



# CHEL TENHAM

## BOROUGH COUNCIL

### Notice of a meeting of Overview & Scrutiny Committee

**Wednesday, 23 January 2013**  
**6.00 pm**  
**Pittville Room - Municipal Offices**

<b>Membership</b>	
<b>Councillors:</b>	Duncan Smith (Chair), Klara Sudbury (Vice-Chair), Nigel Britter, Barbara Driver, Colin Hay, Helena McCloskey, Ian Bickerton, Andrew Wall, Jo Teakle and Diane Hibbert

The Council has a substitution process and any substitutions will be announced at the meeting

### Agenda

<b>1.</b>	<b>APOLOGIES</b>	
<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	
<b>3.</b>	<b>MINUTES OF THE LAST MEETING</b> Agree minutes of the last meeting held on 10 January 2013.	(Pages 1 - 8)
<b>4.</b>	<b>PUBLIC QUESTIONS, CALLS FOR ACTIONS AND PETITIONS</b> None received to date.	
<b>5.</b>	<b>MATTERS REFERRED TO COMMITTEE</b>	
<b>6.</b>	<b>FEEDBACK FROM OTHER SCRUTINY MEETINGS ATTENDED</b> Feedback from the Police and Crime Panel held on 14 January 2013 by Councillor Helena McCloskey. (5 mins)	
<b>7.</b>	<b>FINAL REPORT OF THE SCRUTINY TASK GROUP ON HOUSEHOLD FORMATION RATES</b> The report of the scrutiny task group – Joint Core Strategy and Liaison Working Group on Household formation rates will be presented by Councillor Tim Harman as the chair of the group. The O&S committee are asked to satisfy themselves that the terms of reference have been met and endorse the recommendations before they are forwarded to the JCS joint member steering group for consideration at their meeting on 31 January 2013.	(Pages 9 - 56)

		(30 mins)	
<b>8.</b>		<b>CALL-IN LICENSING OF RICKSHAWS IN CHELTENHAM</b> Consideration of a call-in request regarding a decision made at Cabinet on 11 December 2012 regarding the Licensing of Rickshaws.	(Pages 57 - 100)
<b>9.</b>		<b>DATE OF NEXT MEETING</b> Date of next meeting: Monday 18 February at 6 pm	

**Contact Officer:** Rosalind Reeves, Democratic Services Manager, 01242 774937  
**Email:** [democratic.services@cheltenham.gov.uk](mailto:democratic.services@cheltenham.gov.uk)

### Overview & Scrutiny Committee

**Thursday, 10th January, 2013**

**6.00 - 7.40 pm**

<b>Attendees</b>	
<b>Councillors:</b>	Duncan Smith (Chair), Klara Sudbury (Vice-Chair), Nigel Britter, Andrew, Chard, Rob Garnham, Colin Hay, Helena McCloskey, Ian Bickerton and Jo Teakle
<b>Also in attendance:</b>	Councillor Penny Hall, Councillor Charles Stewart, Councillor Anne Regan, Councillor Steve Jordan, Councillor Peter Jeffries and Councillor Roger Whyborn

### Minutes

**1. APOLOGIES**

Apologies were received from Councillor Andrew Wall who was substituted by Councillor Andrew Chard and Councillor Barbara Driver who was substituted by Councillor Rob Garnham.

**2. DECLARATIONS OF INTEREST**

Councillor Chard declared a personal interest in Agenda item 5 – Rickshaw Call-in as a personal friend of the applicant.

**3. PUBLIC QUESTIONS, CALLS FOR ACTIONS AND PETITIONS**

None received.

**4. MINUTES OF THE LAST MEETING**

The minutes of the last meeting held on 26 November were approved as a correct record.

**5. MATTERS REFERRED TO COMMITTEE**

**6. CALL IN RICKSHAW DECISION**

The Democratic Services Manager advised that a call-in request had been received regarding the decision made at Cabinet on 11 December 2012 concerning the licensing of rickshaws in Cheltenham. As it had not been possible to convene all the witnesses requested for this meeting at short notice, it was proposed to deal with the call-in at the special meeting of this committee arranged for 23 January 2013 to consider the recommendations of the scrutiny task group - JCS.

The chair confirmed that this proposal accorded with the rules set out in the Council's constitution for dealing with call-ins.

A member commented that in normal circumstances, everything possible should be done to consider a call-in as quickly as possible in order not to cause unnecessary delay to the democratic decision-making process. However in this

situation, as the Cabinet decision had been effectively to defer any decision, it was acceptable.

**Resolved that the call-in request be considered at the next meeting of O&S on 23 January 2013.**

**7. BUDGET 2013/14**

The chair explained that at this stage in the budget cycle, the committee would normally expect to receive a report from the Budget Scrutiny Working Group on the budget proposals together with any recommendations they wish to make to Cabinet. For the reasons previously given by the working group, they were not in a position to do this for 2013/14 however they had received a presentation on the budget at their meeting earlier this week.

The Director of Resources as Section 151 Officer gave a brief presentation on the Cabinet's Interim Budget Proposals 2013/14 for consultation. The presentation outlined the budget assumptions, funding sources, the impact of the late settlement and areas of uncertainty in the MTFS.

He explained that the council had only been notified of the final government settlement on the Wednesday before the Friday 21<sup>st</sup> December Cabinet meeting. The impact of the settlement had been assessed and a revised version of the budget summary in appendix 2 of the budget papers had been circulated at the meeting on 21 December. The settlement had been better than expected in 2013/14 but was significantly worse in 2014/15. Consequently there was still further work to be done in remodelling the MTFS following the late settlement.

The Cabinet Member Finance referred to the Bridging the Gap strategy set out in appendix 4 of the budget papers. He gave some context to the budget challenges by highlighting that since February 2008 the Council's net budget had fallen by about two and a half million pounds in less than five years and if inflation was factored in, this was a fall of around 25%. Over the next four years this figure could rise to a 40% cut in core government support since 2008.

Longer term, the financial challenge was to bridge the projected funding gap over the period of the MTFS. This was why a detailed, quantified five-year strategy for cutting costs and maximising income and bridging the medium term funding gap was being developed as outlined in Appendix 4 of the report. Overall he felt the council had been successful to date in dealing with significant cuts in resources without cutting essential services and whilst holding down council tax and parking charges. However he warned next year's budget would be a far greater challenge.

The Director of Resources reported that the budget scrutiny working group had expressed some nervousness about the increased worth of

efficiency savings yet to be identified in 2014/15 which took the savings required from £275,000 to approximately £624,000. They had asked whether there was any opportunity to bring forward savings from future years. He advised that this would be the biggest topic for the bridging the gap meeting later this month.

The Cabinet Member Finance explained that the way that the New Homes Bonus (NHB) was used had been rethought and last year it was accepted that it needed to be treated as a regular source of income so part of it was taken into the revenue budget. He indicated that the council would have to look carefully at the use of the NHS bonus going forward as the funding was cumulative and could be a way of making up the shortfall in government funding.

In response to a question, the Cabinet Member Finance advised that the colours highlighted in the bridging the gap summary were an indication of the current assessment of the level of deliverability of each of the savings. Green indicating that the saving was almost there through to red indicating there was a lot more work to be done. The chair asked what contingency plans were in place if the savings highlighted in red, amounting to almost £800,000, failed to deliver. The Cabinet Member advised that the red savings were not necessarily difficult to deliver but simply that there was a lot more work to be done before they could be firmed up. For example, he was comfortable that the senior management team review could deliver that quantity of savings but it was not yet planned out how they would be achieved.

The following responses were given to additional questions from members?

- Regarding the advantages of pooling business rates across the county, the Director of resources advised that they had been working with the other Gloucestershire authorities and the financial modelling supported pooling and appeared to demonstrate that it would be advantageous to Cheltenham Borough Council and more rates would be retained in Gloucestershire. However there were still one or two issues to be resolved and the final decision was due to be taken on 15 January.
- The options for debt rescheduling to maximise investment income had largely been exhausted. Income from Icelandic Banks was coming in but the flow was unpredictable so consequently it was difficult to predict the levels of interest in the financial plans.
- The Cabinet Member Finance advised that the council was adopting a carrot and stick approach to vacant properties. Although the council had the power to compulsory purchase vacant properties, the preferred strategy was that the new vacant property officer would engage with property owners and encourage them to get empty properties back into use. The target would be a reduction of 26 empty properties per year and he considered this would be a good rate of return for the investment in the new post and would in turn increase the amount received in the New Homes bonus.
- The Cabinet Member Finance advised that the £20,000 saving in economic development would be achieved through a restructure rather than any cuts in the service. In terms of encouraging growth of new business in the town, one of the key objectives of the pooling of

business rates was to set up an economic growth fund which could be used to stimulate growth at both county and local level.

- Asked whether the stated 1% freeze p.a in staff pay could be backed up by a guarantee that there would be no compulsory redundancies, the Cabinet Member Finance said that they were not in a position to give a guarantee however they would continue to work hard to avoid the need for any compulsory redundancies. He was pleased to advise that to date, staff savings had largely been achieved through natural wastage, voluntary redundancies or early retirement and ongoing management of vacancies.
- Asked for an update on the potential savings from the accommodation strategy set out for 2015 to 2017, he advised that this was very much work in progress. The rationale for moving out of the Municipal Offices would become increasingly apparent as the core organisation continued to transfer staff out to shared or commissioned services.

In terms of recommendations regarding the budget, a member requested that a budget be allocated to ensure that all members of Planning Committee receive essential training and attendance is made compulsory. He considered this was an invest to save initiative considering the cost of appeals if decisions were made incorrectly.

The chair also requested that the Cabinet Member consider allocating a budget to support the overview and scrutiny process.

**Resolved that the Cabinet Member Finance note these requests when finalising the budget proposals.**

### **8. FEEDBACK FROM OTHER SCRUTINY MEETINGS ATTENDED**

None attended.

Councillor McCloskey advised that members of the Police and Crime Panel were meeting on 14 January when they would have the opportunity to endorse the appointment of the new Chief Constable.

### **9. UPDATES FROM SCRUTINY TASK GROUPS**

The chair referred to the update which had been circulated and the Democratic Services Manager talked through the significant points.

After some discussion it was agreed that work on the community governance review should commence in 2014 in order that any outcomes could be implemented in time for the elections in 2018. The task group update and scrutiny workplan would be amended accordingly and the first stage would be to agree the revised terms of reference and the membership of the working group. The discussions at Council had highlighted some major issues with this review and it would be important to learn the lessons when it was restarted.

### **10. REPORT OF THE SCRUTINY TASK GROUP - EVENTS**

The chair invited Councillor Penny Hall, as chair of the working group to introduce the report of the scrutiny task group.

Councillor Hall thanked the committee for providing the opportunity to take their report to Council as this had given all members a greater awareness of the report and its recommendations. She thanked all the members of the working group and commended the efforts of Saira Malin and Rosalind Reeves from Democratic Services who had supported the review along with Grahame Lewis, Louis Krog and other officers from Parks and Gardens, One Legal, Integrated Transport and Public Protection.

In responding to the report, members commended the working group and acknowledged the great deal of work that had gone into producing their final report and were happy to endorse the recommendations and forward them to Cabinet.

**Resolved that the recommendations of the Events scrutiny task group be endorsed and forwarded to Cabinet.**

**11. REPORT OF THE SCRUTINY TASK GROUP - ALLOTMENTS**

The chair of the scrutiny task group, Councillor Anne Regan, introduced their final report on allotments. In her introduction she thanked members of the working group and the officers who had contributed to this review, in particular Beverly Thomas from Democratic Services and Adam Reynolds and Emma from the allotments team who had helped the working group understand the complexities of allotments. The working group had produced a comprehensive set of recommendations which they hoped recognized the needs of the public, allotment holders and those on the waiting list. The chair also added that allotment holders should be encouraged to join the Allotments Association, not least because it offered good value insurance.

As this was such an important issue, the working group wished to add a further recommendation 11 -that the scrutiny task group should be reconvened after a period of 12 months to review the implementation of the recommendations.

In the discussion that followed, members commended the task group for an excellent report and particularly liked the inclusion of photographs. They welcomed the clarity on the legal requirements for provision of allotments which had confirmed that the responsibility for the provision of allotments in parished areas rested clearly with the parish councils. They were satisfied that the original terms of reference had been met.

Councillor Garnham suggested some additional wording in recommendation 9 given that the emerging Cheltenham Local Plan was some way off. The amended recommendation would read as follows:

Rec 9 : that consideration be given to an allotment provision and enhancement policy in the emerging Cheltenham Local Plan and in the meantime planning officers should include the provision of allotments as a subject for discussion with developers at the pre-application stage.

Adam Reynolds advised that there had already been discussions with some developers about including allotment space in their proposed developments and there was a willingness to consider this and a positive response had been received for the new development in the south of the town.

Councillor Hay, as a member of the working group, had reflected further on the recommendations since their report had been finalised. He thought it was important that the authority should encourage people to grow their own food on allotments both for the health benefits but particularly in the context of global food shortages in the medium to long term. He suggested that this could be brought out more strongly in the report. The working group had also considered the use of smaller parcels of land for the provision of both statutory and non-statutory allotments and he felt that the Cabinet Member should be recommended to look into this further.

Another member suggested that there could be more information on the council's website to encourage and guide allotment holders which could help avoid some of the problems of allotments falling into disuse.

Resolved that

- 1. The recommendations be endorsed with the amended recommendation 9 and noting the additional points regarding the health benefits of growing food and the use of parcels of land for statutory and non statutory allotments.**
- 2. The report be forwarded to Council for debate and then on to Cabinet to consider the recommendations.**

### **12. REVIEW OF SCRUTINY WORKPLAN**

The workplan was noted and it was agreed that follow-up of recommendations would be included.

There was some discussion about the approach to receiving the recommendations from the scrutiny task group regarding household formation rates at the next meeting on 23 January 2012. Whilst acknowledging the wider member interest in this matter, the chair reminded members that the remit of this committee was to consider whether the working group had met their terms of reference and had asked the appropriate questions of the consultants. Consequently he would not expect the committee to get into the detail about the report and 30 minutes should be sufficient time to deal with this item.

A number of suggestions were made regarding how all council members could have the opportunity to ask more detailed questions on the report.

The Chief Executive suggested that the co-optees on the scrutiny task group and any other interested parties should be given the opportunity to attend the O&S meeting.

The Democratic services manager agreed to follow both these points up with the chair of the scrutiny task group and the sponsoring officer, Pat Pratley.

### **13. DATE OF NEXT MEETING**

Date of next meeting : Wednesday 23 January at 6 pm



Duncan Smith  
**Chairman**

This page is intentionally left blank  
Page 8



## SCRUTINY TASK GROUP REPORT

### JOINT CORE STRATEGY (JCS) HOUSEHOLD FORMATION RATES PROJECT

23 JANUARY 2013

#### 1. INTRODUCTION

- 1.1 On 15 October 2012, Council received a report of the Chief Executive which set out this Council's approach to engaging with and resolving issues which had arisen following the presentation of reports to the Councils of the other JCS partner authorities.
- 1.2 Following the debate, Council resolved to *"refer to the Council's JCS Planning and Liaison Overview and Scrutiny Working Group the task of evaluating alternative methods of assessing household formation rates over the plan period, feeding conclusion and recommendations into the JCS "Preferred Option" process for consideration by the 3 JCS Councils"*.
- 1.3 This report sets out the process by which this work was undertaken, summarises the main findings and makes recommendations to be considered by the JCS Member Steering Group on 31 January 2013.

