Urban Regeneration Panel
- Economic Development Board

In addition, meetings were held with the following Councillors, Officers and stakeholders of the Council:

Councillors:

Cllr Paul	Crossley
Cllr Colin	Darracott
Cllr Malcolm	Hanny
Sir Elgar	Jenkins

Officers:

Stephen	Bird
Mel	Clinton
Gary	Collins
John	Cox
Ann	Cullis
Richard	Daone
David	Davies
Patricia	Dunlop
Annalise	Elliot
Vaughan	Evans
John	Everitt
Geoff	Fox
David	Halkyard
Meryl	Hecquet
Jean	Hinks
Kate	Jenner
Tom	McBain
Tony	Parker
Angela	Parratt
Philip	Radford
Richard	Rawlinson

Councillor, officer and stakeholder meetings

Peter	Rowntree
Rhodri	Samuel
Barbara	Selby
Mary	Stacey
David	Stephenson
Andy	Thomas
Vaughan	Thompson
Jane	Wildblood
Misha	Wilk
Mike	Young

Stakeholders

Deborah	Aplin	Crest Nicholson
Robin	Bischert	Bath Tourism Plus
Simon	Bond	The University of Bath
Andrew	Brooks	Grosvenor Estates
Bob	Calleja	Bath Rugby / developer
Roger	Daniels	RSS
Terri	Davey	Future Publishing
Tony	Dewbury	Bath Spa University
Paul	Ellis	Richard Ellis
Quentin	Elston	St Johns Hospital
Steve	Featherstone	Llewelyn Davies
Richard	Hall	Zenith International
Tim	Hamilton	Hamilton Surveyors
David	Hayler	Bath Police
Sam	Holiday	The Chronicle Newspaper
Peter	Holloway	SWRDA
Nigel	Hutchings	Chamber of Commerce
Richard	King	Llewelyn Davies
Nod	Knowles	Bath Festival
Cate	Le Grice Mack	Involve
Ian	Linkin	Future Publishing
Rhona	McDonald	Primary Care Trust
Brian	Ragget	CB Richard Ellis
Peter	Reider	The University of Bath
Colin	Skellett	Wessex Water
John	Struthers	Cultural Partnership

Appendix 2

Key documents reviewed

1	Llewellyn Davies study
2	West of England Sub-Regional Housing Study, Main Report, An Independent Report, DTZ, May 2004
3	B&NES Affordable Housing Strategy 2004-2007: “Delivering affordable homes for local people”
4	B&NES Residential Land Survey 2004
5	The Urban Housing Capacity Study (Draft), April 2004 (B&NES)
6	West of England Housing Need and Affordability Model, Final Report, 31 May 2005, Prof Glen Bramley, Heriott-Watt Univ, Edinburgh
7	B&NES Local Plan 1996-2011 Includes changes up to the Pre-Enquiry Changes, November 2004
8	West of England Sub-regional spatial strategy: First Detailed Proposals for the West of England Sub-regional Spatial Strategy: Covering Committee paper and Final version dated 22 Aug 2005
9	B&NES Housing Strategy 2002-2011
10	Knight Frank Residential Research: Bath Western Riverside: the nature of demand for residential property at Bath Western Riverside, Sept 2005
11	B&NES Affordable Housing SPG 2003
12	Bath Western Riverside: A Study to Inform the Masterplanning of Bath Western Riverside Project 3 – Potential for Residential Development, March 2004, Knight Frank for Grosvenor
13	“Can work – can’t buy”: Local measures of the ability of working households to become home owners, Steve Wilcox for the Joseph Rowntree Foundation, May 2003
14	“Affordability and the intermediate housing market”: Local measures for all local authority areas in Great Britain, Steve Wilcox for the Joseph Rowntree Foundation, Oct 2005
15	Ref 15: Draft Housing Strategy 2005-2010: “BE: at home – improving our housing situation for local people”, B&NES Housing Key Partnership, 09 November 2005
16	Office of National Statistics Nomis Regional Profiles (web site)
17	2001 Census of Population
18	B&NES Council Economic Profile

Key Documents Reviewed

19	Cushman & Wakefield / Healy & Baker Bath Western Riverside Office Research Study
20	King Sturge Office Survey 2002
21	Nathaniel Lichfield Bath and North East Somerset City and Town Centres Study
22	Experian Retail Study – Western Riverside, Bath, Incorporating Retail Into the Masterplan
23	UK Tourism Survey 2004
24	International Passenger Survey 2005
25	B&NES Council Visitor Performance Report
26	Bath Visitor Survey 2004
27	Economic Impact of Tourism, South West Tourism, 2002
28	Bath Tourism Plus web site
29	City Breaks in the UK, Mintel 2004
30	Evaluation of a conference centre for Bath, DTZ Pieda
31	Holidays UK, 2004, Mintel
32	Bath Local Transport Plan, B&NES 2004

Heritage Forum attractions in B&NES

B&NES Visitor Performance Report, 2005 - LIST OF ATTRACTIONS

Attractions taking part in the survey during this period:

- The American Museum and Gardens
- Avon Valley Country Park
- Avon Valley Railway
- Bath Abbey Heritage Vaults
- Beckford's Tower and Museum
- Dyrham Park
- Farleigh Hungerford Castle
- Holburne Museum of Art
- HorseWorld
- The Jane Austen Centre
- Museum of Bath at Work
- Museum of Costume
- The Museum of East Asian Art
- No.1 Royal Crescent
- Prior Park Landscape Garden
- Radstock, Midsomer Norton and District Museum
- Roman Baths
- Sally Lunn's Museum
- Saltford Brassmill
- Victoria Art Gallery

Tourism research methodology

Methodologies used

Visit Britain – UK Tourism Survey

Visit Britain utilise surveys undertaken on their behalf by Statistics on Tourism and Research (STAR UK) www.star.org.uk

The methodology used in 2004 (and since 2000) was telephone interviews. Over 50,000 people were interviewed a year in order to get a suitable level of reliability in the data at regional level.

However, in 2004 there appeared to be a growing problem with a changing demographic profile of the sample interviewed. Changes in the relationship between the public and the telephone survey industry appears to have skewed the sample so that each month there was a greater proportion of DE and low income respondents to the survey, and AB's and higher income earners appeared to be more likely to screen calls or refuse outright to take part in the interview.

Owing to the concerns about the telephone methodology not delivering a truly representative sample of the UK population in 2004, Visit Britain published an advisory caution in using and interpreting the 2004 data. Through feedback from the industry we know that, overall, in 2004 the domestic market was at worst stable. In addition, the United Kingdom Occupancy Survey revealed occupancy rates of 62% on average in the UK in 2004, up from 60% in 2003.

Following an extensive review of tourism data, UKTS is moving to a new methodology for measuring the volume and value of domestic overnight trips: face-to-face interviews. This requires an increased investment in domestic data that VisitBritain, VisitScotland, Wales Tourist Board and Northern Ireland Tourist Board are committed to making from May 2005.

Bath Visitor Survey, 2004

Methodology

- A face to face questionnaire survey was conducted by experienced interviewers between 18th June and 11th September 2004.
- Adults (aged 16+ yrs) were sampled on random basis
- interviewing sessions, each lasting approximately 6 hours – typically between 10am and 4pm were undertaken over the survey period.
- Total of 400 questionnaires completed.
- To ensure only 'visitors' to the City were interviewed filter questions were used to exclude residents of Bath and those on day visits concerned with their normal work or regular/household shopping.

