

Statement to B&NES' Cabinet on Funding Losses – 6th Dec 17

The Council is running a series of public meetings, explaining the challenges and pressures it faces due to increasing demand for services with reduced funding, encouraging suggestions for creative ways to generate additional income.

We, in FoBRA, are pleased to hear that B&NES will prioritise 'putting residents first', and offer the following suggestion to help meet the funding gap.

The B&NES Local Plan 2016-2036 Issue & Options Paper, currently out to consultation, reports that, last year, HMOs accommodated 11,700 students. A residents' Freedom of Information request has revealed that the associated Council Tax exemptions amounted to a loss of potential annual income of about £4m, up from less than £2M in 2012/13, when student numbers were much lower. Forecast HMO demand is likely to increase this loss to £5M or £6M per annum within 3 years. Any offset provided in previous years by the Revenue Support Grant will have disappeared by then, further exacerbating the situation.

Our two universities historically provide accommodation for only about a quarter of their students, thus fuelling demand for private-sector accommodation with every increase in student numbers, and yet B&NES receives no income from Council Tax or Business Rates levied on HMOs or Purpose Built Student Accommodation, both of which could have been used for housing permanent residents or for businesses in the case of PBSAs.

Both universities have been given free rein to expand as they wish over the years and, by virtue of their charitable status, enjoy an 80% reduction in their own Business Rates. We have been reminded recently that the University of Bath, for example, has tripled in size over the past 17 years, has enjoyed revenue-free campus rental during its 51-year tenure and posted a £22.2m surplus last year, which is reportedly being ploughed back into further expansion.

FoBRA does not advocate saddling students with further debt but feels strongly that the time is well overdue to require the universities themselves to make a significant contribution to Council income as compensation for loss of revenue that their expansionist policies have caused, and will cause. The overall loss is about £20M over the period to 2020, rising to upwards of £40M by 2025.

FoBRA also believes that Bath's student accommodation problem will not come under proper control until a workable Student Housing Policy is produced and suggests that B&NES urgently considers following Oxford City Council's lead in introducing policies which allow refusal of additional teaching space when this generates excessive demand for private-sector student accommodation. In the case of a city the size of Bath, we believe this number has already been exceeded.

Draft 4. 3/12/17