#### 2. BACKGROUND TO THIS OVERVIEW AND SCRUTINY REVIEW

- 2.1 The National Planning Policy Framework (NPPF) requires local planning authorities to evidence and defend their local housing requirements at examination. This places a requirement on local authorities to ensure that housing requirement figures that are set out within local plans are soundly rooted in a robust evidence base.
- 2.2 The JCS "Developing the Preferred Option Consultation Document" was published for consultation in December 2011. The issue which generated most responses to the consultation was the methodology used to calculate future housing requirements for the JCS area.
- 2.3 In response to these concerns the JCS authorities commissioned independent consultants to review the JCS methodology and make appropriate recommendations.
- 2.4 On 24 September 2012, Council received a report of the Leader of the Council outlining the progress being made on the evidence base for establishing the objectively assessed need for housing in the JCS area. Council accepted the 7 recommendations which had been agreed jointly between the JCS authorities and also adding 3 further CBC specific resolutions which were subsequently withdrawn following the Chief Executive's report of 15 October 2012.
- 2.5 Paragraph 1.6.1 of the Chief Executive's October report states *"the development plan examination process has the testing of evidence at its heart. The plan must be soundly-based. Any technical information regarding housing need that is to be considered by the JCS authorities must therefore be in the form of defensible evidence, must be based on objective and unbiased analysis and the source of the evidence must be transparent."*
- 2.6 The report goes on to say in paragraph 1.6.3 *"acting upon information that may not meet the requirements touched upon at 1.6.1, or which does not accord with due process, would leave the JCS authorities open to procedural or legal challenge, either now or later in the process."*
- 2.7 One of the withdrawn recommendations from the 24 September 2012 report related to the matter

of household size and its role in the calculation of the number of new dwellings required. Whilst the issue of household size was not a matter in dispute by the other JCS partner councils the Chief Executive pointed out in his report that it would be *“legitimate for CBC to examine the issue of household formation should it wish to do so, in order to satisfy itself that the matter has been explored thoroughly and from various evidential angles”*.

- 2.8 The October report recommended therefore that the JCS Planning and Liaison Working Group be requested to take this work forward, potentially with the involvement of the Planning Advisory Service (PAS) in the role of critical friend and *“report its findings into the JCS Preferred Option preparation process for consideration by all 3 councils in due course”*.

### **3. WORKING GROUP MEMBERSHIP AND TERMS OF REFERENCE**

- 3.1 Membership of the JCS Planning and Liaison Overview and Scrutiny Working Group comprises:
- Councillors Tim Harman (Chair), Ian Bickerton (Vice-Chair), Les Godwin, Helena McCloskey, Jo Teakle and Andrew Wall
  - Councillor Steve Jordan (Leader of the Council) – observer (non-voting)
- 3.2 Members considered the terms of reference for the working group at its meeting on 21 November 2012 (attached). It should be noted that the terms of reference for the working group are much broader than the subject matter of this report. Members agreed therefore that the specific issue of ‘household formation rates’, as requested by Council, was to be the sole focus for the group over the immediate period, whilst recognising the wider ambitions for the working group as originally laid out.
- 3.3 Members also agreed that they wished to invite co-optees from the other JCS partner councils to attend meetings of the working group. Councillor Derek Davies (Tewkesbury Borough Council) and Councillor Chris Chatterton (Gloucester City Council) were subsequently nominated as co-optees.

### **4. METHOD OF APPROACH**

- 4.1 The working group has met on 6 occasions since Council requested it consider the matter of household formation rates. The working group has been supported by the following officers:
- Sponsoring Officer - Pat Pratley (Executive Director)
  - Officer experts – Mike Redman (Director of Built Environment), David Halkyard (Interim Strategic Land Use Manager)
- 4.2 Members would like to thank Jennie Williams (PA to Pat Pratley) and Rosalind Reeves (Democratic Services Manager) for their support to the review.
- 4.3 Members would also like to thank PAS and in particular Adam Dodgshon (Principal Consultant) for support given to the working group.
- 4.4 Meetings of the working group have not been open to the public, however, the public has been informed of progress via updates on the Council’s JCS webpage.

### **5. INDEPENDENT PEER REVIEW OF HOUSEHOLD FORMATION RATES PROJECT AND TIMELINE**

- 5.1 At the first meeting of the working group officers explained that the specialist work necessary to provide Members with the evidence they were seeking with regard to household formation rates was not something that could be delivered from within the Council’s own officer resource.
- 5.2 The peer review work was a matter of concern to CBC alone and there was no parallel process

for this specific topic area forming part of the overall JCS project.

- 5.3 In view of the specialist nature of the work required, officers had sought the advice and support of the PAS whose role it is to assist local planning authorities to manage and deliver changes in their plan making functions. PAS fulfils this role by commissioning suppliers with expertise in specific areas. PAS had also committed to provide 5 days free consultancy support to provide a critical friend challenge. PAS support to the Council with the preparation of the project brief (section 6) was greatly appreciated.
- 5.4 Members of the working group endorsed the peer review brief (subject to minor amendments) at its meeting on 21 November. Potential suppliers were provided by PAS from their commissioning framework with a consultant appointment meeting taking place on 5 December 2012. The aggressive timeline was necessary so that all 3 JCS councils could consider the work on household size to fit in with the wider JCS timetable by the end of January 2013.
- 5.5 An appointment meeting took place on 5 December 2012. Following receipt of suitable references and a Member presentation followed by questions and answers, Cambridge Centre for Housing and Planning Research (CCHPR) was appointed to undertake the independent peer review of household formation rates.
- 5.6 CCHPR presented its draft report to the working group on 21 December 2012 and the final report on 14 January 2013. They have been commissioned to support the Chair of the working group in the presentation of the report to the Overview and Scrutiny Committee Meeting on 23 January 2013 and also to present to the JCS Member Steering Group on 31 January 2013.

## 6. PROJECT BRIEF – AIM AND OBJECTIVES

- 6.1 The project brief, as approved by the working group, outlined the aim of the project as:

“On behalf of Cheltenham Borough Council, to undertake an independent peer review of the evidence with regard to trends in household formation rates (which also covers average household size) for the Joint Core Strategy (JCS) covering the Cheltenham Borough Council, Gloucester City Council and Tewkesbury Borough Council areas.

- 6.2 In particular, the review sought to:

*“Critically examine (i) the methods and assumptions that have been used to establish household formation rates<sup>1</sup>; and (ii) the way in which household formation rates, including average household size are reflected in the current assessment of housing need. Following this, the review should make recommendations in relation to (i) the suitability of the methods used to determine household formation rates, including any alternative methods that might be employed and their merits; and (ii) the way in which household formation rates should be used to inform needs assessment having regard to established national practice.*

- 6.3 Whilst the review was commissioned by CBC, the working group was keen to understand the implications of household formation rates for housing needs across the JCS area, including any discernible trends in the rate of household formation and how information on formation rates should be reflected in the overall assessment of housing need.

## 7. THE REVIEW FINDINGS

- 7.1 Members of the working group considered CCHPR’s draft report on 21 December 2012 and asked a number of questions of clarification. Members were generally comfortable with the findings, with only subsequent minor amendments being requested to the draft. The final report was presented by the consultants to the working group on 14 January 2013 (attached).
- 7.2 As required by the project brief, the report has sought, through evidential research, to address the following issues:

---

<sup>1</sup> The process whereby individuals in the population form separate households.

- What is happening to household formation patterns nationally and how is this affecting average household size?
- How are the changes affecting the JCS area?
- Are the changes the beginning of a new long term trend, or a short term departure from an established trend?
- What assumptions about household formation rates should be made for the JCS area and how much uncertainty should be planned for?

**7.3** The report to Council of 24 September 2012 had recommended that the demographic methodology used to establish housing requirements for the JCS area should be based upon Office of National Statistics (ONS) and Department of Communities and Local Government (DCLG) data, because it would be consistently available and subject to on-going updating. Members were keen to ensure that the review identified whether any significant reason existed to vary from the ONS projections.

### **7.4 Main Findings of the Household Formation Rates Peer Review**

The main findings of the report are summarised in section 13 and within the Executive Summary. Specific paragraph references are included here for ease of reference for the reader.

- 7.4.1** The review identified that a range of household projections had been used as part of the work to develop the joint core strategy (para 4.1). It was necessary therefore to confirm that there were no material errors in the way in which the DCLG household representative rates had been applied. The review concluded that there were no material errors.
- 7.4.2** When the 2008 DCLG household projections are compared to the 2011 census (para 6.1), the result is more people and fewer households than anticipated. For the first time for at least a century the average household size did not fall between censuses.
- 7.4.3** The 3 JCS authority areas broadly followed the national pattern but to varying degrees. In all 3 areas there were more people and fewer households found in the 2011 census than the 2008 DCLG projections had anticipated. Gloucester's increase in household size was the greatest of the JCS authority areas.
- 7.4.4** Evidence from an ONS study (May 2012) suggests that the departure from projected household formation trends amongst single person households, particularly young adults, can be partly attributed to more young adults living with parents
- 7.4.5** Evidence from Census data released by ONS on 11 December 2012, which provides a breakdown of household types at local authority level, indicates that significantly fewer single person households were found by the Census in the JCS authorities than the projections had suggested. It should be noted that more data will be available in summer 2013.
- 7.4.6** DCLG analysis of the impact of changing household formation rates for the JCS area indicate that the growth in the size of the population and the shift in the age profile to older age groups who tend to live in smaller households, will have a greater impact on housing need as compared to household formation rates (para 10.5).
- 7.4.7** As the changes that have occurred in household formation rates have predominantly affected single person households which tend to be hit first by affordability issues, this group is also likely to be flexible enough to respond quickly to better economic conditions. Past performance of the housing market suggests that some return towards trend is therefore likely, even if complete recovery to the pre-2007 position is not foreseeable.
- 7.4.8** The report concludes that even if there were no return to trend, the impact on the number of extra

households formed in the JCS area between 2011 and 2031 would only be likely to be a reduction of around 13% from ONS/DCLG projections (para 10.9).

## **7.5 Peer Review Conclusions and Recommendations**

- 7.5.1** The report concludes (section 14) that changes that have occurred in household formation rates have predominantly affected single person households. Older single person households were also affected.
- 7.5.2** Even if there were no return to trend the impact on the number of extra households formed in the JCS area between 2011 and 2031 is only likely to be a reduction of around 13%.
- 7.5.3** Some return to trend is likely even if complete recovery to the pre-2007 position may not be foreseeable.
- 7.5.4** Therefore, the prudent approach would be to plan on the basis of the projected household formation rates that underpin DCLG's 2008 based projections applied to the most recent population projections.
- 7.5.5** Sensitivity analysis should be carried out to the projection and flexibility built into the core strategy against the eventuality that a recovery to trend does not occur.
- 7.5.6** The report suggests a potential approach is to construct a "hybrid" projection that uses ONS's interim 2011 projections to 2021 and then follows the trend suggested by the 2010-based projections.

## **8. CONSULTATION AND FEEDBACK**

- 8.1** Consultation has taken place with the JCS project team and in particular the Cross Boundary Programme Board. The Member Steering Group for the JCS has been kept apprised of the review as it has progressed. Three CBC Members of the working group are also members of the JCS Member Steering Group and therefore have provided a means of keeping the other JCS councils apprised of progress with this project.
- 8.2** As explained earlier, Member co-optees have been invited to, and have attended meetings of the working group, been consulted on the selection of the consultants and invited to the draft and final report presentations.

## **9. RECOMMENDATIONS**

- 9.1** As required by Council the working group will report its findings into the JCS process for consideration by all 3 councils on 31 January 2013 recommending that:
  - 9.1.1** **The JCS continue to plan on the basis of the projected household formation rates that underpin DCLG's 2008 based projections applied to the most recent population projections**
  - 9.1.2** **The JCS consider the need for sensitivity analysis and scenario planning on a plus/minus percentage basis as regards household formation and other factors**
  - 9.1.3** **The JCS consider the merits of a hybrid projection approach as outlined in para 7.5.6 above.**

## **10. TAKING FORWARD THE RECOMMENDATIONS FROM SCRUTINY**

- 10.1** The working group request that Overview and Scrutiny endorse the recommendations contained in this report and forward them to the Joint Core Strategy Member Steering Group.

<b>Contact Officers</b>	<p>Pat Pratley, Sponsoring Officer, <a href="mailto:pat.pratley@cheltenham.gov.uk">pat.pratley@cheltenham.gov.uk</a> 01242 775175</p> <p>David Halkyard, Interim Strategic Land Use Manager, <a href="mailto:david.halkyard@cheltenham.gov.uk">david.halkyard@cheltenham.gov.uk</a> 01242 774988</p> <p>Mike Redman, Director of Built Environment, <a href="mailto:mike.redman@cheltenham.gov.uk">mike.redman@cheltenham.gov.uk</a> 01242 264160</p>
<b>Appendices</b>	<ol style="list-style-type: none"> <li>1. Terms of Reference – Joint Core Strategy and Planning Liaison Working Group</li> <li>2. Final Report – Independent Peer ~Review of Household Formation Rates – January 2013</li> </ol>
<b>Background information</b>	<ol style="list-style-type: none"> <li>1. CBC Reports to Council dated 24 September 2012 and 15 October 2012</li> </ol>





**SCRUTINY REVIEW – TERMS OF REFERENCE  
JOINT CORE STRATEGY AND PLANNING LIAISON GROUP**

FOR COMPLETION BY THE OVERVIEW AND SCRUTINY COMMITTEE	
Broad topic area	Joint Core Strategy
Specific topic area	<p>Council passed a resolution at its meeting on 15 October 2012 calling on this working group to carry out the following:</p> <p>The task of evaluating alternative methods of assessing household formation rates over the plan period, feeding conclusions and recommendations into the JCS “Preferred Option” process for consideration by the three JCS Councils be referred to the Council’s ‘JCS and Planning Liaison Overview and Scrutiny Working Group’.</p>
Ambitions for the review	<p>Original terms of reference agreed by O&amp;S at its meeting on 16 July 2012.</p> <p>To provide co-ordination of development plan activities:</p> <p>To consider the emerging Gloucester, Cheltenham and Tewkesbury Joint Core Strategy and provide guidance and feedback to be reported formally through the Joint Core Strategy Programme Management arrangements.</p> <p>To consider the work programme and associated issues relating to review of the Cheltenham Borough Local Plan in light of the National Planning Policy Framework (NPPF) and provide guidance and feedback to Planning Committee, Cabinet and Council as appropriate.</p> <p>To consider any development management issues raised via Planning Committee, Cabinet or Council – e.g. review of supplementary planning documents, current planning issues and forthcoming major schemes.</p> <p>To listen to feedback on the development management service from relevant forums and help guide future improvements to the service, including making the most efficient use of resources.</p> <p>To advise on how best to engage with other elected Members and stakeholders on issues of development management, including engagement with identified hard to reach groups.</p> <p>To act as champions for the development management service.</p>

This page is intentionally left blank  
Page 16

**Cambridge** Centre  
for Housing &  
Planning Research

## **Independent Peer Review of Household Formation Rates**

**Joint Core Strategy for Cheltenham  
Borough Council, Gloucester City Council  
and Tewkesbury Borough Council from  
the Cambridge Centre for Housing and  
Planning Research**

### **REPORT**

January 2013



# **Independent Peer Review of the existing evidence base on household formation rates for the Joint Core Strategy for the Cheltenham Borough Council, Gloucester City Council and Tewkesbury Council areas**

## **Report**

Cambridge Centre for Housing and Planning Research

January 2013



## **Acknowledgements**

The authors would like to thank Alan Holmans for his comments and advice in preparing this report. They would also like to thank the members of the Joint Core Strategy Scrutiny Task Group for their helpful comments at meetings held on 21 December and 14 January and the secretariat for their support. .

## **Authors**

Neil McDonald and Christine Whitehead

## Contents

		Page
	Executive summary	3
1	The issues	6
2	Approach to review	9
3	Household representative rates explained	11
4	Methods and assumptions used on household formation rates	14
5	What is happening to household formation patterns and average household size nationally?	15
6	How are the changes affecting the Joint Core Strategy area?	18
7	Economic growth scenarios	24
8	Affordable housing	26
9	Evidence from academic studies and international experience	28
10	What if different assumptions were made?	30
11	Written representations and submissions to the JCS authorities.	35
12	Recent Core Strategy Examinations	37
13	Bringing together the available evidence	38
14	Conclusions and Recommendations	40

## **Executive summary**

One of the factors that determine how many homes an area needs is how people group themselves together into households: the greater the tendency to form separate households, the higher the number of homes needed.