Statistical Reliability

Tourism research methodology

- All sample surveys are subject to statistical error. The size of this error varies with the sample size and also with the order of magnitude of the research findings being considered.
- The survey results in this report are presented for all visitors and separately for day visitors and staying visitors. The table overleaf shows the sample achieved for each visitor type and gives the margins within which one can be 95% certain that the true figures will fall (assuming the sample is random).
- The figures shown are at the 95% confidence limits. Thus, for example, we can be 95% certain that, for all visitors, with a result of 50%, the true percentage is the range 45.1% to 54.9%. For the staying visitor sample, the possible range is wider – between 42% and 58%.
- The margins of error shown above should be borne in mind when interpreting the results contained in this report

	All Visitors	Day visitors from home	Day visitors on holiday	Staying visitors
<i>Research findings</i>	<i>Sample: 400</i>	<i>Sample: 100</i>	<i>Sample: 141</i>	<i>Sample: 159</i>
10% or 90%	+/-2.9	+/-5.9	+/-5.0	+/-4.7
20% or 80%	+/-3.9	+/-7.8	+/-6.6	+/-6.2
30% or 70%	+/-4.5	+/-9.0	+/-7.6	+/-7.1
40% or 60%	+/-4.8	+/-9.6	+/-8.1	+/-7.6
50%	+/-4.9	+/-9.8	+/-8.3	+/-7.8

Economic Impact of Bath, 2002

Methodology - A standard approach

The Cambridge Model is a computer based model developed to calculate estimates of the volume, value and economic impact of tourism on a County or District basis. It draws on the combined experience of PA Cambridge Economic Consultants Ltd, Geoff Broom Associates and the Regional Tourist Boards and utilises a standard methodology capable of application throughout the UK. It therefore offers the potential for direct comparisons with similar destinations throughout the country.

Data Sources

The Cambridge Model uses a range of local data including: details of accommodation stock, population, employment and visits to attractions. It applies this locally sourced information to regional estimates of tourism volume and expenditure derived from the following national surveys:

- United Kingdom Tourism Survey, 2000 (UKTS)
- International Passenger Survey, 2000 (IPS)
- Day Visits Survey, 1998 (DVS)
- Visits to Attractions Survey 2000

The regional data from the above surveys used in the Model dates from 1998 - 2000, depending on availability. Note that the model is revised from time to time and that this edition of the model includes changes to the survey data used and in the way the model handles the east and west areas of the South West region.

Review of findings against Community Strategy and Corporate Plan

The Business Plan for Bath needs to make clear recommendations which are consistent with the Community Strategy and the Corporate Plan.

This section summarises how the Business Plan is consistent with these Council documents.

Themes of Community Strategy	Links to Business Plan
Distinctive	At the core of the Business Plan is a recognition of the unique environment of the City and a need, above all else, for Bath to retain its character. Bath is demonstrably distinctive because of its World Heritage Status and the Business Plan reinforces the need to preserve this status.
Creative	The Business Plan essentially considers new ways of doing things across the City. As a result the Business Plan is clear that Bath should pursue a strategy that does not lead to 'clone town' status.
Inclusive	<p>The Business Plan seeks to address the issue of opportunities for residents of Bath. Throughout the report, tourism is seen as supporting the overall economy and providing a stronger economy for residents of the City.</p> <p>The Business Plan recognises the relative lack of skills in some areas of the workforce, the lack of private sector employers and the limited opportunities to gain higher wage employment within the City.</p> <p>Linked to this is the lack of affordable housing for Bath residents.</p> <p>The Business Plan identifies opportunities to increase the provision of affordable housing and create job opportunities for residents of the housing developments.</p>
Sustainability	<p>The balance of the overall plan is key to its sustainability. The Business Plan seeks to enhance the position of Bath as a self-sustaining location offering a good environment and an excellence work/life balance.</p> <p>The Business Plan seeks to avoid dormitory town status and</p>

Review of findings against Community Strategy and Corporate Plan

	<p>seeks to create an economy which will allow continuous reinvestment.</p> <p>The greater densities of housing close to the City Centre will allow expansion of the population without undue encroachment on the greenbelt and will not create any further reliance on car ownership.</p>
Safety	<p>The Business Plan consulted widely and the consultation process included the Police.</p> <p>Whilst the Business Plan does not specifically address issues of safety, it is fully recognised that the detailed design stages for BWR and further intervention sites must take account of safety issues in the design.</p> <p>There is also a need for a community policing centre within the BWR development.</p>

Similarly, the findings of the Business Plan against the requirements of the Corporate Plan can be examined:

Themes of Corporate Plan	Links to Business Plan
Improvement Priorities	
Increase in affordable housing	The Business Plan sets out a planned increase in housing development and uses a target of 30% affordable across a wide range of housing types.
Promoting the independence of older people	Within the affordable housing work, the Business Plan has recognised the need for greater provision of specialist housing for the elderly.
Reducing the fear of crime	The police were consulted in the Business Plan process and the need for community policing centres within BWR and the need for safety to be built into residential design is fully accepted within the Business Plan.
Improving the environment for learning. Improving the life chances	The importance of increasing skills and linking this to improvements in the prospects for employment are recognised throughout the report as a key challenge for the City.

Review of findings against Community Strategy and Corporate Plan

for the disadvantaged.	
Improving the quality of public transport	The Business Plan is based on an assumption of neutral car impact and the need to fund improved bus services and the rapid transport system (which are both contained within the Bath Transport Strategy).
Reducing landfill	Outside the scope of the Business Plan
Improving public realm	A key conclusion of the Business Plan
Improving customer satisfaction	The Business Plan concludes that B&NES Council needs to be more proactive in dealing with external stakeholders and widen its external network.
Develop a sustainable economy	The balance of the overall plan is key to its sustainability. The Business Plan seeks to enhance the position of Bath as a self-sustaining location offering a good environment and an excellence work/life balance.
Creating Financial Headroom	
Release of funding	The commercially sensitive financial model addresses the issue of funding and best value. The Business Plan seeks to undertake a strategy which relies on a long term investment strategy which supports investment and rental value.
Greater organisational flexibility	Outside the scope of the Business Plan
Sustainable practices	Outside the scope of the Business Plan

Comparator Research

Introduction

As part of the study into the main aspects of Bath it was important to gain a perspective on the performance of other towns/cities which were considered to be broadly similar in nature. Findings from these cities help to identify the common issues facing historic smaller cities in the UK but also point to areas where comparable cities have been particularly successful.

The cities selected for comparison are all relatively small UK cities which, on the whole, are in an investment shadow of a larger urban area. The cities are:

- Chester.
- Durham.
- Warwick.
- Canterbury.
- York.

In each case the publicly available statistics are compared for the key theme areas of demographic data, economic data (work), housing data (live) and tourism data (visit).

Chester



Demographic Analysis

B&NES is a substantially larger Local Authority by population than Chester City. B&NES has a resident population of 170,900 compared to the population of Chester at 119,000.

Chester District Resident Population

	District	Region	UK
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All People	119,000	6,827,200	58,124,600
Males	57,400	3,325,000	28,434,500
Females	61,600	3,502,200	29,690,100

Source: Nomis Area Profile; Mid-year population estimates (2003)

The population of neither City has grown substantially since 1981. Chester has grown by less than 0.1% over the period of 24 years.

Resident Population

Year	Chester	% Growth	B&NES Numbers	% Growth
1981	116,800		161500	
1982	116,700	-0.1	161200	-0.2
1983	116,100	-0.5	162000	0.5
1984	117,800	1.5	161900	-0.1
1985	118,200	0.3	161300	-0.4
1986	118,600	0.3	161500	0.1
1987	119,100	0.4	163500	1.2
1988	119,100	0.0	165200	1
1989	116,600	-2.1	165000	-0.1
1990	115,800	-0.7	163400	-1
1991	117,400	1.4	163100	-0.2
1992	119,000	1.4	163000	-0.1
1993	120,500	1.3	162200	-0.5
1994	120,600	0.1	163000	0.5
1995	120,400	-0.2	163500	0.3
1996	119,800	-0.5	163600	0.1
1997	119,500	-0.3	164700	0.7
1998	119,600	0.1	166000	0.8
1999	118,500	-0.9	167100	0.7
2000	118,400	-0.1	168500	0.8
2001	118,200	-0.2	169200	0.4
2002	118,400	0.2	169500	0.2
2003	119,100	0.6	170,900	0.8
		0.1		0.3

Source: Nomis Mid year population estimates (2004)

Both cities have therefore had a very stable population over the recent past.