There is clear evidence that the pattern of household formation has changed over the last ten years – and changed in ways that were not fully anticipated in the latest official projections. This report reviews the evidence on the trends in household formation rates and average household size and advises on the way in which household formation rates should be used to inform the assessment of housing requirements for the Cheltenham, Gloucester and Tewkesbury Joint Core Strategy.

## **The context**

For the first time in over 100 years, average household size did not fall in England between censuses. The 2011 census found both more people and fewer households than expected, suggesting that there had been a significant departure from what had been assumed on household formation rates in the official projections.

Against this backdrop it is unsurprising that some have queried whether it is appropriate that estimates of household growth for the Joint Core Strategy should be based on the increasing household formation rates and falling average household sizes implicit in the latest DCLG household projections.

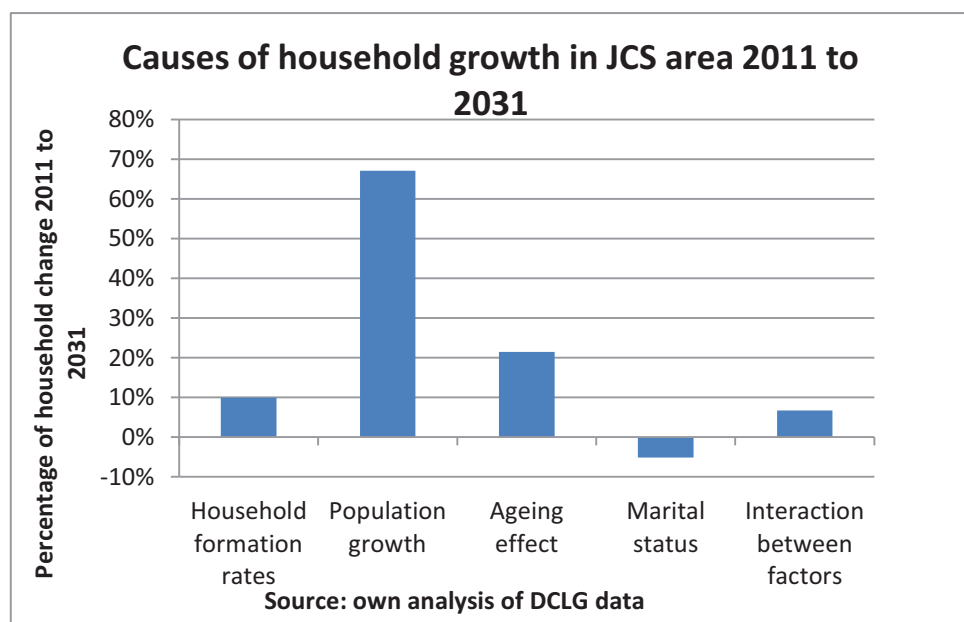
In order to reach a view on what the appropriate assumptions on household formation rates would be this review has sought to understand:

- Why household formation patterns have changed
- To what extent the changes seen nationally have affected the three JCS authorities
- Whether the changes are a short-term departure from the previous trend or indicate a new long-term trend.
- How much uncertainty there is in future household formation rates.

## **Key findings**

- The extent to which household size changed between the 2001 and 2011 censuses has varied significantly between English local authorities. Over 100 saw an increase in their average household size. These included Gloucester, which was the most significantly affected of the three JCS authorities.

- ONS data released on 11 December 2012 shows that for all three JCS authorities there were significantly fewer single person households than suggested by the official projections. The differences for couples and families were much smaller. There were also more 'other households' than expected – a group that includes people living in shared flats and houses.
- An ONS study published in May suggests that there has been a 21% increase in adults aged 20-44 living with parents between 2001 and 2011 – amounting to around ½ million young adults. There is also a substantial body of academic research that indicates that house prices and income levels have a significant impact on household formation rates.
- The differences between the impact which changing household formation patterns have had on the three JCS authorities are consistent with the changes predominantly affecting single person households and probably younger single person households. Gloucester, which has been most affected, has both the smallest proportion of older people and most children.
- Household representative rates – the tendency of a particular group to form households – are not the only factor that determines how many households a given size of population produces, and hence the average household size. Older people tend to live in smaller households, so if the age profile of a population moves towards older age groups the average household size will fall. The 'marital status mix' also has an impact, albeit normally a much smaller one.
- The following chart suggests the relative importance of population growth; changing household formation rates; the 'ageing effect' and marital status would make to the projected increase in households in the JCS area between 2011 and 2031 according to the latest DCLG projections.



- As can be seen, household formation rates are only responsible for a small part of the projected growth. If household formation rates in 2031 were to be the same as in 2011 there would be 13% fewer households than in the DCLG projection



(once account is taken of the interaction between factors). This is a reasonably extreme scenario as it assumes there would be no return towards the previous trend.

- A scenario where there was no change in household size between 2011 and 2031 was also considered. This would generate around a third fewer extra households in the Joint Core Strategy area. This implies very considerable and continuing further reductions in household formation to offset the strengthening aging effect. This is both extremely improbable and most unlikely to be accepted by an inspector at a core strategy inquiry as a prudent planning assumption.
- There is evidence to suggest that housing markets tend to recover following a period of economic downturn or high house prices. Whilst the length and depth of the current downturn might be such as to make it unlikely that a full return to pre-2007 conditions will occur in the foreseeable future, it would not be prudent to plan on the basis of no return to towards the previous trend.
- This view is reinforced by the evidence suggesting that the changes that have occurred in household formation rates have predominantly affected single person households and probably younger single person households. This is in line with academic and international evidence. They are a group that is particularly vulnerable to high house prices and a tight mortgage market but is likely to respond reasonably quickly to better economic conditions.

### **Conclusions**

- Even if there is no movement back towards underlying trends, the impact of the changes in household formation rates on the number of extra households formed in the Joint Core Strategy area between 2011 and 2031 is only likely to be a reduction of around 13%.
- Past performance of the housing market suggest that some return towards trend is likely even if complete recovery to the pre-2007 position may not occur in the near future.
- The prudent approach would be to plan on the basis of the projected household formation rates that underpin DCLG's 2008-based projections applied to the most recent population projections. Those figures should be updated to reflect DCLG's 2011-based household projections when they become available.
- Sensitivity analysis should be carried out looking particularly at lower household formation rates among younger households. The Core Strategy needs to be flexible enough to address variations both up and down.

**1. The issues**

- 1.1. There is clear evidence that patterns of household formation have changed over the last ten years, and changed in ways that were not fully anticipated in the latest official projections. If these changes were to continue over the Joint Core Strategy (JCS) plan period – 2011 to 2031 – they could have significant implications for the number, size and type of homes required.
- 1.2. In order to reach a view on what, if any, allowance should be made for changed household formation patterns in planning for housing in the JCS area, the following issues need to be addressed:
- a. **What is happening to household formation patterns nationally and how is this affecting average household size?** Understanding what is happening is important if an informed view is to be taken on projections and the likely consequences over the next 20 years.
  - b. **How are the changes affecting the JCS area?** There is evidence that the changes in household formation patterns are not affecting all areas equally. Applying national average figures to the JCS area could give a misleading impression. A view is needed on the extent of the impact on the three authorities that make up the JCS area.
  - c. **Are the changes the beginning of a new long term trend or a short term departure from an established trend?** The housing market and the economy more generally are cyclical. If the changes in household formation patterns are the result of a cyclical downturn it would be inappropriate to give significant weight to them in planning for a 20 year period. On the other hand, if there is clear evidence that suggests that patterns have changed permanently it could be appropriate to adjust the assumptions made about household formation rates.
  - d. **What assumptions about household formation rates should be made for the JCS area and how much uncertainty should be planned for?** In light of the evidence gathered on the three previous issues a view needs to be taken on what an appropriate planning assumption would be. This should recognise the practical reality that the future is inherently uncertain and that no amount of analysis can determine with complete confidence what will happen. A view therefore needs to be taken on the extent of the uncertainty so that sufficient flexibility can be built into the plans made. The approach taken also needs to be consistent both with the expectations set out in the National Planning Policy Framework (NPPF) and what is likely to be acceptable at an examination in public.

## 2. Approach to review

2.1. The review involves the following stages:

- a. **A review of methods and assumptions on household formation rates used in preparing household projections for the JCS.** This has included a check that the methods used have produced the household numbers that would have been expected.
- b. **An examination of the available evidence on how household formation patterns have changed nationally over the last ten years.** This has included a comparison with what the latest official projections had envisaged.
- c. **An investigation of the available evidence on how the changes have affected the JCS authorities.** This has included data released from the 2011 census very recently (11 December 2012) and an examination of the differences between Cheltenham, Gloucester and Tewkesbury.
- d. **Economic growth scenarios.** Work here has focused exclusively on the impact that different household formation rates might have on the housing requirement needed to support economic growth as estimated by Nathaniel Lichfield and Partners.
- e. **Affordable housing.** Household formation rates play a key role in the approach used to estimate the requirement for affordable housing (i.e. social or intermediate housing). A few observations are made on the appropriateness of using modified housing formation rates in this area.
- f. **Evidence from academic studies and international experience.** The focus here has been on work that can inform the view taken on the extent to which the changes that have occurred are a short-term departure from the previous trend or the beginning of a different trend.
- g. **Written representations and submissions to the JCS authorities.** There is a very extensive body of representations and submissions. In the time available only a limited review has been practicable, relying heavily on summaries produced by the JCS authorities. The focus has been on identifying any additional issues that ought to be considered.
- h. **Recent case law.** Work here has focused on inspectors' reports on core strategy examinations which have raised issues about the estimation of housing requirements.
- i. **A consideration of how sensitive the results are to different assumptions on household formation rates.** This has included analysis by DCLG at the national level and specific analysis using the projections for the JCS authorities.

- j. **Bringing together the available evidence.** This has sought to identify both the best approach to estimating future household formation rates and the extent of the uncertainty that attaches to those estimates.
- 2.2. The rest of this report first discusses the role that household formation rates play in a demographic approach to projecting household numbers and then deals with each of the above areas in turn.

### 3. Household Representative Rates

- 3.1. In a demographic approach to projecting household numbers a projection is first made of the number of people who are likely to be present in the population and their age and marital status. Household numbers and types are then derived from the population projection by making assumptions about how the population groups itself together into households.
- 3.2. In order to make this second step a view needs to be taken of how many households are likely to be formed out of any given group in the population. Where two or more people come together to form a household, if double counting is to be avoided the household has to be counted as 'belonging' to one of those people and only one. This is done by identifying one member of each household as the 'household representative person' (HRP – what used to be called the 'head of the household'). The 'household representative rate' is the probability that a person is a household representative person. It can be a number between 0 and 1, where '1' means that all the members of the group are household representative persons and '0' means none are.
- 3.3. Household representative rates vary widely according to age, gender and marital status. In particular:
  - a. In a mixed sex couple the man is defined to be the household representative person. This means that, by definition the household representative rate of women living in mixed sex couples is '0'.
  - b. The vast majority of people over 60 live either as couples on their own or as single person households. As a consequence men over 60 tend to have household representative rates close to 1. Women over 60 who are single, divorced or widowed also tend to have household representative rates close to 1.
  - c. At the other end of the spectrum, young adults live in a variety of household arrangements. Examples include:
    - i. Living with their parents - in which case they won't be a household representative person.
    - ii. Living with a group of other young adults in a shared house or flat sharing facilities - in which case only one of the group will be a household representative person.
    - iii. Living with a partner as a couple – in which case in a mixed sex couple the man would be the household representative person.
    - iv. Living on their own in a flat or bedsit – in which case each would be a household representative person.
    - v. Living in a student hall of residence. Halls of residence are not counted as households. People living in halls of residence and other 'institutional arrangements' (such as care homes, barracks

and prisons) are subtracted from the total population before household representative rates are calculated.

The net result is that household representative rates for younger people tend to be much lower.

- 3.4. A key point to note is that, if the age profile of a community changes so that there is a larger proportion of older people, the number of households for a given size of population will increase (and the average household size fall) even if tendency of each age, gender and marital status group to form a household (i.e. the household representative rates) does not change. This might be termed an 'ageing effect'.
- 3.5. Household representative rates for past years can be calculated if the breakdown by age, gender and marital status of the population is known together with number, age and type of households. (Age in the household context means the age of the household representative person.) For each group the household representative rate is the number of households of which members of the group are the household representative person divided by the population in the group (less those living in institutional arrangements).
- 3.6. Having calculated household representative rates for each age, gender and marital status group for a number of dates (usually using the census years and data) it is possible to project trends forward to estimate what household formation rates might be in future years.
- 3.7. The official household projections (from which future household formation rates can be derived) are produced by the Department for Communities and Local Government (DCLG). They are based on population projections produced by the Office for National Statistics (ONS) and estimate household numbers, ages and types for each English local authority for a 25 year period.
- 3.8. At present the latest set of projections is the 2008-based projections produced in 2010. These cover the period 2008 to 2033 and are based on ONS's population projections for the same period. ONS has subsequently produced 2010-based population projections covering 2010 to 2035 and, in September this year, it released its Interim 2011-based subnational population projections for England. These take account of the emerging results from the 2011 census but only cover the ten year period from 2011 to 2021. DCLG is expected to produce its 2011-based household projections in the spring of 2013, although it is not clear how far these will be able to take account of the 2011 census.
- 3.9. The household formation rate projections that underpin DCLG's 2008-based projections are based on the 1971, 1981, 1991 and 2001 censuses. They also give weight to more recent data from the Labour Force Survey and so take some account of trends that have become evident since 2001. It should, however, be emphasised that the projections are designed to estimate long-term trends in household numbers if previous demographic trends in population and household formation rates continue into the future. They are

not intended to forecast short term fluctuations due to volatility in economic conditions or housing markets.

- 3.10. It should be noted that the necessary detailed information on population and household composition to calculate household formations from the 2011 census is not yet available and will probably not be available until summer 2013.
- 3.11. In producing its household projections DCLG makes adjustments first to ensure that regional totals are consistent with national projections and then that local authority projections are consistent with the regional figures.

#### **4. Methods and assumptions used on household formation rates**

- 4.1. A range of household projections have been produced as a part of the work to develop the joint core strategy. In particular, the December 2011 public consultation document<sup>1</sup> was underpinned by projections derived from the Gloucestershire Local Projection. A subsequent report in September 2012 by Nathaniel Lichfield and Partners (NLP)<sup>2</sup> discussed five demographic scenarios and two economic growth scenarios. All of these have been based on the household representative rates that underpinned DCLG's 2008-based household projections as they were (and still are) the latest official projections available. This is presumably because they are generally seen as the best available and are therefore likely to carry substantial weight at examinations and inquiries.
- 4.2. A check of the method used to convert the Gloucestershire Local Projection into a household projection has been carried out by comparing the household sizes in 2031 implied by the figures reported in "Housing Trend Analysis & Population and Household Projections, Final Report (May 2011)" with the average household sizes implied by DCLG's 2008-based projection. Given that both use DCLG's household formation rate projections to turn population projections into a household projections it is to be expected that they would produce similar average household sizes even if the number or people projected was different, unless there was a difference in the age/gender/marital status mix.
- 4.3. The average household sizes produced from the figures reported in the May 2011 report are reasonably close to those suggested by DCLG's projections. The differences are sufficiently small that they could be due to small differences between the age profile assumed in the local population projections and that in the DCLG projections.
- 4.4. It was therefore concluded that it is unlikely that there were material errors in the way in which the DCLG household representative rates had been applied.

---

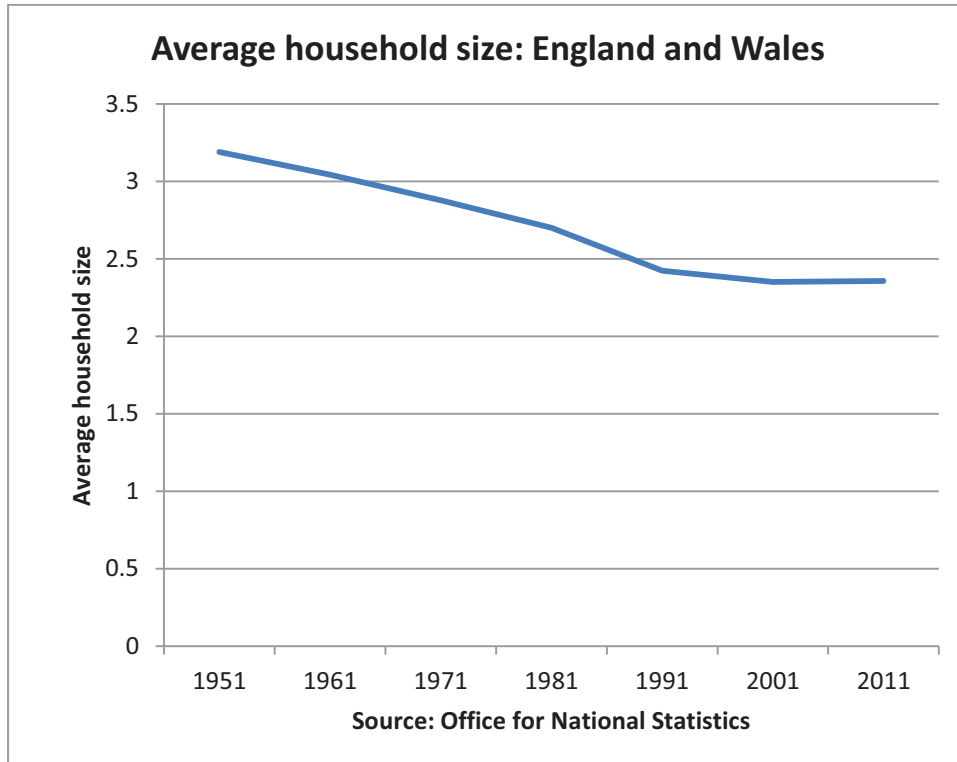
<sup>1</sup> "Developing the Preferred Option Consultation Document (December 2011)"

<sup>2</sup> "Assessment of Housing Needs (September 2012)"



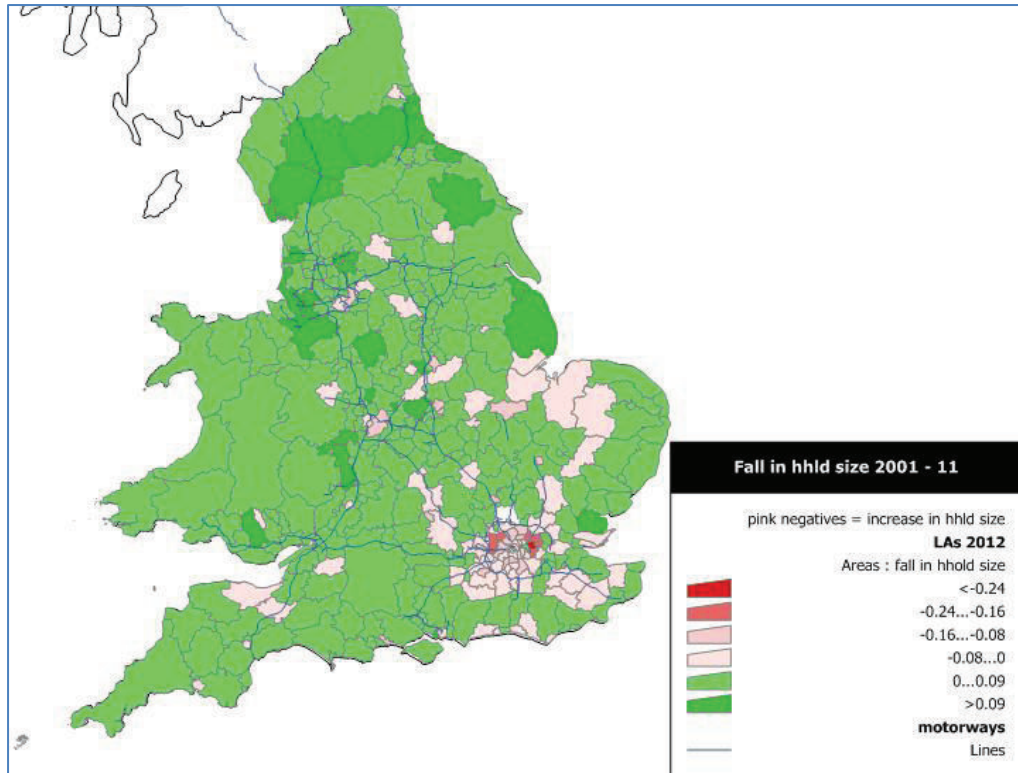
**5. What is happening to household formation patterns and average household size nationally?**

5.1. The clearest evidence that household formation patterns changed over the last ten years comes from the way in which average household size did not fall as projected between the two censuses. The graph below shows how the average household size in England and Wales has changed over the last 60 years.



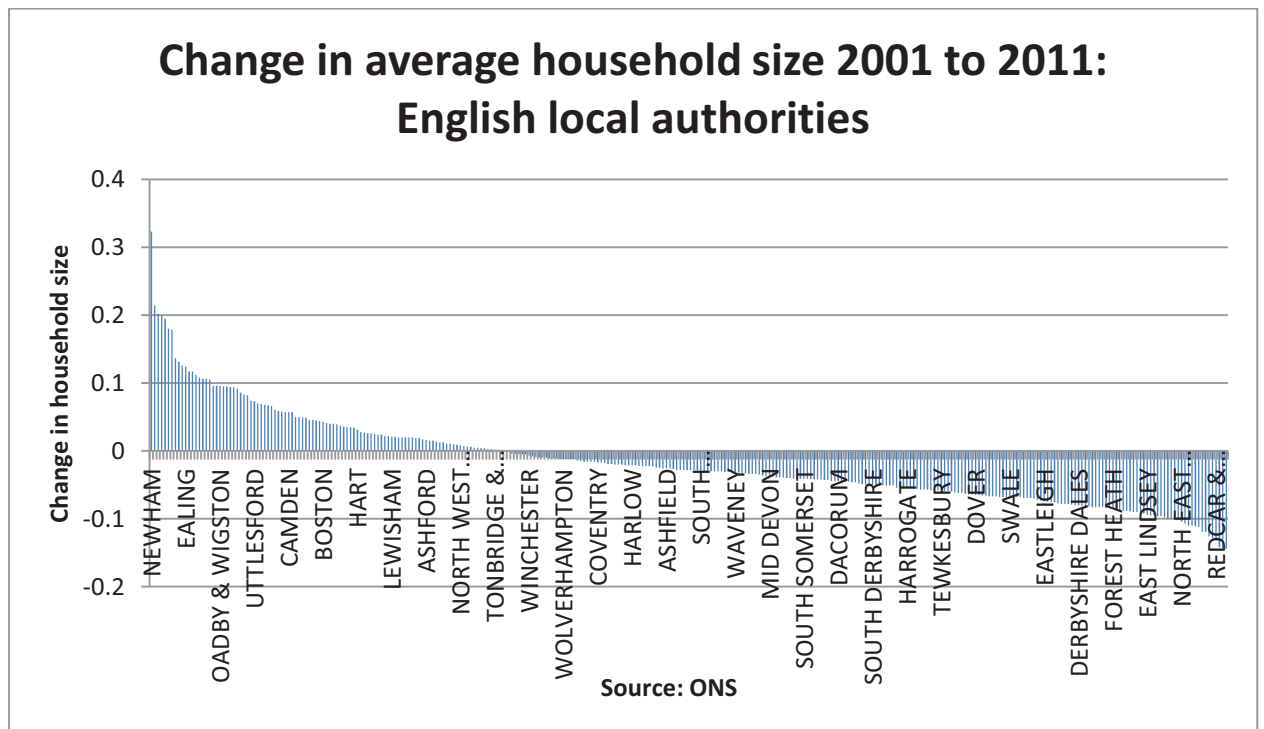
5.2. Had household formation rates changed as envisaged in DCLG's 2008-based projections there would have been a fall in average household size for England of 0.06 – from 2.37 to 2.31. That fall would have equated nationally to over ½ million more households than were indicated by the 2011 census.

5.3. The change in household size between the censuses was not uniform across the country as the map below indicates.



Source: ONS and DCLG

5.4. The change in average household size varied from an increase of 0.323 in Newham to a fall of 0.168 in the City of London. Those two authorities are both in their own way special cases. Ignoring outliers, the range was between an increase of 0.2 and a fall of 0.14. 102 out of 321 authorities saw a growth in average household size. The distribution of household size change is plotted in the graph below.



- 5.5. The 32% of local authorities that saw an increase in household size compares with around 6% that were projected to see an increase in DCLG's 2008-based projections. Far more – over 80% of authorities had a larger household size in 2011 than the projections had suggested, many having a smaller decrease in household size than was projected.
- 5.6. There is some evidence from the Labour Force Survey as to what has caused these changes. In particular an ONS report released in May 2012 “Young adults living with parents in the UK, 2011”<sup>3</sup> suggested that there had been a 21% increase in the number of adults in the UK aged 20-34 living with parents – an increase of over ½ million. Insofar as this increase was not envisaged in the 2008-based projections, it goes a significant way towards explaining why the 2011 census found fewer households than the projections envisaged.

---

<sup>3</sup> 1. <http://www.ons.gov.uk/ons/rel/family-demography/young-adults-living-with-parents/2011/young-adults-rpt.html>

**6. How are the changes affecting the JCS area?**

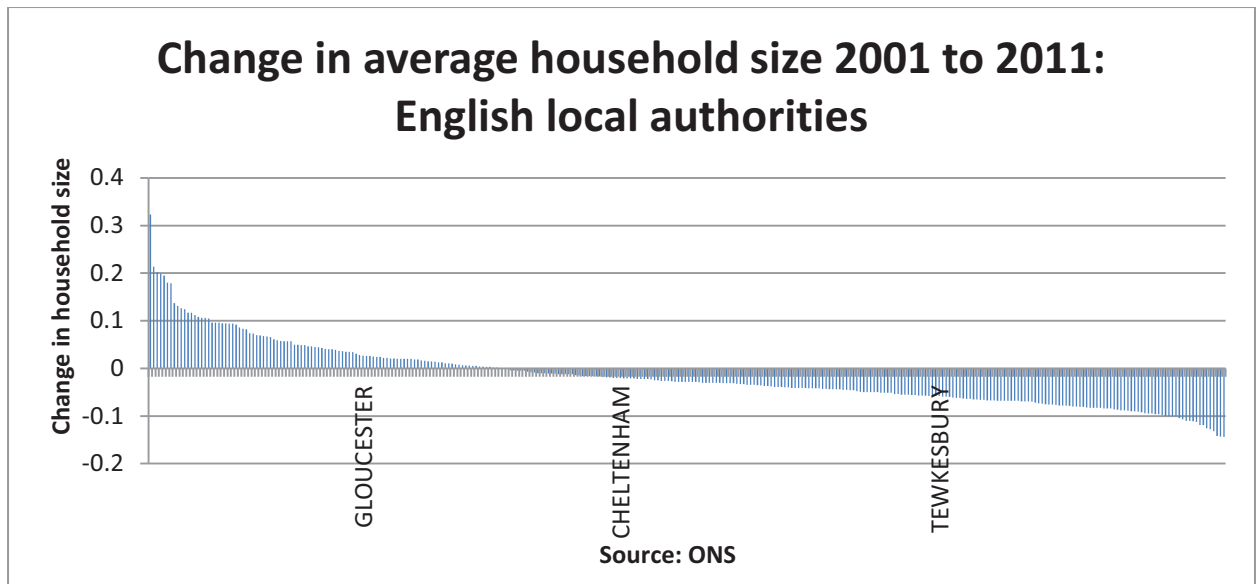
6.1. The basic data on how the three JCS authorities' census results compare with the ONS and DCLG's 2008-based projections are set out in the following table. The figures given under "Fall in household size" are for the period 2001 to 2011, the comparison being between the change projected and the results from the two censuses. The difference between the household change figures is a broad indicator of the extent to which the movement in household formation rates between 2001 and 2011 was different from that assumed in the projections – assuming that there were not significant disparities in the assumed age, gender and marital status mix.

	Population in 2011			Households in 2011			Fall in household size		
	ONS 2008	Census 2011	% diff	DCLG 2008	Census 2011	% diff	DCLG 2008	Census 2011	Diff
Cheltenham	115330	115732	0.35%	51465	50929	-1.04%	0.042	0.020	0.022
Gloucester	119638	121688	1.71%	51413	50363	-2.04%	0.075	-0.027	0.102
Tewkesbury	81383	81943	0.69%	35622	35126	-1.39%	0.074	0.058	0.016

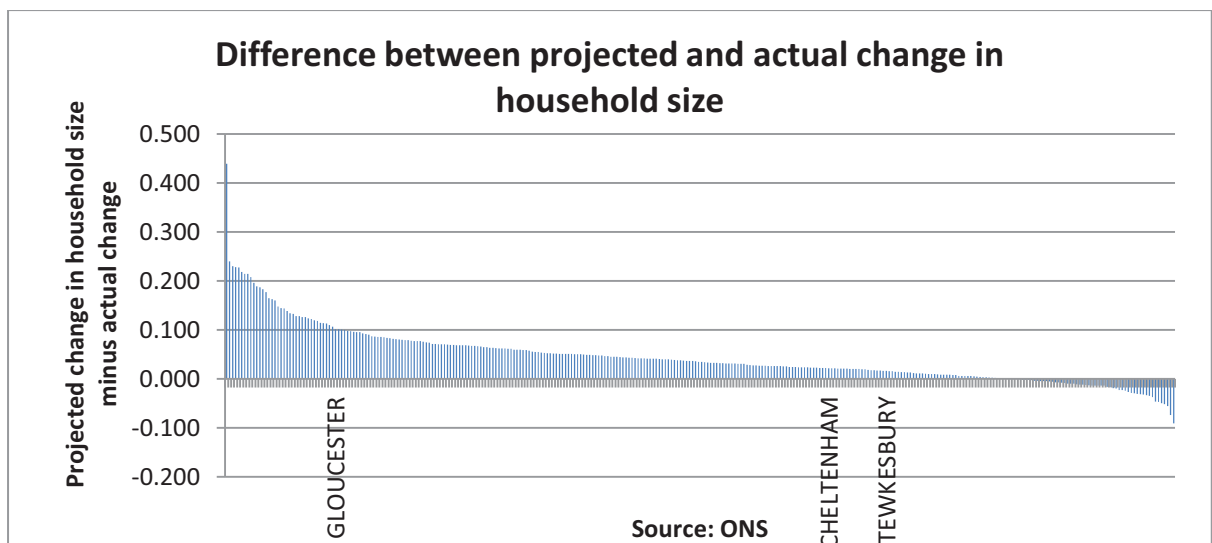
6.2. As can be seen from the table, in all three cases the census 2011 population projection was above the ONS projections yet in all three cases census household figures were below the projected figures, indicating a fall in household size compared with what was projected.

6.3. The comparison of projected and actual changes in household sizes corrects for the differences between actual and projected population numbers. The much larger difference in the case of Gloucester suggests that household formation rates there have departed from what was assumed in the projections by a much larger extent than in the other two authorities.

6.4. The following chart places the three authorities in the distribution of changes in household size for English local authorities.