Work

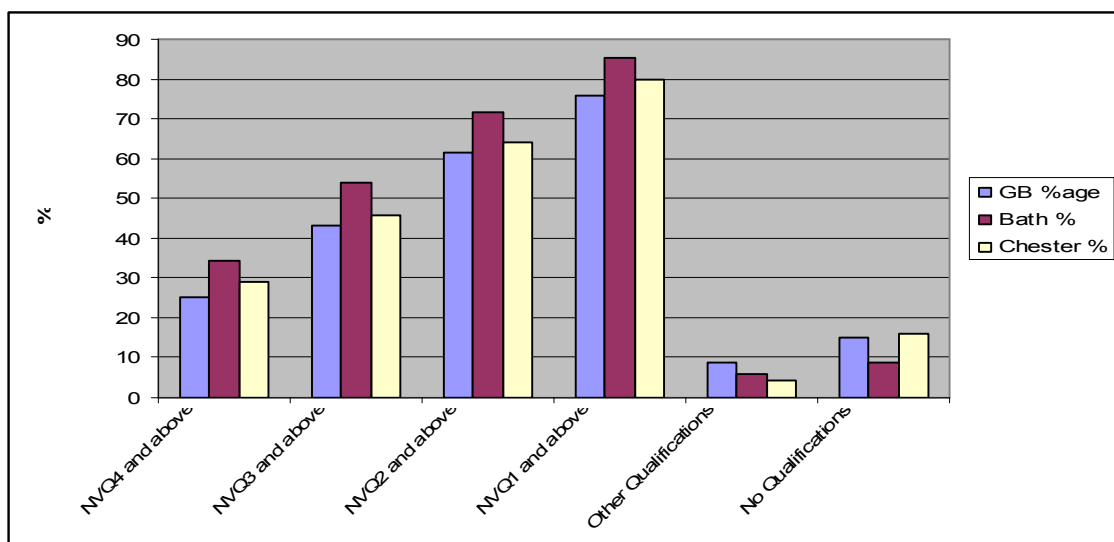
Despite the stability in population, the economy of Chester has grown dramatically over the last twenty years and a large amount of private sector investment has been undertaken. The following table taken from the annual population survey identifies that both Bath and Chester have low unemployment rates but Chester has a higher economically active population. This is partially explained by the large student population in the City of Bath.

Economically Active (Percentages are based on working age population)

	Bath	%	Chester	%
Economically Active	39,380	73.7	56,600	81.6
In employment	37,709	70.6	54,900	79.1
Employees	32,322	60.5	46,900	67.6
Self Employed	5,387	10.1	8,000	11.5
Unemployed	1,671	3.1	1,700	3
Economically Inactive	14,045	26.3	12,700	18.4

Source: Nomis, Annual population survey (Apr 2004-Mar 2005)

As expected of a University location, B&NES out performs Chester and the UK average in all skill levels including NVQ level 4, although as this report demonstrates, the overall skills base of residents of the City of Bath is far lower than the City of Chester (In the City of Bath 31% of residents have no qualifications).

Skill Levels (National Vocational Qualifications)

Source: Nomis, local area labour force survey (Mar 2003-Feb 2004)

The report has demonstrated that Bath has a relatively low average wage level. The average wage levels within the City are substantially lower than the wages paid in Chester, this despite the position of Chester as a Northern City, historically dominated by industrial employment and until 1999 located within the UK Government Assisted Areas.

Gross Weekly Pay (£)

	Chester	Bath	UK
Full-time workers	494.7	419	433.9
Male full-time workers	549.9	480.5	464.5
Female full-time workers	376.6	349.9	359.0

Source: Nomis, *Annual Survey of Hours and Earnings (2004)*

Chester significantly out performs Bath and the UK average, which can be explained by the significant investments by large private sector companies in both the manufacturing and service sectors creating a rich commercial base.

Selection of major employers in Chester

Employers	Private/Public
Halifax Bank of Scotland	Private
Marks and Spencer Financial Services	Private
Trinity Mirror	Private
MBNA Europe	Private
Continental Can Europe	Private
Kemira	Private
Adis Publishing	Private
Bristol Myers-Squibb	Private
British Nuclear Fuels	Private

Source: *Chester City Council, Economic Strategy 2002 and interview 2005*

The companies listed above are all located within the Chester City district, highlighting the diversity of the economy. In addition Chester is surrounded by a well established industrial base such as Airbus in North Wales and the petro-chemical base in Ellesmere Port. Chester has also recently secured further manufacturing and financial service investments.

Chester has a vibrant economy. The City has a large service sector both within the City and within a number of business parks on the outskirts of the City such as Chester Business Park

and Chester West Business Park. The diversity of business locations has created an established office market but office rentals remain relatively low.

Average Commercial Rentals

Type	Average cost per sq m (per sq ft)	
	Chester	Bath
Office	**£129.00 (£12.00)	* £195.00 (£18.00)
Retail	* £2,152.80 (£200.00)	* £2,583.40 (£240.00)

Source: * King Sturge, 2005 (Retail (In-town): Zone A rents)

Source: ** Chester City Council, 2005

Live

House prices in Bath, as expected, are significantly higher than in Chester. Nevertheless, there has been a high rate of house price inflation in Chester and over the period 1996-2004 house price inflation in Chester outstripped Bath.

What is clear, however, is that the rise in house prices in Chester was supported by a far higher average wage and as a result Chester has not suffered the same affordability issues as Bath.

Mean house prices by district

	1996	1997	1998	1999	2000	2001	2002	2003	2004
England	73,117	80,599	87,778	98,385	110,589	121,769	141,108	159,357	181,330
Chester	72,384	77,230	83,493	90,913	103,559	113,767	127,250	155,152	187,452
B&NES UA	83,302	87,428	98,405	113,885	142,673	156,108	184,108	216,105	234,767

Source: ODPM, Land Registry, 2005

Mean house price % change by district

	1996 - 2004 % change
England	40.3%
Chester	38.6%
B&NES	35.5%

Source: ODPM, Land Registry, 2005 Ernst & Young

Visit

Unlike Bath, Chester is not one of the top 20 UK town/cities identified by the International Passenger Survey. However, it is a well known city with virtually complete Roman walls encircling the City and castle. The City Centre also has a unique atmosphere created by the '13th Century rows', which house an abundance of shops, bars and cafes.

Chester's major attractions include:

- Chester Cathedral.
- Roman Walls and Castle.
- Chester Rows.
- Chester Race course.

Visitors to the major attractions are illustrated below.

Major Attractions in Cheshire

Attraction	County/UA	Visits 2003
Chester Zoo	Cheshire	1,160,234
Chester Cathedral	Cheshire	800,000E

Source: *Survey of Visits to Visitor Attractions England 2003*

Although Chester itself is not highlighted by the International Passenger Survey as one of the top 20 town/cities in attracting overseas visitors, Cheshire however performs well in attracting overseas visitors and as the following table highlights, it recently started to attract numbers of visitors beyond that of 2000 levels.

Overseas residents visits to the UK – staying visits

000s	2000	2001	2002	2003
England	21,480	19,320	20,540	21,130
Cheshire	240	250	230	290
Bath	300	220	200	210

Source: *ONS, International Passenger Survey, 2004*

In common with most UK regions however, the limited increase in international passenger numbers has been dwarfed by the large reduction in UK resident tourist visitors. The following table identifies that Cheshire has lost in total (UK and International combined) 550,000 visitors per annum since the year 2000.

Volume of UK resident tourists – Trips

Millions	2000	2001	2002	2003
North West	19.8	18.1	18.7	16.0
Cheshire	2.5	2.5	2.6	1.9
England	140.4	131.9	134.9	121.3

Source: *United Kingdom Tourism Survey (UKTS), 2004*

The Bath Visitor Survey 2004 and the Economic Impact of Tourism report in 2002, suggest the City attracted business visitors between 1% in 2001 and 2004, 13% in 2000 and 10% in 2002. The following table suggests that Cheshire attracts 2.8 million and 1.9 million business visitors in 2001 and 2004 respectfully.

Purpose of trip

Millions	2000	2001	2002	2003
Holiday, pleasure/leisure	9.7	8.2	8.7	8.4
Visiting friends and relatives, mainly as a holiday	3.2	3.0	3.1	2.0
Business	2.2	2.8	2.4	1.9
Visiting friends and relatives	4.2	3.8	4.0	3.3
Other	0.5	0.3	0.3	0.4
All Purposes	19.8	18.1	18.7	16.0

Source: *United Kingdom Tourism Survey (UKTS), 2004*

This represents 15.5% business visitors in 2001 and 11.9% in 2004. These higher levels can be attributed to the diverse corporate and commercial activity within and surrounding the City of Chester which will attract strong level of business visitors.