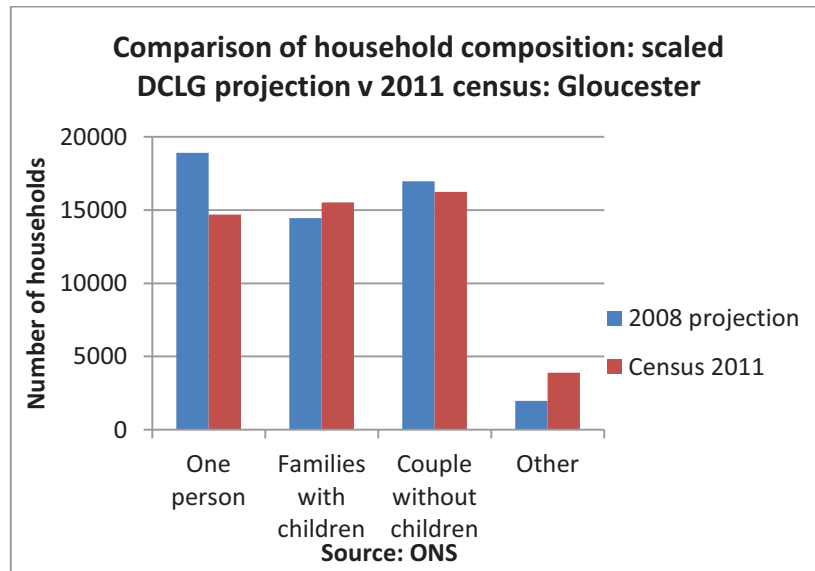
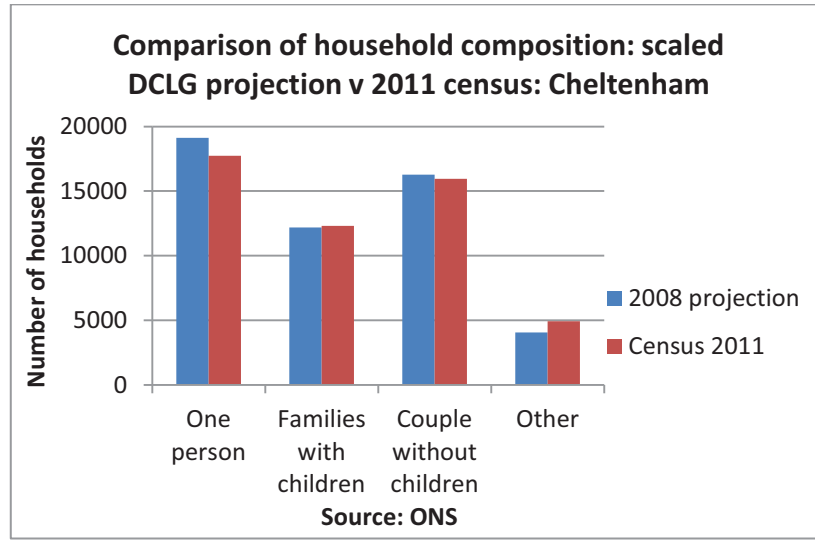
- 6.5. As can be seen, none is by any means an outlier although they sit in different sectors of the distribution. Gloucester is ranked 63 out of 317; Cheltenham 138 and Tewkesbury 231.
- 6.6. If, however, the comparative measure used is not the fall in household size but the difference between the projected fall and the actual fall, a rather different picture emerges.

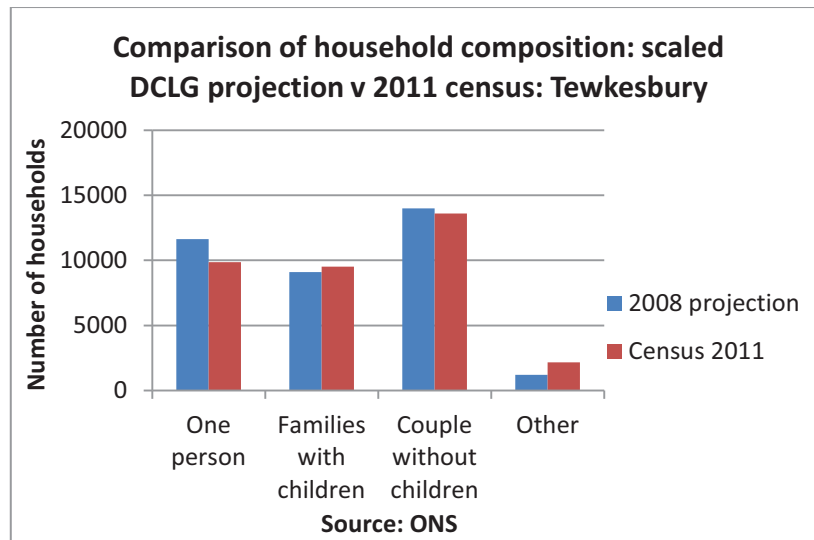


- 6.7. As can be seen from the above chart, Gloucester is in a very different position. It is ranked 37 i.e. towards the top end of the distribution – indicating a larger departure from the household formation rates that underpin the 2008 projections. Cheltenham and Tewkesbury are ranked 200 and 219 respectively.
- 6.8. Further insight into that changes that have occurred can be obtained for one of the tables that was included in the package of census releases that the ONS issued on 11 December. This provides a limited breakdown by household type for all English local authorities. This can be compared in

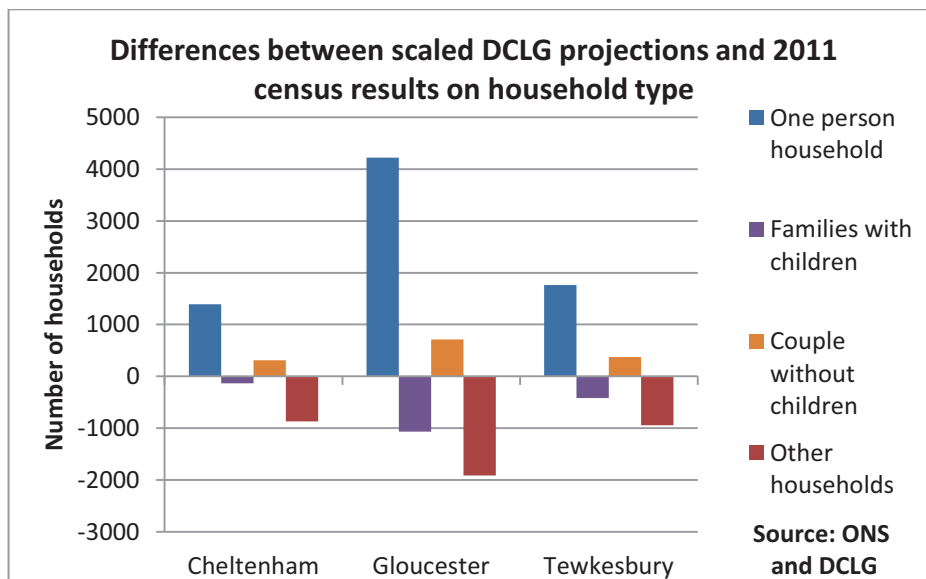
broad terms with the household composition projected for 2011 by DCLG to gain an insight into how household formation rates have departed from those assumed in the projections.

- 6.9. The graphs below show how the number of households found by the census in four broad types compare with the DCLG projections. The DCLG projections have been scaled up to reflect that fact that there were more people in the three local authority areas than had been assumed in the projections. This means that the differences between the two sets of figures are a better reflection of the differences in household formation rates.





6.10. The difference between the projections and the census are summarized in the following chart, which brings out how similar the pattern is. Positive numbers in the chart mean that the projections suggested more households than the census found; negative numbers mean the census found more households than the projections suggested.

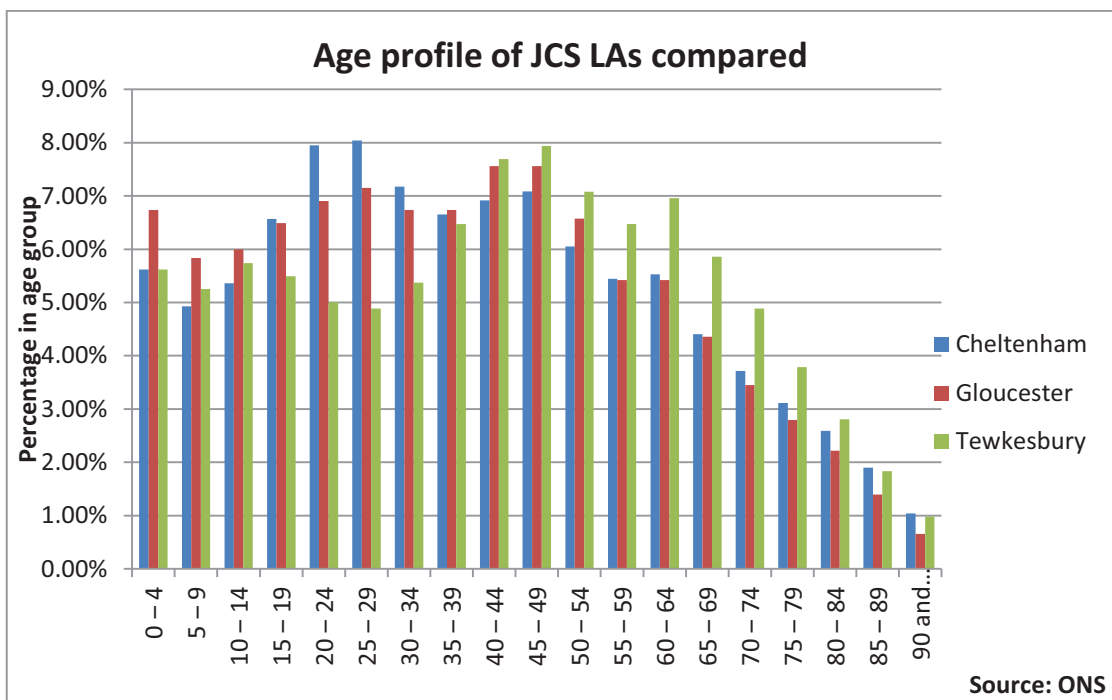


6.11. In all three cases the biggest difference is one person households: the census found significantly fewer single person households than the projections has suggested. This is consistent with more younger adults living with parents and with some of those who leave the parental home choosing cheaper options – such as living in shared houses and flats – and living in those households for longer, although older single person households were also affected. The fact census found more ‘other’ households (a category that includes shared houses where the residents share facilities) is also consistent with this.

6.12. The fact that the census found more families with children than expected is perhaps a little surprising. That is, however, consistent with rising fertility

rates during the last ten years. The census finding that there were fewer couples without children than expected might also be a consequence of the increase in fertility rates, but there could also be other factors in play such as young couples not being able to afford to set up home together.

- 6.13. Whilst there are strong similarities between the three JCS authorities there are also significant differences of scale.
- 6.14. Both in terms of changes in average household size and differences between census and projections in the four broad household types, Gloucester has been much more significantly affected than the other two authorities.
- 6.15. When Cheltenham and Tewkesbury are compared, the difference in average household size changes is much smaller but Tewkesbury has bigger differences between the census and the projections than Cheltenham in each of the four broad household types. Bearing in mind that Tewkesbury has a much smaller population than Cheltenham, the percentage differences are much larger for Tewkesbury.
- 6.16. Differences in age profile may be one factor. The following table compares the three authorities from this perspective.



- 6.17. Gloucester has the smallest proportion of over 65s and the most children and families. That is consistent with the changes being related to younger people and, in particular, younger adults having difficulties starting their housing careers.
- 6.18. With Tewkesbury having a significantly older profile than Cheltenham it might have been expected to have been much less affected by changing household formation patterns, but that doesn't seem to be the case. There could well be other factors in play here such as income levels and the much more rural nature of the Tewkesbury Borough area. A fuller explanation of the



differences will probably have to await the full 2011 census results in summer 2013

## 7. Economic growth scenarios

- 7.1. Two economic growth scenarios are outline in the Nathaniel Lichfield and Partners (NLP) report “Assessment of Housing Needs (September 2012)”. These use a rather different method from a classic demographic approach to projecting household growth. Paragraph 3.55 explains the approach used:

The economic scenario adopts a different starting point to the demographic scenarios. The demographic scenarios apply input data relating to (inter alia) natural change and migration and then identify the resultant population change, dwelling requirements and number of jobs that would be supported by the economically active population. By contrast the economic scenario uses the employment forecast prepared by Cambridge Econometrics as its starting point and then identifies the number of migrants that would be expected, taking account of assumptions regarding commuting, unemployment and economic activity levels and the likely future levels of non-economic migration from this. It then tests the likely levels of natural change and population growth and identifies resultant household growth and dwelling requirements.

- 7.2. Two economic forecasts are modeled: one by Cambridge Econometrics that suggest a 15.3% increase in jobs in the JCS area between 2011 and 2031 and one by Experian that suggests a growth of 8.4%. These result in higher population and household growth rates than suggested in the demographic-only estimates.
- 7.3. It would be beyond the scope of this report to review the methodology adopted by NLP in forecasting the housing implications of the two economic growth scenarios and no attempt has been made to do this. However we do note that the usual approach to assessing interregional migration is to look at relative house prices; relative wage rates and relative unemployment rather than use evidence on potential employment.
- 7.4. The following observations are offered on the extent to which the recent changes in household formation rates affect the number of homes required in the two economic scenarios
- a. Insofar as there are long term changes to household formation rates, these will affect the base position against which the economic growth scenario is modeled.
  - b. Care is needed to avoid inconsistent assumptions in the same scenario. It seems highly probable that the economic downturn has been one of the drivers of the changes in household formation patterns. It would seem implausible to assume that lower household formation rates continue (with the implication of a lower housing requirement) whilst at the same time assuming an increased rate of economic growth that would attract more migrants into the area.

- c. Given the evidence that the largest changes in household formation patterns have been amongst single people and probably amongst younger, lower income single people, consideration needs to be given to how these groups might be affected by a growth in jobs in the area. It might increase employment and incomes in this group, thereby tending to reverse the reduction in household formation rates that has occurred. This is the most likely longer term scenario. Or if the growth is concentrated in the area it could attract people of working age from outside the area, increasing pressure on house prices and reinforcing the difficulties faced by young adults in entering the housing market.
- d. We note that there is a local affordability model – the Gloucestershire Housing Affordability Model. We have not reviewed this but part of the purpose of such models is that they are able to investigate the likely consequences of different economic scenarios. We would suggest that this model be used to investigate how a range of different trajectories from the current economic downturn to the growth scenarios suggested by Cambridge Econometrics and Experion might affect housing requirements.

## 8. Affordable housing

- 8.1. Besides being used in the assessment of overall housing requirements, household formation rates have also had a critical role in assessing the need for affordable housing (i.e. social and intermediate housing) in the Joint Core Strategy (JCS) area.
- 8.2. The method used involves assessing both the 'existing unmet need' – the number of household who are currently unable to afford to meet their housing needs – and the 'newly arising need' – the number of additional households who will find themselves unable to afford to meet their housing need in future years. The latter category includes both newly forming households and households which are either owner occupiers or in the private rented sector who find themselves unable to afford the housing they need. It is in estimating the number of additional households that form each year and are unable to afford adequate housing that household formation rates have a role.
- 8.3. The approach used in this part of the calculation is to use the household projections age group by age group to estimate the number of newly arising households. The assumption has been made that if there were X single parent households aged 20-24 in one year and Y single parent households aged 25-29 five years later then there have been Y-X new households in this group. Assumptions are then made about the proportion of these who cannot afford adequate housing from their own resources.
- 8.4. As we have seen, the household formation rates have a role in determining how many households there are of each size and type in each age group. Assuming lower household formation rates would therefore, all other things being equal, reduce the estimated number of newly arising households and hence the requirement for affordable housing.
- 8.5. The key issues about the size of the changes that have affected the JCS area and whether they are a short term or long term also apply here. There is, however, an additional factor to be borne in mind. Past household formation rates reflect households that have been successful in forming. Any trends based on recent past formation rates will similarly reflect households that are likely to be successful in forming, not those that 'ought' to be able to form or to be adequately housed. Thus, insofar as reduced household formation rates are due to "forced changes" rather than changed aspirations, it would be perverse to reduce estimates of the affordable housing needed to reflect them: calculations should be based on the long term trend.
- 8.6. It should be stressed that in this area the review has only looked at the specific issue of the role taken by a household formation rates. A number of other developments could potentially have a much larger impact including changes to welfare policy and developments in housing policy such as the introduction of the 'affordable rent' product and the new freedom local authorities have to discharge their homelessness duty by arranging a tenure in the private rented sector. These could, for example, lead to those reliant

on housing benefit to move to more affordable areas, changing past migration patterns.