Conclusion

Despite a smaller overall population size, Chester has developed a more vibrant economy than the City of Bath over the last twenty years. This is now reflected in the increase in wages and the base of private sector employment. This economic buoyancy has is further demonstrated by the increase in house prices where house price inflation has outstripped Bath. This begins to demonstrate that some of the issues relating to affordability on Bath are due to the employment opportunities within the City rather than simply the increase in house prices.

The improved overall economy in Chester has also allowed the City to gain a more diverse tourism market supported by business tourism, and this despite the City having no University or large scale public sector generator of business tourism.

Durham



Demographic Analysis

B&NES has a far larger population base than Durham. Bath is a larger Unitary Authority by a population of over 80,000.

Resident Population

	Durham (numbers)	North East (numbers)	GB (numbers)
All people	90,700	2,545,100	58,124,600
Males	44,700	1,237,400	28,434,500
Females	46,000	1,307,700	29,690,100

Source: midyear population estimates (2004)

Neither Bath nor Durham demonstrated any increase in resident population over the period 1981-2004.

Resident Population – Time Series

Year	B&NES Numbers	% Growth	Durham	% Growth
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Comparator Research

1981	161500		87,900	
1982	161200	-0.2	88,000	0.1
1983	162000	0.5	87,700	-0.3
1984	161900	-0.1	86,500	-1.4
1985	161300	-0.4	85,600	-0.1
1986	161500	0.1	85,300	-0.4
1987	163500	1.2	85,200	-0.1
1988	165200	1	84,700	-0.6
1989	165000	-0.1	84,600	-0.1
1990	163400	-1	85,600	1.2
1991	163100	-0.2	86,000	0.5
1992	163000	-0.1	86,200	0.2
1993	162200	-0.5	86,400	0.2
1994	163000	0.5	86,800	0.5
1995	163500	0.3	87,200	0.5
1996	163600	0.1	87,300	0.1
1997	164700	0.7	87,800	0.6
1998	166000	0.8	87,000	-0.9
1999	167100	0.7	87,700	0.8
2000	168500	0.8	88,000	0.3
2001	169200	0.4	87,800	-0.2
2002	169500	0.2	88,400	0.7
2003	170,900	0.8	89,200	0.9
		0.3		0.11

Source: Nomis, midyear population estimates, (2004)

It is therefore clear that over the period both Cities had a relatively stable population although both locations demonstrated stronger population growth during the last 10 years.

Work

The table below highlights economic activity within Durham. Compared to Bath, the City has similar economic activity levels. Bath has a stronger self employed sector, whilst Durham suffers from higher unemployment, which is still typical of many of the formerly heavy industrial locations of North East England.

Economically Active (Percentages are based on working age population)

	Bath	%	Chester	%
Economically Active	39,380	73.7	40,800	73.9
In employment	37,709	70.6	38,500	69.8
Employees	32,322	60.5	36,400	65.8
Self Employed	5,387	10.1	2,000	3.6

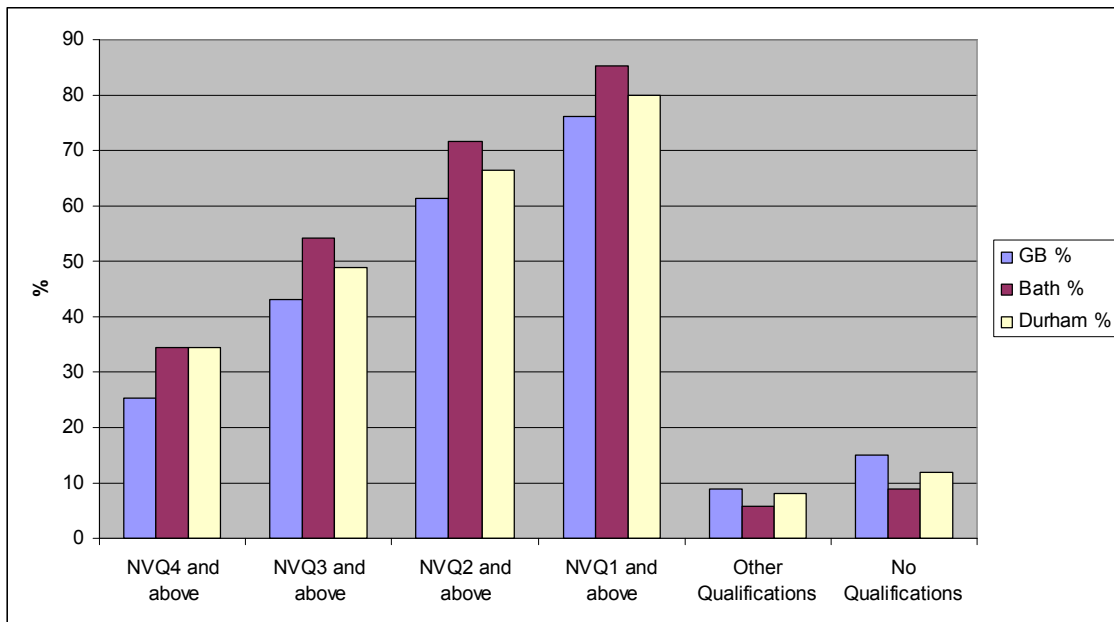
Unemployed	1,671	3.1	2,300	5.6
Economically Inactive	14,045	26.3	14,400	26.1

Source: Nomis, annual population survey (Apr 2004-Mar 2005)

Durham and Bath have similar economic inactivity levels, although this can be largely accounted by the large number of students in each city. Durham has a significant University although its recent student expansion has taken place in Stockton-on-tees.

The skill levels and wage levels for Durham are lower than those of Bath as shown below.

Skill Levels (National Vocational Qualifications)



Source: local area labour force survey (Mar 2003-Feb 2004)

Gross Weekly Pay (£)

	Durham	Bath	UK
Full-time workers	404.6	419	433.9
Male full-time workers	426.2	480.5	464.5
Female full-time workers	375.8	349.9	359.0

Source: Annual Survey of Hours and Earnings (2004)

There is little evidence of economic buoyancy within Durham. The City has low wage levels and relatively high unemployment. The City remains within an Assisted area under UK Government Regional Policy and the City is dominated by public sector employment. There appears to be a relative lack of wealth generating activity within the City. Major employers within Durham are shown below.

A selection of major employers within Durham (above 500 employees)

Employers	Private/Public
Durham City Council	Public
Durham County Council	Public
Durham University	Public
Passport Agency	Public
Esh Group	Private

Source: Durham City Council, 2005 (telephone interview)

Despite a reasonably new and large retail development within Durham and a small selection of independent retailers, the rental levels for retail developments are extremely low in comparison to Bath. Prime retail rental levels are less than 50% of the levels achieved in Bath.

Average Commercial Rentals

Type	Average cost per sq m (per sq ft)	
	Bath	Durham
Retail	£2,583.40 (£240.00)	£1076.40 (£100.00)

Source: King Sturge, 2005

Live

Average house prices in Durham are nearly 50% lower than those recorded within Bath. Nevertheless, from this relatively low base, house price inflation since 1996 has outstripped Bath.

Mean house prices by district (£)

£	1996	1997	1998	1999	2000	2001	2002	2003	2004
England	73,117	80,599	87,778	98,385	110,589	121,769	141,108	159,357	181,330
Durham	58,201	61,406	64,106	70,666	68,892	71,221	82,491	109,732	138,090
B&NES	83,302	87,428	98,405	113,885	142,673	156,108	184,108	216,105	234,767

Source: ODPM, Land Registry, 2005

Mean house price % change by district

	1996 - 2004 % change
England	40.3%
Durham	42.1%
B&NES	35.5%

Source: ODPM, Land Registry, 2005 Ernst & Young

Visit

Durham is a small City where the cathedral and castle are designated as a World Heritage site. The City attracts a reasonably large number of visitors. In addition the following table lists a number of high performing visitor attractions in and around the City.

Tourist Attractions in County Durham

Attractions	County/Unitary Authority	Visits 2003
Beamish, The North of England Open Air Museum	Durham	336,134
High Force Waterfall	Durham	142,952E
Bowes Museum	Durham	100,000E
Castle Eden Dene National Nature Reserve	Durham	150,000E
Durham Dales Centre	Durham	125,899E

Source: Survey of Visits to Visitor Attractions England 2003

Note: The table above contains data only for attractions which responded to the survey and gave permission for their total visits to be published. E=estimate

Durham is not one of the top 20 town/cities identified by the International Passenger Survey. The following table identifies international visitors to the Durham area.

Overseas residents visits to the UK – staying visits

000s	2000	2001	2002	2003
England	21,480	19,320	20,540	21,130
Durham	80	70	90	70

Bath	300	220	200	210
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Source: ONS, International Passenger Survey, 2004

The number of international visitors to the Durham area has fluctuated over the 2000 to 2003 time period. Durham has however, under performed in attracting UK visitors. In fact, the table below suggests that Durham has lost 50% of its UK visitors between the years 2000 and 2003.

Volume of UK resident tourists - trips

Millions	2000	2001	2002	2003
North East	5.6	4.3	4.8	4.8
Durham	1.2	0.9	0.7	0.6
England	140.4	131.9	134.9	121.3

Source: United Kingdom Tourism Survey (UKTS)

Both the UK tourism survey and International Passenger survey suggests that Durham has lost 35% of its combined total visitor numbers and compared to the B&NES all attractions visitor numbers, performing less well than Bath.

Conclusion

Durham is a small City within North East England. The City is within the UK assisted areas and many of the economic indicators for the City are weak. In terms of employment and wage levels the City does not perform as well as Bath. The City and the wider North East area are now losing their share of the shrinking UK tourism market.

Warwick



Demographic Analysis

As with many of the other historic cities, Warwick is a smaller location than B&NES. In population terms, Warwick is approximately 25% smaller than B&NES UA.

Resident Population

	Warwick (numbers)	West Midlands (numbers)	GB (numbers)
All people	136,300	5,334,000	58,124,600
Males	67,700	2,620,200	28,434,500
Females	68,600	2,713,800	29,690,100

Source: Nomis, midyear population estimates (2004)

Whilst not demonstrating strong growth, the population in Warwick has increased at more than double the rate seen in B&NES over the time period 1981-2004.

Population Timeline

Year	B&NES Numbers	% Growth	Warwick	% Growth
1981	161500		115,300	
1982	161200	-0.2	115,700	0.4
1983	162000	0.5	116,200	0.4
1984	161900	-0.1	116,600	0.3
1985	161300	-0.4	118,000	1.2
1986	161500	0.1	118,600	0.5
1987	163500	1.2	119,300	0.6
1988	165200	1	118,200	-0.2

Comparator Research

1989	165000	-0.1	117,300	-0.7
1990	163400	-1	117,300	0
1991	163100	-0.2	118,100	0.7
1992	163000	-0.1	118,300	0.2
1993	162200	-0.5	118,300	0
1994	163000	0.5	119,200	0.8
1995	163500	0.3	120,000	0.7
1996	163600	0.1	121,700	1.4
1997	164700	0.7	122,100	0.3
1998	166000	0.8	122,600	0.4
1999	167100	0.7	123,000	0.3
2000	168500	0.8	124,000	0.8
2001	169200	0.4	126,100	1.7
2002	169500	0.2	129,600	2.8
2003	170,900	0.8	132,700	2.4
		0.3		0.7

Source: Nomis, midyear population estimates (2004)

Unlike B&NES, Warwick has grown at a reasonably fast rate over the last ten years.

Work

The table below compares the economic activity levels of Bath and Warwick. As university towns with differing population sizes, both cities are similar in their make up. Warwick benefits from a smaller unemployment rate, whereas both cities have a large economic inactivity rate which can be attributed to large student populations.

Economically Active (percentages based on working population)

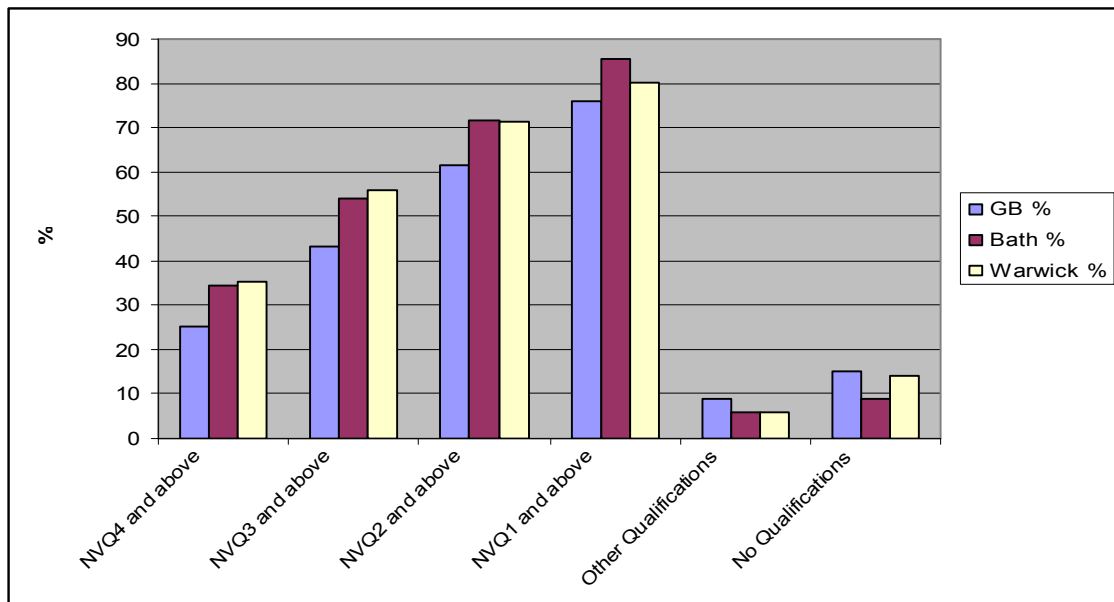
	Bath	%	Warwick	%
Economically Active	39,380	73.7	63,100	78.4
In employment	37,709	70.6	61,900	76.8
Employees	32,322	60.5	53,800	66.8
Self Employed	5,387	10.1	7,500	9.3
Unemployed	1,671	3.1	1,200	2
Economically Inactive	14,045	26.3	17,400	21.6

Source: Nomis, annual population survey (Apr 2004-Mar 2005)

The City of Warwick benefits greatly from the University which is an internationally recognised centre for innovation and entrepreneurial ventures, with particular focus on knowledge and technology transfer. It is therefore unsurprising that the below graph highlights both Bath and

Warwick with skill levels above the national average. Warwick does, however, retain a large proportion of the population with no qualifications.

Skill Levels (National Vocational Qualifications)



Source: Nomis, local area labour force survey (Mar 2003-Feb 2004)

Again, for a university town it is expected that Warwick will demand a high wage level compared to UK averages. Its location close to Birmingham with its established manufacturing base and strength in business and professional services will also influence wage levels in neighbouring towns and cities. The table below compares Warwick's wage levels with that of Bath and the UK average.

Gross Wage Rates (£)

	Warwick	Bath	UK
Full-time workers	487.1	419	433.9
Male full-time workers	540.7	480.5	464.5
Female full-time workers	391.9	349.9	359.0

Source: Annual Survey of Hours and Earnings (2004)

Gross wage rates for full time workers within the district of Warwick are 14% greater than in Bath.

Warwick has a vibrant modern economy, which the university has influenced positively. The area has a number of business parks, including the Warwick University Science Park, which offers business accommodation to hi-tech and innovative organisations from 200 sq m (circa 2000 sq ft) to 1400 sq m (circa 15000 sq ft).

Live

Warwick has lower average house prices than Bath, but in keeping with the other comparator locations within this study, the house price inflation exceeded that recorded by B&NES in the period since 1996.

Mean house prices by District (£)

£	1996	1997	1998	1999	2000	2001	2002	2003	2004
England	73,117	80,599	87,778	98,385	110,589	121,769	141,108	159,357	181,330
Warwick	83,042	92,475	102,493	117,616	129,398	139,909	169,938	192,342	211,948
B&NES	83,302	87,428	98,405	113,885	142,673	156,108	184,108	216,105	234,767

Source: ODPM, Land Registry, 2005

Mean house price percentage change by district

	1996 - 2004 % change
England	40.3%
Warwick	39.2%
B&NES	35.5%

Source: ODPM, Land Registry, 2005 Ernst & Young

Visit

Warwick is a historic County town known for its medieval castle, rich heritage and architecture. It benefits from a number of attractions including:

- Warwick castle.
- Collegiate Church of St Mary.
- Lord Leycester Hospital and Master's Garden.
- St John's Museum.