## **9. Evidence from academic studies and international experience on the determinants of household formation**

- 9.1. There is a large literature which looks both at the assumptions associated with current ways of calculating household formation figures and at the broader issues of what determines these rates. A detailed history of the first can be found in Holmans (2012)<sup>4</sup>.
- 9.2. The big issue is whether the length and depth of the downturn is such that we are now in a different ball park particularly as to whether those who could have been expected to form households in the last five years will catch up or be long term disadvantaged. There are also issues associated with the impacts of rapid change on house prices and therefore access to market housing and the extent to which the welfare system will continue to support everyone who can find a home.
- 9.3. It has long been recognised that household formation (and especially the timing of that formation) is determined by economic as well as demographic factors.
- 9.4. One of the earliest models in the UK is that put forward by Ermisch (1999)<sup>5</sup>. This sets out an economic theory of young people's decision to live apart from parents and employed data from the British Household Panel Survey for the first half of the 1990s. It showed that tighter housing markets, as indicated by higher regional relative house prices, significantly retard home leaving, especially the formation of partnerships, and encourage returns to the parental home. Young people with larger current income are more likely to leave, but less likely to return to, the parental home.
- 9.5. The literature is reviewed in Bramley, Munro and Lancaster. (1997)<sup>6</sup>. This summarises a large number of different approaches all of which clearly show that house prices and incomes are important in determining the number of households.
- 9.6. The latest detailed analysis is that by Meen and Andrews in 2008<sup>7</sup>. This shows that the main economic factors affecting household formation are real housing costs; real incomes and previous tenure status – i.e. what tenure you were in last year. It also makes it clear that economic factors are less important but still very significant in determining household formation and

---

<sup>4</sup> Holmans A (2012) Household Projections in England: their History and Uses

<sup>5</sup> Ermisch J (1999) \* Prices, Parents, and Young People's Household Formation, Journal of Urban Economics January

<sup>6</sup> Bramley, G, Munro M, and Lancaster S. (1997) The Economic Determinants of Household Formation: A Literature Review. Report for the Department of the Environment, Transport and the Regions.

<sup>7</sup> G Meen and M Andrews, (2008), Planning for Housing in the Post-Barker Era: Affordability, Household Formation and Tenure Choice, Oxford Review of Economic Policy, Volume 24, Number 1

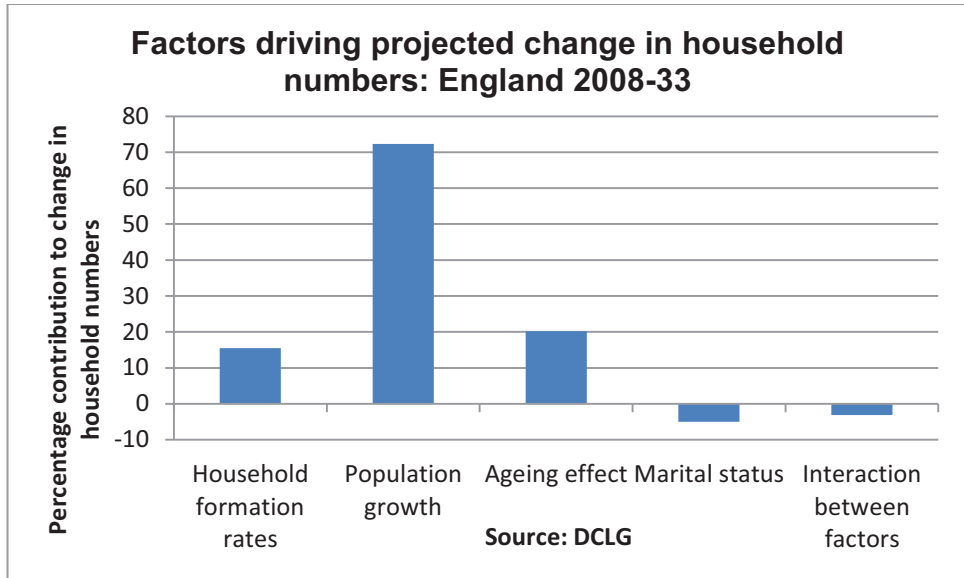
much more dominant when it comes to tenure. Work by Andrews also shows that household formation is reduced by debt arising from Higher Education and other sources.

- 9.7. Of particular importance is the review undertaken for NHPAU as to the likely impact of the recession on household formation rates: *Housing requirements and the impact of recent economic and demographic change, NHPAU, May 2009*. This used the DCLG/Reading affordability model to look at how the housing market might respond on emerging from the recession. It concluded that the market could be expected to bounce back if and when conditions returned to a pre-2007 state.
- 9.8. Work in the USA since the recession also suggests very significant impacts of unemployment and income reduction on household formation by young people but of course shows no evidence on the upturn.
- 9.9. Finally these are all market models – it should be remembered that the welfare system and particularly housing benefit and pensions helps to determine income and the capacity either to form separate households or to remain as separate households.
- 9.10. International evidence would suggest that richer countries are still seeing continuing falls in household size and that these are reinforced by aging populations. Currently the average household size is roughly equal to the EU average but significantly higher than Germany and Scandinavia (Eurostat 2012). Household size has inched up in the USA and in parts of England mainly as a result of economic and housing market factors. Looking to the future Britain is atypical in having a younger age profile and relatively strong birth rates. There is therefore probably still a long way for household sizes to fall.

## 10. What if different assumptions were made?

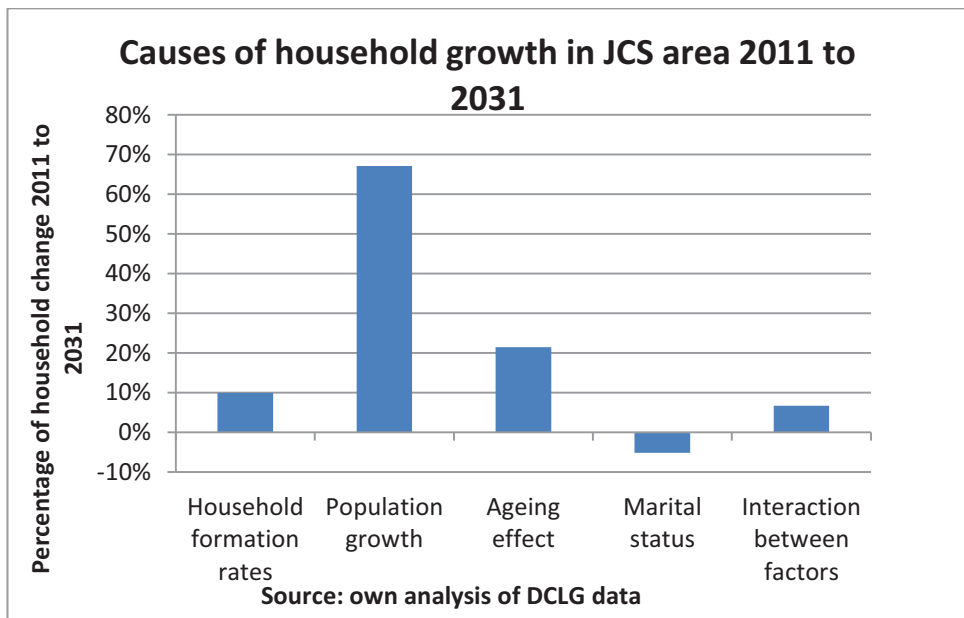
- 10.1. As already noted, the assumptions made about household formation rates can have a significant impact on the number of households that are projected to form. Understanding just how big that uncertainty is and how it compares with the other factors affecting the number of extra households likely to form is an important element in informing decisions about both the assumptions to be made and the extent to which it would be prudent to plan in flexibility in case a different outcome occurs.
- 10.2. Within a demographic model there are four main factors that affect the number of extra households:
  - a. **Population growth:** if there was no change in the age profile of the community or the tendency of different groups within the community to form households, the growth in the population would on its own cause the number of households to increase.
  - b. **Changes in household formation rates:** similarly if all other factors were unchanged, the number of households would still increase if there were increases in the tendency of different groups to form household (i.e. increases in household formation rates).
  - c. **Ageing effect:** as older people tend to live in smaller households, if the profile of the community shifts towards older age groups – as is happening generally in England – then the number of households in a given size of population would increase.
  - d. **Changes in marital status:** the household formation rates of single people, couples and previously married people are different. If the marital status mix changes this can affect the number of households in the population.
- 10.3. In addition there is an interaction between the four factors – for example, the changes due to increased household formation rates apply to a greater extent if the population also grows.
- 10.4. In their Final Report on their 2008-based projections DCLG set out the contribution each of these factors made to the projected increase in households and concluded that, across England as a whole, only 16% of household growth between 2008 and 2033 is attributable to changes in household representative rates.
- 10.5. The chart below illustrates the relative size of the factors driving household change.





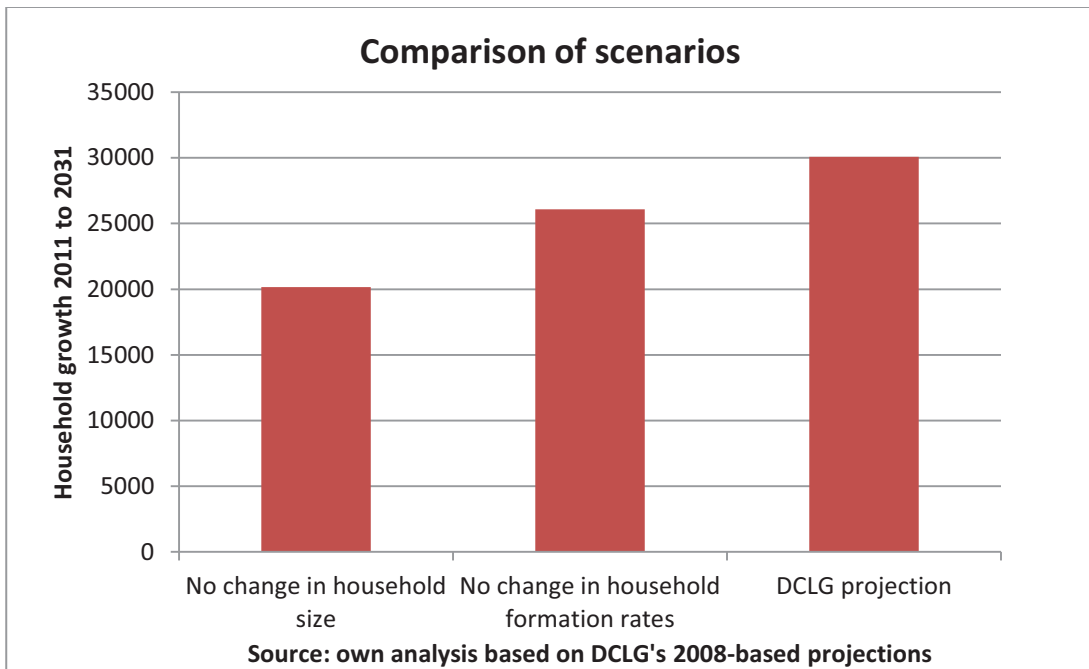
10.6. Similar calculations can be made for the three JCS authorities: for the period from 2008 to 2033 the projected changes in household formation rates are responsible for 13.6% of the change in household numbers in the DCLG projections. The difference compared with the national picture will be due to differences in the age profile and the local trends assumed for household formation rates.

10.7. The chart below shows the relative size of the four factors for the JCS area for core strategy period of 2011 to 2031<sup>8</sup>. Note that the difference between the contribution of household formation rates and the ageing effect is rather larger than in the national figures.



<sup>8</sup> This graph has been prepared on a slightly different basis from the national graph shown after paragraph 10.5 for 2008 to 2033 but the results are broadly comparable.

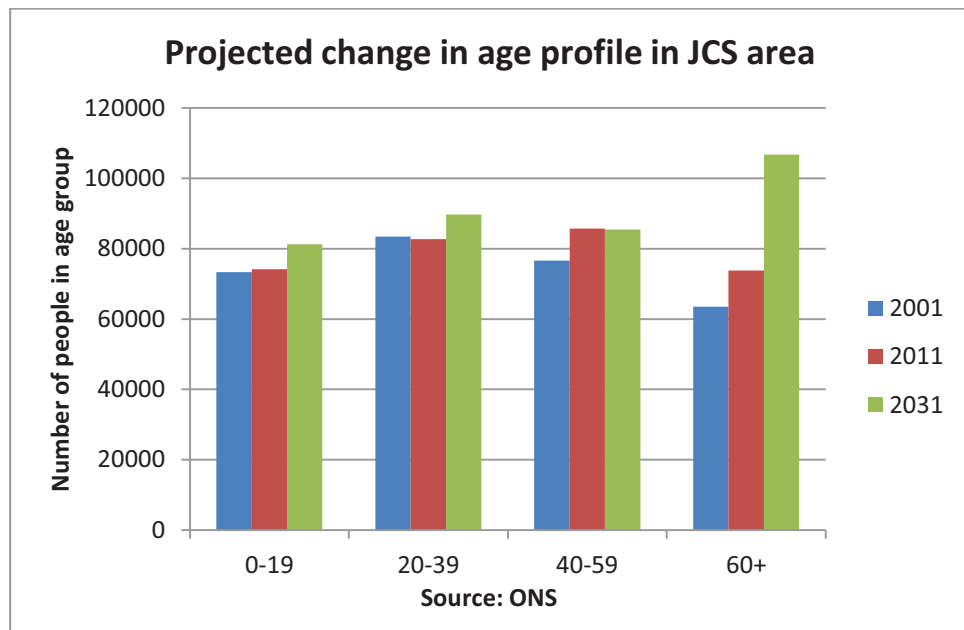
- 10.8. A wide range of “what if” calculations can be performed. The following scenarios have been tested using the DCLG 2008-based projections.
- a. Assuming that the average household size remains unchanged between 2011 and 2031. This is, in effect, assuming that there is no change in household formation rates, no ageing effect and no change in the marital status mix. The only effect that operates is population growth.
  - b. Assuming that household formation rates stay at the 2011 levels until 2031.
  - c. Assuming that there is a full return to the previous trend. This applies the DCLG projection ‘as is’.
- 10.9. The results are set out in the following chart and table.



Scenario	Change in number of households in JCS area 2011 to 2031	Change in household growth compared with DCLG projection	Change in household size 2011 to 2031
No change in household size	20200	-33%	Constant at 2.24
No change in household formation rates	26100	-13%	2.24 to 2.16 (i.e. -3.6%)
DCLG 2008-based projection	30100	-	2.24 to 2.11 (i.e. -5.9%)

10.10. The “no change in household size” scenario implies that the ageing effect will be offset by a reduction in household formation rates (and the much smaller marital status effect). This might not seem unreasonable given that this is what happened between 2001 and 2011 (when there was virtually no change in household size in the JCS area). However, for it to happen over the next 20 years:

- a. there would need to be a further reduction in household formation rates, rather than a return to the previous trend; and,
- b. the reduction in household formation rates would need to be significantly larger than it was in the period 2001 to 2011 as the ageing effect is expected to be significantly more powerful in the next 20 years than it was in the last 10 years. The graph below enables a comparison to be made between how the age profile in the JCS area has changed between 2001 and 2011 and how it is projected to change between 2011 and 2031. The 60+ age group is projected to grow at over an average of over 1600 people a year compared with around 1000 a year over the last 10 years i.e. some 60% faster.



10.11. The “no change in household formation rates” scenario assumes that the ageing effect will take place as projected. This is reasonably certain as it is largely determined by the ageing of the existing population. It also assumes that the much smaller marital status effect operates as projected. What it does not allow for is any movement back towards the previous trend. In that sense it is a fairly extreme scenario given the evidence about the factors that have driven the changes in household formation patterns over the last ten years.