Warwick town is not one of the top 20 town/cities identified by the International Passenger Survey. However, the County of Warwickshire performs reasonably well in attracting international visitor numbers and has recently witnessed small increases in the number of overseas visitors to the County.

Overseas residents visits to the UK – staying visits (000's)

	2000	2001	2002	2003
England	21,480	19,320	20,540	21,130
Warwickshire	310	230	250	260
Bath	300	220	200	210

Source: ONS, International Passenger Survey, 2004

Warwickshire witnesses a dramatic loss of visitors in 2001. However, the above table identifies that Warwickshire is beginning to recover its position whereas this has not been the case in Bath. The UK Tourism Survey illustrated in the table below, suggests that although Warwickshire has lost visitors recently, the numbers remain higher than pre 2001 levels.

Volume of UK Resident Tourists

	2000	2001	2002	2003
West Midlands	10.9	11.2	11.8	10.8
Warwickshire	1.2	1.6	1.5	1.4
England	140.4	131.9	134.9	121.3

Source: United Kingdom Tourism Survey (UKTS)

Conclusion

Warwick has performed strongly in recent years as a university city, an employment location and a tourism destination. With arguably far fewer attributes than Bath, the tourism industry has remained buoyant and the private sector linkages from the University have had a strong positive impact on employment and wealth creation in the town.

Canterbury



Demographic Analysis

Canterbury has a smaller population than Bath and is similar in size to Warwick.

Resident Population

	Canterbury (numbers)	South East (numbers)	GB (numbers)
All people	141,600	8,110,200	58,124,600
Males	68,100	3,973,900	28,434,500
Females	73,500	4,136,300	29,690,100

Source: Nomis, midyear population estimates (2004)

The population of Caterbury has not been growing particularly quickly but nevertheless the average rate of growth for the town is twice that seen within B&NES.

Population Timeline

Year	B&NES Numbers	% Growth	Canterbury	% Growth
1981	161500		122,200	
1982	161200	-0.2	122,900	0.6
1983	162000	0.5	123,300	0.3
1984	161900	-0.1	125,800	2
1985	161300	-0.4	126,500	0.6
1986	161500	0.1	126,500	0
1987	163500	1.2	128,000	1.2

1988	165200	1	130,100	1.6
1989	165000	-0.1	129,600	-0.4
1990	163400	-1	129,300	-0.2
1991	163100	-0.2	129,600	0.2
1992	163000	-0.1	128,800	-0.6
1993	162200	-0.5	129,800	0.8
1994	163000	0.5	130,400	0.5
1995	163500	0.3	130,700	0.2
1996	163600	0.1	131,300	0.5
1997	164700	0.7	132,600	1
1998	166000	0.8	132,600	0
1999	167100	0.7	133,700	0.8
2000	168500	0.8	134,900	0.9
2001	169200	0.4	135,400	0.4
2002	169500	0.2	137,400	0.5
2003	170,900	0.8	139,500	1.5
		0.3		0.6

Source: Nomis, midyear population estimates (2004)

Work

Canterbury has an excellent strategic location for business, with good accessibility to the Channel Tunnel, Gatwick airport and seaports. It is one of the largest economies in Kent with a prominent 'business services' sector and a well established strong manufacturing base.

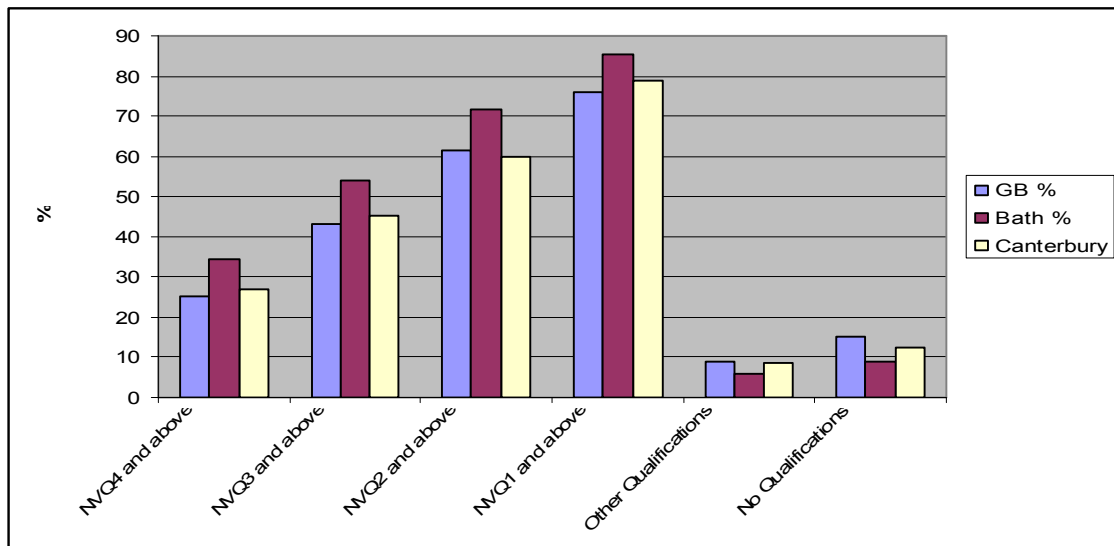
Canterbury benefits from a successful economy, which as identified in the table below has very high economic activity rates, low unemployment and inactivity rates compared to Bath.

Economically Active (Percentages are based on working age population)

	Canterbury (numbers)	Canterbury (%)	Bath (numbers)	Bath (%)
Economically active	65,900	80.3	39,380	73.7
In employment	64,200	78.3	37,709	70.6
Employees	57,000	69.5	32,322	60.5
Self employed	7,200	8.8	5,387	10.1
Unemployed	1,700	2.6	1,671	3.1
Economically inactive	16,100	19.7	14,045	26.3

Source: Nomis, annual population survey (Apr 2004-Mar 2005)

Although Canterbury City and District boasts 3 higher educational institutions, including the University of Kent, Canterbury Christchurch University College and the Kent Institute of Art and Design, with over 20,000 full time students it remains close to national averages for qualifications and is significantly behind B&NES at each skill level.

Skill Levels (National Vocational Qualifications)

Source: local area labour force survey (Mar 2003-Feb 2004)

Canterbury has lower levels of skills than Bath and also has fractionally lower wage levels than Bath.

Gross Wage

	Canterbury	Bath	UK
Full-time workers	406.8	419	433.9
Male full-time workers	431.5	480.5	464.5
Female full-time workers	344.2	349.9	359.0

Source: Annual Survey of Hours and Earnings (2004)

In property terms, the City and District demands reasonably high rents, which are comparable to the majority of South East locations. Canterbury City Council states that “the new £100 million Whitefriars development in the City of Canterbury will increase lettable floor space by 300%”. Given this scale of development it will be interesting to identify how retail take-up and retail rental levels are affected over the medium term. As identified in the table below both the office and retail sectors in Bath are demanding higher rental levels.

Average Commercial rentals

Type	Average cost per sq m (per sq ft)	
	Canterbury	Bath

Office	**£161.00 (£15.00)	£195.00 (£18.00)
Retail	£2,260.40 (£210.00)	£2,583.40 (£240.00)

Source: King Sturge, 2005 (Retail (In-town): Zone A rents)

Source: ** EG Property Link (www.egpropertylink.com), 2005

Live

House prices are lower in Canterbury than B&NES and unlike many of the other locations examined as part of this comparison, house price inflation in B&NES has been marginally stronger than in Canterbury.

Housing market: mean house prices based on Land Registry data, by district

£	1996	1997	1998	1999	2000	2001	2002	2003	2004
England	73,117	80,599	87,778	98,385	110,589	121,769	141,108	159,357	181,330
Canterbury	66,879	72,647	81,307	90,685	108,615	122,935	146,371	172,061	195,120
B&NES	83,302	87,428	98,405	113,885	142,673	156,108	184,108	216,105	234,767

Source: ODPM, Land Registry, 2005

Mean house price % change by district

	1996 - 2004 % change
England	40.3%
Canterbury	34.3%
B&NES	35.5%

Source: ODPM, Land Registry, 2005 Ernst & Young

Visit

The Norman cathedral which dominates the City of Canterbury's skyline is one of the key attractions of the City. The Cathedral is designated as a World Heritage Site and the following table highlights its draw as a visitor attraction.

Canterbury - Major Paid & Free Attractions, 2003

Attraction	County / UA	Visits 2003
Canterbury Cathedral	Kent	1,060,166E

Source: Survey of Visits to Visitor Attractions England 2003

Note: The table above contains data only for attractions which responded to the survey and gave permission for their total visits to be published. E=estimate

Canterbury is not designated by the International Passenger Survey as one of the top 20 UK town and cities. Canterbury is situated within the County of Kent, which as identified in the table below attracts 2.7% of the International visitors to England in 2004.

Overseas residents visits to the UK - staying visits (000's)

	2000	2001	2002	2003
England	21,480	19,320	20,540	21,130
Kent	760	700	620	740
Bath	300	220	200	210

Source: International Passenger Survey, 2004

Although difficult to compare directly, as an indicator Kent has performed well in attracting international visitors post 2001, whereas Bath has been slow to regain its international visitor numbers. Kent, is of course, the first County visited by most passengers arriving in the UK by car from continental Europe.

Alongside this Kent's attractiveness to UK resident visitors has fluctuated over the 2000 – 2003 time period, albeit the overall visitor numbers have reduced significantly since 2000. In fact the following table suggest that Kent has lost 1.1 million UK resident visitors since 2000.

Volume of UK resident tourists

	2000	2001	2002	2003
South East	23.3	23.3	22.5	20.7
Kent	4.4	3.9	4.2	3.3
England	140.4	131.9	134.9	121.3

Source: United Kingdom Tourism Survey (UKTS)

This trend of falling visitor numbers is similar to that of Bath, who also has experienced a general loss of international visitors since 2000, and as highlighted by the B&NES visitor performance report (all attractions), numbers have fallen significantly in 2001, with little return to levels experienced in 2000.

Conclusion

In many respects, Canterbury is similar to Bath. Although smaller in scale the City does not appear to have been able to leverage the presence of a University into a strong economic benefit. Wage levels have been low in comparison to peer locations and the poor performance of tourism in the UK is now a potential challenge to the overall economic performance of the City.

York



Demographic Analysis

York has a slightly larger overall population than Bath.

Resident Population

	York (numbers)	Yorkshire and The Humber (numbers)	GB (numbers)
All people	184,900	5,038,800	58,124,600
Males	89,200	2,459,900	28,434,500
Females	95,700	2,578,900	29,690,100

Source: Nomis, midyear population estimates (2004)

The population of York has grown slowly and steadily over the period from 1981. The rate of growth has been slightly higher than that recorded in B&NES but essentially the population is relatively stable.

Population Timeline

Year	B&NES	% Growth	York	% Growth
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	Numbers			
1981	161500		165,400	
1982	161200	-0.2	166,300	0.5
1983	162000	0.5	167,800	0.9
1984	161900	-0.1	168,600	0.5
1985	161300	-0.4	169,800	0.7
1986	161500	0.1	170,100	0.2
1987	163500	1.2	171,100	0.6
1988	165200	1	170,800	-0.2
1989	165000	-0.1	172,100	0.8
1990	163400	-1	171,800	-0.2
1991	163100	-0.2	172,300	0.3
1992	163000	-0.1	171,700	-0.3
1993	162200	-0.5	171,700	0.0
1994	163000	0.5	172,700	0.6
1995	163500	0.3	172,900	0.1
1996	163600	0.1	174,500	0.9
1997	164700	0.7	175,000	0.3
1998	166000	0.8	176,300	0.7
1999	167100	0.7	177,100	0.5
2000	168500	0.8	179,100	1.1
2001	169200	0.4	181,300	1.2
2002	169500	0.2	182,000	0.4
2003	170,900	0.8	183,100	0.6
		0.3		0.5

Source: Nomis, midyear population estimates (2004)

Work

York has an economy which is underpinned by traditional industries, but which is increasingly becoming more dynamic. In recent years York has attracted an increasing amount of investment in science and technology, which is supported by the university - a leader in scientific research and teaching.

The following table highlights the economic activity levels of York in comparison with Bath.

Economically Active (Percentages are based on working age population)

	York (numbers)	York (%)	Bath (numbers)	Bath (%)
Economically active	91,400	80.8	39,380	73.7
In employment	89,400	79.0	37,709	70.6

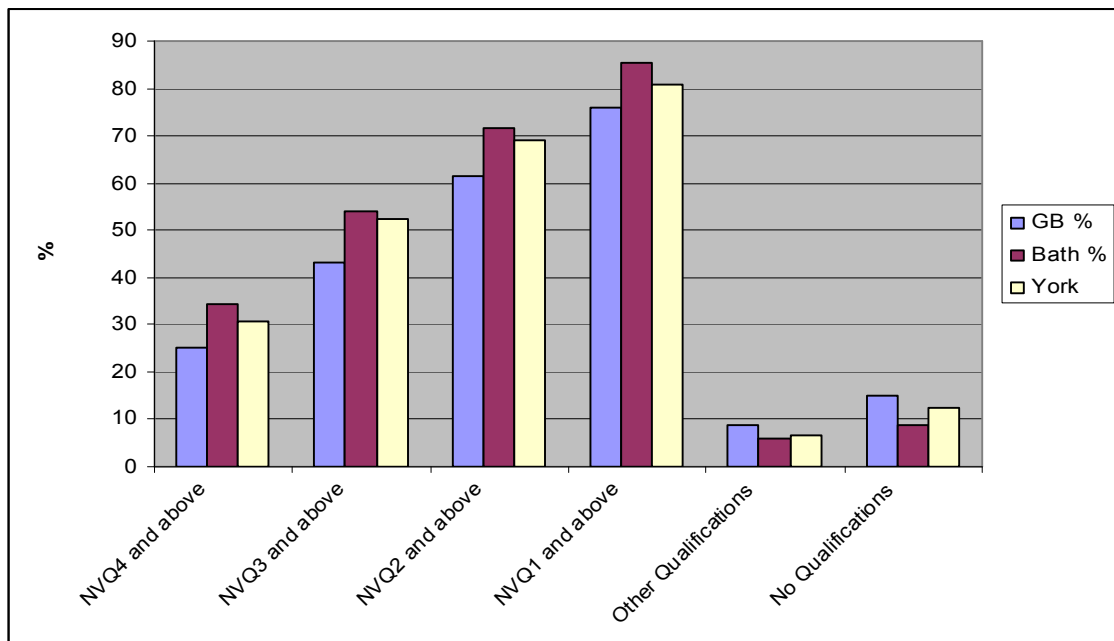
Employees	79,400	70.2	32,322	60.5
Self employed	9,700	8.5	5,387	10.1
Unemployed	2,000	2.2	1,671	3.1
Economically inactive	21,700	19.2	14,045	26.3

Source: Nomis, annual population survey (Apr 2004-Mar 2005)

Economic Activity levels within York are greater than in Bath by some 7%.

Both B&NES and York have a skill level which is higher than the average for Great Britain.

Skill Levels (National Vocational Qualifications)



Source: Nomis, local area labour force survey (Mar 2003-Feb 2004)

Average wage levels in York are higher than those recorded in Bath but not markedly so – Chester outperforms both cities by some margin.

Gross Wage Rates (£)

	York	Bath	UK
Full-time workers	426.1	419	433.9
Male full-time workers	460.0	480.5	464.5

Female full-time workers	350.2	349.9	359.0
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Source: Annual Survey of Hours and Earnings (2004)

The table below, although not comprehensive, provides some insight into the diversity and size of some employers within the economy of York.

A selection of major employers within York

Employers	Private/Public
CPC Group (1500 employees)	Private
Norwich Union Life plc's Life and Pension (3300 employees)	Private
Smith & Nephew's worldwide group research centre	Private
DEFRA	Public

Source: York City Council, 2005

The following table compares rental levels in York and Bath, which clearly suggests both retail and office property demand higher rental levels in Bath.