10.12. It is worth noting that even with the household formation rates held at the 2011 level, the majority of the fall in average household size would still occur

– 3.6% compared with 5.9% in the DCLG projection. This is because the majority of the change in household size is driven by the ageing effect.

- 10.13. These “what-if” calculations have been performed on the 2008-based DCLG projections which in turn are based on the ONS 2008-based population projections. Slightly different results would be obtained if they were performed by applying variants of the 2008-based household formation rates to the 2010-based ONS population projections or a hybrid of those and the 2011 interim projections. However, the broad size of the effects can be expected to be similar.
- 10.14. All of this analysis excludes economic and policy change variables which can be expected to impact on household formation. If income growth, unemployment rates, the relationship between house prices and incomes and housing related welfare regimes are not in line with past trends this will affect projections. However, we have noted that demographics have dominated outcomes in the past.

## **11. Written representations and submissions to the JCS authorities.**

- 11.1. In the time available before this interim report only a brief review has been possible of the substantial volume of representations and submissions has been possible. However from this the following issues are evident:
- a. General concern about the reliability of and uncertainty attaching to projections
  - b. Concern that elements of the evidence base were out of date.
  - c. Particular concern about the projections suggesting that household size would fall. It appears this was exacerbated by a mistake made at a public meeting which had suggested that the average size might fall as low as 1.2.
  - d. Use of evidence from council tax records, at least in the case of Stroud, suggesting that the number of single person households has been falling, not rising in recent years.
  - e. Observations that some people are living in larger units as a result of the economic situation or the cost of housing.
  - f. The suggestion that the core strategy should be based on the assumption that average household size would remain unchanged over the next 20 years
- 11.2. On the point about reliability and uncertainty it is with important to distinguish between whether it is possible to estimate what would happen if a given set of assumptions holds good and whether or not it is possible to be confident that the assumptions made will reflect what is likely to happen in the future. For demographic projections there is less of an issue in calculating what the outcome will be if a set of assumptions holds good than in determining what the appropriate assumptions might be. This can be dealt with by taking a view on a reasonable range for the key assumptions and then developing a plan that can cater for the range of housing requirements that that range would suggest. It should be noted that the NPPF expects local planning authorities to develop local plans “with sufficient flexibility to adapt to rapid change” (NPPF, paragraph 14, second bullet)
- 11.3. Misgivings about the evidence base being dated are understandable given the latest DCLG household projections are 2008-based and do not take account of the impact of the economic downturn that has happened since. It is now possible to update elements of the evidence base from data that has been released from the 2011 census as well as ONS’s interim 2011 population projections. Moreover, when planning for a 20 year period the need is to estimate the long term trend, not to model short term fluctuations. As has already been noted, the focus needs to be on scrutinising the available evidence to inform a judgement on whether the recent changes are a temporary departure from trend or evidence of a new trend.

- 11.4. The points made about the number of single person households not rising as projected and people living in larger households are both a reflection of what has recently been confirmed in the census results. The key issue here is whether these changes are likely to continue or whether there will be a reversion towards the previous trend.
- 11.5. It is entirely reasonable to query whether the Joint Core Strategy should continue to assume a reduction in household size given that nationally there was no reduction in household size between the 2001 and 2011. However, as discussed in Section 10, changes in household size are the result of three factors: changes in household formation rates; changes in the age profile; and (to a much lesser extent) the mix of marital statuses. As noted in paragraph 10.10, for there to be no change in household size over the next 20 years there would need to be a further reduction in household formation rates (rather than a return towards the previous trend) and that reduction would need to be significantly larger than what was seen over the last 10 years as the ageing effect is expected to be much stronger in the future.
- 11.6. It therefore seems probable that there will be a reduction in household size over the next 20 years.

## 12. Recent Core Strategy Examinations

- 12.1. Within the scope of a review of the scale of this one it is not possible to attempt anything like a comprehensive review of recent planning decisions so the approach has necessarily had to be selective. Given that the context of the review is the preparation of a joint core strategy, attention has been focused on recent core strategy examinations and, in particular, the line that planning inspectors have taken on the assessment of housing requirements.
- 12.2. The first point to note is that in the majority of the cases reviewed inspectors have not generally delved into great depth on methodologies used to assess housing requirements. The notable exceptions are North Somerset and Bath and North East Somerset. In both of these core strategies a jobs-to-homes multiplier has been used to estimate housing requirements. In his preliminary report on the Bath and North East Somerset Core Strategy, the inspector expressed serious reservations about this. The similar methodology used in the North Somerset Core Strategy is one of the issues in Bristol University's (on going) High Court challenge to the adoption of the strategy by the council.
- 12.3. We are not aware of changes to household formation rates being raised in core strategy inspector's reports.
- 12.4. There have been a number of recent cases in which preliminary reports from inspectors raising concerns about housing numbers have led to the withdrawal of the core strategy or the suspension of the examination pending further work in this area. In a number of these cases the level of demand suggested by household projections has been cited. Of particular note is the letter the inspector examining the East Hampshire core strategy wrote on 23 November 2012 to the local authority expressing grave concerns about the level of housing provision even though he acknowledged that the plan was in general conformity with the South East Plan. The inspector went on to note that, "... the evidence base indicates that the JCS will not provide sufficient market housing to meet the objectively assessed need, a point acknowledged by the Authorities." He also makes it clear that he is not prepared to accept at face value assertions that environmental constraints prevent the authority from meeting objectively assessed need in the absence of analysis of the impact of higher levels of growth.
- 12.5. It should also be noted that some core strategies have been found 'sound' whilst not providing for objectively assessed need. The inspector's report on the Hertsmere Core Strategy notes that the 2008-based household projections suggest a significantly higher level of provision than provided for in the core strategy and that the most recent sub-national population projections based on the 2011 census suggest that the borough will grow at an even faster rate than indicated in the household projections. However, the inspector concludes that the most appropriate way forward is for the authority to adopt the strategy but commit to a partial review of the plan within three years.

### **13. Bringing together the available evidence.**

13.1. The key elements of the evidence collected in this review are:

- a. Over the last ten years there has been some departure from the household formation trends envisaged in the 2008-based DCLG household projections. This has been demonstrated by the 2011 census which found both more people and fewer households than anticipated. The net result was that for the first time for at least a century the average household size did not fall between censuses.
- b. The most likely reason for this is that economic and housing market factors have limited the capacity to form separate households, pulling them down below longer term trends. .
- c. Cheltenham, Gloucester and Tewkesbury followed the national pattern but to varying degrees. In all three there were more people and fewer households found in the 2011 census than the projections had anticipated. None of the three JCS authorities is an extreme case but by some margin the effect was largest in Gloucester.
- d. There are two pieces of evidence suggesting that the departure from previous trends has been most marked amongst single person households, particularly young adults.
  - i. An ONS study published in May 2012, “Young adults living with parents in the UK, 2011” used Labour Force Survey data to show that there had been 21% increase in 20-44 year olds living with parents between 2001 and 2011 – a change that equates to around ½ million more young people living at home rather than in other household types. This will have caused household formation rates in this age group to be lower than they otherwise would have been.
  - ii. Census data released by ONS on 11 December 2012 provides a limited breakdown of household types at the local authority level in a form that can be compared with DCLG’s household projections. This indicates that the largest departures from the trends assumed in the projections have been in single person households, significantly fewer of which were found by the census in the JCS authorities than the projections had suggested. This was partially offset by an increase in ‘other households’, a category that includes people living in shared houses and flats and sharing facilities. These two findings are consistent with the changes being amongst young adults at the beginning of their housing careers – as highlighted by the ONS report referred to above.
- e. The differences in the departures from trend seen in the three JCS authorities are consistent with the evidence set out in (d) above. Of the three, Gloucester (which is the most affected) has the smallest proportion of over 65s and the most children and families.



- f. DCLG analysis on the impact which changing household formation rates have on household numbers is useful in setting the changes seen in context. The Department has estimated that only 16% of the growth in households suggested by its 2008-based projection for the period 2008-2033 is caused by household formation changes. The equivalent figure for the JCS area is 13.6%. The bigger factors are the growth in the size of the population and the shift in the age profile to older age groups, who tend to live in smaller households.
- g. To illustrate the impact that different assumptions on household formation would have on household numbers the DCLG household projections have been used to estimate how many fewer household there would be in 2031 if household formation rates were unchanged over the next 20 years. The effect is to reduce the number of extra households formed between 2011 and 2031 by 13%. This would imply that there was no move back towards the previous trend as the economy picks up – a fairly extreme assumption.
- h. Research on young adults whose housing careers are adversely affected by a high house prices when they are aged 30 suggests that a large proportion recover by the time they are 40 – but this depends on the economic environment.
- i. The likelihood that there is movement back towards trend is reinforced by the fact that changes in household formation patterns appear to have been largely amongst single person households, a group that is likely to be hit first by affordability issues (having, at most, one income to fund housing from) and a group that is flexible enough to respond quickly to better economic conditions.
- j. However, it could be argued that the depth and length of the current downturn, together with the impact of wide ranging changes to the welfare system and social housing, might together generate a fundamental shift. A pragmatic line would be that neither a full return to the pre-2007 trend nor a continuation of the current position without any move back towards trend is a likely: it is probable that the end result will lie somewhere in between

## 14. Conclusions and Recommendations

### 14.1. The available evidence suggests that:

- a. The changes that have occurred in household formation rates have predominantly affected single person households. Younger single person households are both particularly vulnerable to high house prices and a tight mortgage market and are likely to respond reasonably quickly to better economic conditions. Older single person households were affected as well, however.
- b. If there was no change in household size between 2011 and 2031 around a third fewer extra households would be formed in the Joint Core Strategy area. However, for this to happen there would need to be a much larger continued reduction in household formation rates than had been seen between 2001 than 2011, rather than some return toward the previous trend. This is thought to be extremely improbable and most unlikely to be accepted by an inspector at a core strategy inquiry as a prudent planning assumption.
- c. Even if there were no return to trend, the impact on the number of extra households formed in the Joint Core Strategy area between 2011 and 2031 is only likely to be a reduction of around 13%;
- d. Past performance of the housing market suggests that some return towards trend is likely even if complete recovery to the pre-2007 position may not be foreseeable in near future.

### 14.2. This leads us to conclude that:

- a. The prudent approach would be to plan on the basis of the projected household formation rates that underpin DCLG's 2008 based projections applied to the most recent population projections. (A potential approach is to construct a hybrid projection that uses ONS's interim 2011 projections to 2021 and then follows the trend suggested by the 2010-based projections.) Any such figures should be updated to reflect DCLG's 2011 based household projections when they become available.
- b. The core strategy would be more robust if sensitivity analysis similar to that reported in Section 10 above was carried out on the revised projection and flexibility built into the Core Strategy against the eventuality that a recovery to trend does not occur. This might be done, for example, by phasing the release of sites. Particular attention should be paid to housing types and sizes occupied by younger single people to ensure that that market is not over-provided for.

# ***Information/Discussion Paper***

## **Overview and Scrutiny Committee - 10 January 2013**

### **Call in - Rickshaw Decision**

This note contains information to assist Members in dealing with this call in request.

#### **1. Why has this come to scrutiny?**

- 1.1 A call-in request was received from Councillor Rob Garnham on 20 December 2012 relating to the decision made at Cabinet on 11 December 2012 regarding the Licensing of Rickshaws in Cheltenham. The request (attached as Appendix 1) was received within the call in period and signed by Councillors Penny Hall, Diggory Seacome and Jacky Fletcher. The request was received by the Proper Officer, the Chief Executive, Andrew North in accordance with the procedures set out in Part 4D – Overview and Scrutiny Rules – Rule 14 (attached as Appendix 2). The Proper Officer agreed that it was a valid call in request.
- 1.2 Under the rules of call-in, the request must be considered at a meeting of the O&S committee within 10 working days. As the meeting already scheduled for 10 January was within this period, it was added to the agenda for this meeting. At this meeting the O&S committee resolved to refer the call in to a later meeting of O&S when all the witnesses would be available.
- 1.3 Having considered the facts of the call-in and having received any representations from the member(s) who submitted the request and the decision maker, the options for O&S are set out in paragraphs 14.13 of the Rule 14 in the Constitution (attached as Appendix 2)

#### **2. Summary of the Issue**

- 2.1 Members are referred to the Cabinet report on Licensing of Rickshaws that went to Cabinet on 11 December together with the minutes of that meeting and the decision made. These are attached as Appendices 4 and 5.
- 2.2 Members are also referred to the call in request attached as Appendix 1.

#### **3. Summary of evidence/information**

- 3.1 Members of O&S have requested the following witnesses to attend:

Cabinet Member Housing and Safety – Councillor Peter Jeffries  
Louis Krog – Business Support and Licensing Team Leader  
Mr James Meyer – Member of the public who has submitted an application for

## Page 58

operating a rickshaw and has raised concerns regarding the proposed draft policy.  
Licensing Manager – Hereford County Council

- 3.2** The witnesses have been advised of the potential line of questioning and this is attached as Appendix 3. These are intended to provide the broad line of questioning to assist the witnesses in their preparation but members may wish to ask additional questions on the night.

### **4. Next Steps - possible next steps**

- 4.1** As set out in 1.3.

---

<b>Appendices</b>	1 – Call in request  2 – Rule 14 of the Council’s Constitution  3 – Cabinet report – 11 December 2012, Licensing of Rickshaws in Cheltenham – Rickshaw Safety  4 – Extract from the minutes of Cabinet 11 December 2012  5. – Line of questioning for the meeting
<b>Background Papers</b>	Cabinet report – 25 September 2012 - Licensing of Rickshaws in Cheltenham
<b>Contact Officer</b>	Rosalind Reeves, Democratic Services Manager, 01242 77 4937, rosalind.reeves@cheltenham.gov.uk
<b>Accountability</b>	Cabinet Member Housing and Safety
<b>Scrutiny Function</b>	Overview and Scrutiny Committee

## **Call-in Licensing of Rickshaws in Cheltenham - Cabinet Decision made on 11<sup>th</sup> December 2012.**

The reasons for the call-in of this decision are because the decision was not made in accordance with one or more of the Principles of Decision Making as set out in Article 13 of the Constitution namely:-

13.1 shall be made in accordance with the following principles:

**(b) the decision shall be proportionate to the desired outcome;**

The desired outcome is a ruling on whether or not CBC will license the use of rickshaws in Cheltenham. The decision has still not been made and has been deferred for an indefinite period. There is no known date when a decision will be made but it is left *“until the outcome of the taxi and private hire licensing law reform review by the Law Commission is published in 2013/14.”* Even if an “outcome” of the review is made there is no known timetable for when it may become law.

This is the second time Cabinet have made a decision that is not proportionate to the desired outcome. In September the Cabinet decided, “To defer the item to a future meeting of Cabinet”.

**(d) the decision should be taken following due consultation and on the taking of professional advice from Officers;**

Professional advice of Officers did not explain the context of the fact that the City of Westminster has more rickshaws in operation than the whole of the rest of the UK. In total, during 2011, there were upwards of two million journeys and there were just 8 collisions involving rickshaws. No serious injuries resulted and no passengers were injured.

There was insufficient reference to Hereford Council who have been operating licensed rickshaws since 2006. The explanation given of “the difficulty of drafting a new licence” (as mentioned at Cabinet) is clearly invalid given another council has already taken this step.

**(f) there shall be a presumption in favour of openness;**

The whole process of arriving at a Cabinet decision has not been conducted in a transparent and open manner. Firstly there was an inappropriate delay in actually bringing the item to committee in December. Secondly, no valid reasons have been given for the delay in coming to the decision made by Cabinet on either the 25<sup>th</sup> September nor the 11<sup>th</sup> December. It would appear that the “official” reason for the delay in September was that, *“The proposal had been delayed due to the local government elections in May 2012, the change in Cabinet member, the summer recess and constitutional changes.”* Delays in December are because of “ongoing safety concerns”.