Average Commercial rentals

Type	Average cost per sq m (per sq ft)	
	York	Bath
Office	£161.50 (£15.00)	£195.00 (£18.00)
Retail	£2,099.00 (£195.00)	£2,583.40 (£240.00)

Source: King Sturge, 2005 (Offices: prime rents for Grade A office space; Retail (In-town): Zone A rents)

Recent large investments and the demand for development opportunities in York has stimulated a number of new mixed use and office sites in and around the City Centre, including York Science Park, York Business Park, the Airfield Business Park and York Central.

Live

House prices in York are significantly less expensive than those found in B&NES although house price inflation has been stronger in York than Bath since 1996

Mean house prices by District (£)

£	1996	1997	1998	1999	2000	2001	2002	2003	2004
England	73,117	80,599	87,778	98,385	110,589	121,769	141,108	159,357	181,330
York	67,745	71,083	72,882	76,876	87,483	102,625	130,563	149,597	171,740
B&NES	83,302	87,428	98,405	113,885	142,673	156,108	184,108	216,105	234,767

Source: ODPM, Land Registry, 2005

Mean house price % change by district

	1996 - 2004 % change
England	40.3%
York	39.4%
B&NES	35.5%

Source: ODPM, Land Registry, 2005 Ernst & Young

Visit

York boasts several major attractions such as the cathedral, the Roman walls, medieval guildhalls, Georgian town houses, and numerous exhibitions and museums. Attractions within the City include:

- York Minster.
- the National Railway Museum.
- York Racecourse (which recently hosted Royal Ascot).

The following table lists the major attractions for the City of York:

Major Paid & Free Attractions, 2003

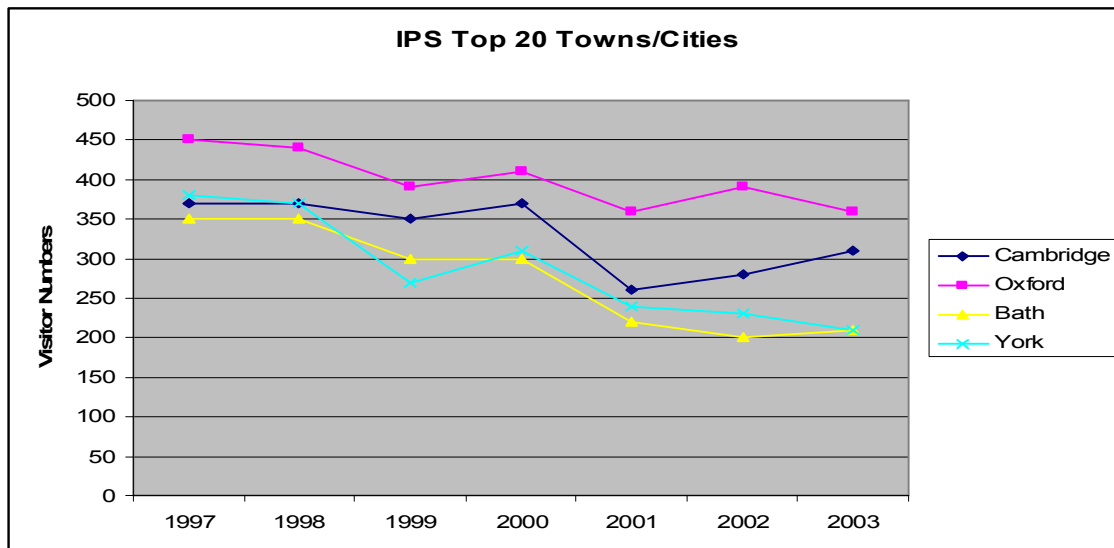
Attraction	County/Unitary Authority	Visits 2003
Castle Howard	York	195,542
Jorvik Viking Centre	York	435,353

Source: Survey of Visits to Visitor Attractions England 2003

Note: The table above contains data only for attractions which responded to the survey and gave permission for their total visits to be published.

The International Passenger Survey identifies York as one of the UK's top 20 town/cities for attracting international visitors. The following graph identifies the number of visitors attracted to York in comparison to Bath and other historic towns.

International Visitor Numbers to a selection of UK cities



Source: ONS, International Passenger Survey, 2005

York has until recently led Bath in attracting overseas visitors. However, between 2000 and 2003, York (similar to Bath) has lost circa 30% of its international visitor numbers.

The UK Tourism survey identifies that North Yorkshire, in which York is located has also lost significant numbers of UK resident tourists. In fact since 2000 to 2003 North Yorkshire lost circa 14% of its UK resident visitors.

Volume of UK resident tourists

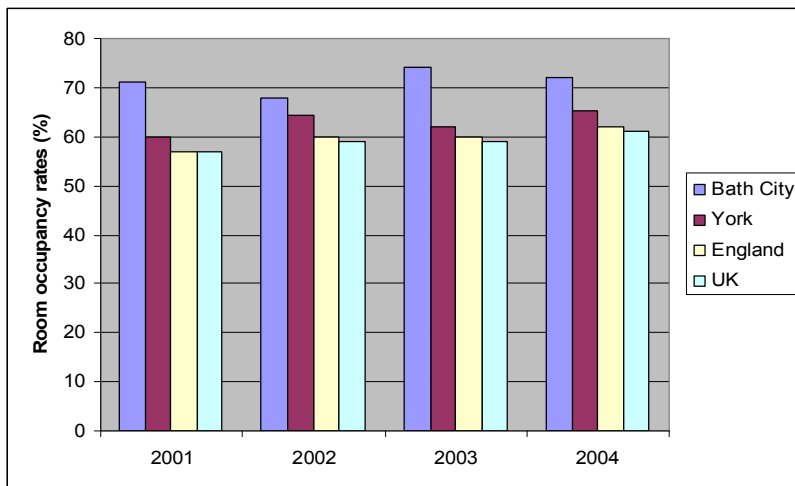
	2000	2001	2002	2003
Yorkshire & the Humber	13.1	11.0	12.2	13.1
North Yorkshire	5.7	4.6	5.0	4.9
England	140.4	131.9	134.9	121.3

Source: United Kingdom Tourism Survey (UKTS)

York and Bath's close representation on the International Passenger Survey provides some similarity for hotel demand and the following graph suggests York has had above UK and

England average room occupancy rates throughout the time period. However, over the time period Bath retains a significantly higher occupancy rate than York.

Room Occupancy levels – timeline



Source: B&NES Council Occupancy Report and City of York economic Development Board – Tourism Trends 2005.

Conclusion

York is a traditional Northern manufacturing City in the process of making a transformation into a science and service led economy. The result is that at present, wage levels are only slightly ahead of those offered in Bath, but the private sector investment in the employment base linked to the University is becoming an important factor within the overall economy of the town. York, as Bath, is struggling to maintain a buoyant and diverse tourism economy and is suffering from declining UK visitors.

Overall conclusion

Chester is a smaller City than Bath but has a stronger overall economy with a wider economic base. This has resulted in Chester offering higher average wages than Bath. House prices have also risen faster in Chester than Bath since 1996. Despite having no university, Chester has a stronger business tourism economy than Bath. Overall, however, visitor numbers to Chester are also falling. Finally, retail rentals are lower in Chester than Bath

Durham is also smaller than Bath and most of its economic indicators suggest a less successful City. Whilst house price growth has outperformed Bath, Durham has higher unemployment, lower skills, lower wages and far lower retail and office rental levels than Bath. The economy is dominated by the public sector. Visitor numbers are falling and overall the economic performance of Durham is in keeping with a town in North East England.

Warwick has a smaller population than Bath but has stronger economic indicators in terms of employment, skills and especially average wages. House prices have outperformed Bath. Warwick has also lost visitor numbers but at a less dramatic rate than the other historic towns considered.

Canterbury is smaller than Bath with a reasonably strong economy but despite the influence of the University has lower skill levels. In keeping with many other historic cities in the UK, visitor numbers to Canterbury are in decline.

York has a similarly sized population to the B&NES area. The economy has outperformed Bath in terms of employment, wages, private sector employment and house prices. Rental levels for office and retail accommodation are higher in Bath. York has also suffered declining visitor numbers.

Overall the historic towns examined (with the exception of Durham) had grown a strong private sector employment base and average wages were higher than Bath. Bath does maintain a very strong retail market with higher rental rates than in the other cities/towns. Visitor numbers have declined in each case. Bath has a lower quality hotel offer compared to the locations selected and, typically, less available bed spaces.