**(g) there shall be clarity of aims and desired outcomes;**

As for (b) above.

**(i) the options considered and the reasons for the decision shall be clearly set out.**

When a final decision is to be taken is not “clearly set out” and left to some

## Page 60

unspecified date. This is not compatible with good governance and the Council's responsibility to promote business and economic development in the town. Also, as in (d) above, not all relevant options have been considered.

Cllr Rob Garnham

20.12.2012

**This notice of call-in has been signed by the following four members (signatures on attached sheet).**

**Councillor Rob Garnham**

**Councillor Penny Hall**

**Councillor Diggory Seacome**

**Councillor Jacky Fletcher**

**COUNCIL'S CONSTITUTION**

**OVERVIEW AND SCRUTINY RULES**

**RULE 14. CALL-IN**

**General Principles**

- 14.1 Call-in is the exercise of the power of O&S Committee to review a decision in respect of an executive function that has been made but not yet implemented. Once called-in, the decision cannot be implemented other than in accordance with the call-in procedures set out in this Rule 14.
- 14.2 The following types of decision can be called-in: (i) Cabinet decision; (ii) Cabinet Member decision; (iii) Officer key decision; (iv) decision made under Joint Arrangements  
EXCEPT that a decision to recommend to Council cannot be called-in.
- 14.3 A decision may be called in only once.
- 14.4 A request for call-in can only be made on the basis that the decision maker did not take the decision in accordance with one or more of the Principles of Decision Making as set out in Article 13 of the Constitution.

**Procedure prior to call-in**

- 14.5 When any decision is made by the Cabinet or a Cabinet Member or a key decision is made by an officer, or by a joint committee or officer under joint arrangements, notice of the decision shall be published including, where possible, by electronic means, and shall be available at the Municipal Offices normally within two working days of being made. Copies of all such decisions will be sent to all members of the Council at the same time as being published.
- 14.6 The notice in Rule 14.5 will bear the date on which it is published and will specify that the decision will come into force and may then be implemented, on the expiry of five clear working days after the publication of the decision, unless the decision has been called-in.

**Procedure for calling-in**

- 14.7 During the five clear working day period referred to in Rule 14.6, the Proper Officer shall call-in a decision for scrutiny by O&S Committee if so requested by its Chair or any four members of the Council, provided that full written particulars of the reason(s) for the call-in has been received by the Proper Officer by 4.30 p.m. on the fifth clear working day.
- 14.8 The Proper Officer shall immediately notify the decision maker that a call-in request has been received. The Proper Officer shall call a meeting of the O&S Committee to be held on such date as he/she may determine, where possible after consultation with the O&S Chairman and, in any case, the meeting shall take place within a period of ten clear working days of the receipt by the Proper Officer of a valid call-in request or such longer period as agreed by both the decision maker and the member(s) requesting the call-in.
- 14.9 If O&S Committee does not meet in the period set out in Rule 14.8 the decision can be implemented immediately at the end of that period.
- 14.10 In the event of the member(s) submitting the request for call-in confirming to the Proper Officer in writing that the request is withdrawn, the decision can be implemented immediately.

#### **Procedure for scrutinising the decision**

- 14.11 The member(s) submitting the request for call-in will be expected to attend O&S Committee to explain their reasons for the call-in and the alternative course of action or recommendations they wish to propose regarding the decision making process.
- 14.12 The decision maker (represented by the Leader or Lead Member if it is a Cabinet decision and the committee chairman or vice-chairman if it is a joint committee decision) may be required to and shall be entitled to attend O&S Committee and respond to the request for call-in.
- 14.13 Having considered the facts of the call-in and having received any representations from the member(s) who submitted the request and the decision maker, O&S Committee may either:
- (a) Support the decision without qualification or comment, in which case the decision can be implemented immediately; or
  - (b) Make adverse comments (with reference to the Principles for Decision Making in Article 13) regarding the process for reaching the decision but take no adverse



view on the decision itself, in which case the decision can be implemented immediately and the O&S Committee comments will be set out in a report to be considered by the decision maker; or

- (c) Propose modifications to the decision or an alternative to the decision to achieve the same effect, in which case implementation of the decision shall be delayed until the decision maker has received and considered a report from O&S Committee and decided how to proceed; or
- (d) In exceptional circumstances (to be determined by O&S Committee and recorded in the minutes) to refer the decision the decision to Council for review or scrutiny

14.14 O&S Committee may refer the call-in to a sub-committee or a STG for consideration prior to taking action under Rule 14.13 (b)-(d) and, if so, the following shall apply:

- (a) O&S Committee shall meet to take its final decision on the call-in under Rule 14.13 not later than 20 clear working days from the date of the O&S Committee meeting arranged by the Proper Officer under Rule 14.8
- (b) The member(s) who submitted the call-in and the decision maker (represented by the Leader or Lead Member in respect of a Cabinet decision and the committee chairman or vice-chairman in respect of a joint committee) may be required and shall be entitled to attend before the sub-committee or STG

14.15 On receiving a request from the member(s) who submitted the call-in within the 20 clear working day period set out in Rule 14.14 (a), the Proper Officer may extend that period by up to an additional 10 clear working days (potentially allowing up to 30 clear working days for O&S Committee to meet to take its final decision)

14.16 If O&S Committee does not meet to consider the call-in within the period set out in Rule 14.14 (a) or such extension to that period as is made by the Proper Officer under Rule 14.15, the decision can be implemented immediately at the end of that period or extended period.

### **Review and scrutiny by Council**

14.17 Where O&S Committee decides to refer the call-in to Council under Rule 14.13 (d), Council must consider the matter at its next available meeting (other than an Annual or Annual and Selection Meeting) or, if the next available meeting is not due to be held within 15 clear working days of the O&S Committee meeting, at an Extraordinary Meeting to be convened by the Proper Officer within that time.

- 14.18 If Council does not meet to consider the call-in within the period set out in Rule 14.17 the decision can be implemented immediately at the end of that period.
- 14.19 If Council does meet to consider the call-in within the period set out in Rule 14.17 but defers consideration of all or part of the call-in to a future Council meeting, Council shall meet to make its final decision on the call-in within 60 clear working days of the receipt of the call-in under Rule 14.7. If Council does not meet to consider the call-in within that 60 clear working day period, the decision can be implemented immediately at the end of that period.
- 14.20 Having considered the facts of the call-in and any recommendations from O&S Committee and having received any representations from the member(s) who submitted the request and the decision maker, Council may either:
- (a) Support the decision without qualification or comment, in which case the decision can be implemented immediately; or
  - (b) Make adverse comments (with reference to the Principles for Decision Making in Article 13) regarding the process for reaching the decision but take no adverse view on the decision itself, in which case the decision can be implemented immediately and Council comments will be set out in a report to be considered by the decision maker; or
  - (c) Propose modifications to the decision or an alternative to the decision to achieve the same effect, in which case implementation of the decision shall be delayed until the decision maker has received and considered a report from Council and decided how to proceed.
- 14.21 Where the call-in relates to a failure to comply with the Budget and Policy Framework Rules Council may, in addition to its powers under Rule 14.20:
- (a) amend the Budget or the Policy Framework to allow the decision to be implemented in compliance with the Budget and Policy Framework Rules,
  - (b) authorise the decision to be implemented as a departure from the Budget or the Policy Framework.

### **Action by the decision maker following call-in**

- 14.22 On receiving a report from O&S Committee or Council, the decision maker shall consider the report and any recommendations and report to the next available O&S Committee the outcome of that consideration.

14.23 Where O&S Committee or Council proposes modifications to or an alternative to the decision that was called in, the decision maker shall either:

- (a) Confirm the called-in decision without modification; or
- (b) Confirm the called-in decision with modification; or
- (c) Rescind the called-in decision, take the alternative decision proposed, or propose a new decision.

14.24 Where the decision maker is acting under delegated powers, they may refer the report or proposals from O&S Committee or Council to the delegator to take the actions under 14.9 and 14.20 instead of the decision maker.

### **Call-in and Urgency**

14.25 Subject to Rule 14.26, call-in does not apply to an urgent decision as defined in Article 13.

14.26 In order to rely on Rule 14.25 the decision maker must:

- (a) Obtain the prior consent of the O&S Committee chairman to the decision being treated as urgent. In the absence of the chairman, prior consent may be given by, in order, the vice-chairman or the Group Leaders acting collectively; and
- (b) Request the Proper Officer to record in the decision, and notice by which it is made public, why in the opinion of the decision maker the decision is an urgent one and not subject to call-in.

This page is intentionally left blank  
Page 66

**Call in Rickshaw Decision – Cabinet 11 December 2012**

**Questions for witnesses to be asked at the O&S meeting on 23 Jan 2013**

**Cabinet Member Housing and Safety – Councillor Peter Jeffries**

1. Does the Cabinet Member think it is an acceptable outcome to defer the decision to an unspecified date in the future?
2. Can you explain the reasons for the delays in dealing with this matter?
3. Can the Cabinet Member explain in particular;
  - a. Why the local govt elections had an impact on making this decision?
  - b. Why the change in Cabinet member had an impact on making this decision?
  - c. Why the summer recess had an impact on making this decision?
  - d. What constitutional changes led to a delay in making a decision?
4. The City of Westminster has more rickshaws in operation than the whole of the rest of the UK. In total, during 2011, there were upwards of two million journeys and there were just 8 collisions involving rickshaws. No serious injuries resulted and no passengers were injured. Were you aware of that and if so given that experience why do you still have concerns about the safety of rickshaws if operated in Cheltenham?

**Business Support and Licensing Team Leader - Louis Krog**

5. What professional advice did you give to Cabinet Members regarding the operation of rickshaws within other boroughs?
6. Did you refer the Cabinet to Hereford Council who appear to have been operating licensed rickshaws since 2006.
7. What advice did you give regarding safety?
8. Do you have any firm dates for when the decision on the “*outcome of the taxi and private hire licensing law reform review by the Law Commission*” - will actually be published? Is it likely to be 2013 or 2014 or even later?

**Licensing Manager Herefordshire Council**

9. What was the process followed at Hereford for Licensing Rickshaws?
10. Were all political groups in agreement with your Council taking the decision to license Rickshaws?
11. What were the main issues and how were they overcome?

12. What is the Hereford's experience since the rickshaws have been in operation?

**Mr James Mayer – Rickshaw applicant**

13. What is your experience from an applicant's point of view?

## Cheltenham Borough Council

## Cabinet – 11 December 2012

## Licensing of Rickshaws in Cheltenham - Rickshaw Safety

<b>Accountable member</b>	<b>CLlr Peter Jeffries – Cabinet Member for Housing and Safety</b>
<b>Accountable officer</b>	<b>Sonia Phillips – Director Wellbeing and Culture</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>No</b>
<b>Executive summary</b>	<p>On the 25<sup>th</sup> of September 2012 Cabinet resolved to defer a decision on the licensing of rickshaws in the borough pending further information relating to safety issues.</p> <p>At the Cabinet meeting Mr Meyer requested a meeting to discuss his concerns relating to the proposed draft policy. This was facilitated by the Cabinet Member for Housing and Safety and took place on Friday 5<sup>th</sup> October 2012.</p> <p>Officers have sought further clarification on the points raised by Members and are now reporting back in conjunction with the report submitted to Cabinet on the 25<sup>th</sup> of September 2012.</p>
<b>Recommendations</b>	<p><b>Cabinet is recommended to:</b></p> <ol style="list-style-type: none"> <li><b>1. Note the contents of this report,</b></li> <li><b>2. Resolve whether it will approve the licensing of rickshaws in Cheltenham and whether a trial period is necessary, and</b></li> <li><b>3. Subject to resolution 2, approve and recommend the draft amended policy for adoption by Council.</b></li> </ol>
<b>Financial implications</b>	<p>There are no financial implications arising from this report.</p> <p><b>Contact officer: Sarah Didcote</b></p> <p><b>sarah.didcote@cheltenham.gov.uk, 01242 264125</b></p>

<b>Legal implications</b>	<p>The Council is responsible for the licensing of Hackney Carriages within the Borough of Cheltenham. Rickshaws fall under the definition of Hackney Carriages. As part of the licensing regime the Council can introduce policies which provide guidance on the requirements that the Council will seek when determining applications.</p> <p>There are no safety standards that specifically apply to Rickshaws. If however the Council grants any Hackney Carriage Licences in respect of Rickshaws the Council can grant those licences subject to conditions (which can include condition standards for design, use and safety) that the Council feel are necessary and proportionate.</p> <p><b>Contact officer: Sarah Farooqi</b></p> <p><b>sarah.farooqi@tewkesbury.gov.uk, 01684 272693</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>There are no direct HR implications detailed in this report.</p> <p><b>Contact officer: Julie McCarthy</b></p> <p><b>julie.mccarthy@cheltenham.gov.uk, 01242 264355</b></p>
<b>Key risks</b>	<p><b>As identified in appendix 1</b></p>
<b>Corporate and community plan Implications</b>	<p><b>Carbon emissions are reduced and Cheltenham is able to adapt to the impacts of climate change.</b></p> <p><b>Cheltenham has improved access and travel options.</b></p> <p><b>Unemployed people are able to access employment and training.</b></p> <p><b>Attract more visitors and investors to Cheltenham.</b></p>
<b>Environmental and climate change implications</b>	<p><b>Rickshaws offer an environmentally friendly alternative form of public transport.</b></p>



## 1. Background

- 1.1 In June 2012 Cabinet approved for the purpose of consultation a draft policy in respect of the licensing of rickshaws in the borough.
- 1.2 A consultation process was undertaken between June and July. During the consultation a large proportion of respondents raised issues relating to the safety of rickshaws. Furthermore, a report by the Transport Research Laboratory (“TRL”) highlighted further safety related issues.
- 1.3 As a result, Cabinet resolved in September to defer a decision pending further clarification on a number of safety related issues. The issues related to the existence of any recognised safety standards for rickshaws and further to address a number of safety related issues recognised in the TRL report.
- 1.4 This report addresses the specific issues and questions raised by Members.

## 2. Recognised Safety Standards for Rickshaws

- 2.1 There are currently no recognised safety regulations or legislation that specifically relate to the use or manufacture of rickshaws. There are in existence a number of regulations relating to bicycle safety which have been applied to rickshaws by both manufacturers and licensing authorities. These regulations are:
  - a) BS EN 14766:2005 Mountain-bicycles - Safety requirements and test methods or equivalent,
  - b) Pedal Cycle (Construction and Use) Regulations 1983,
  - c) Pedal Bicycle (Safety) Regulations 2003,
  - d) Road Vehicle Lighting Regulations 1989, and
  - e) The Electrically Assisted Pedal Cycles Regulations 1983.
- 2.2 Although the principles contained in the above regulations can and have been applied to rickshaws, Members should bear in mind that these regulations are intended to primarily deal with bicycle safety not cycles adapted for carrying passengers.
- 2.3 The lack of any recognised safety standards or regulations has largely been the reason why it has been necessary to apply the above regulations to rickshaws. Below is a brief breakdown of the regulations as they relate the scope of this report.

**BS EN 14766:2005 Mountain-bicycles** – Ensures that parts are properly manufactured and tested to comply with EU regulations.

**Pedal Cycle (Construction and Use) Regulations 1983** – Deals generally with minimum construction regulations of bicycles and tricycles such as the requirement to be fitted with a braking system, steering etc.

**Pedal Bicycle (Safety) Regulations 2003** – These regulations define, and therefore relate to, a bicycle as “...a two-wheeled vehicle that is propelled solely by the muscular energy of the person on that vehicle by means of pedals and has not been constructed or adapted for propulsion by mechanical power”. Again these safety regulations did not take into account rickshaws or any other cycle adapted either for mechanical propulsion or for carrying passengers.

Clearly, cycles adapted to carry passengers should be required to comply with the highest

## Page 72

possible safety standards. The Pedal Bicycle (Safety) Regulations 2003 deal with safety requirements for the average bicycle and additional safety concerns relating to cycles adapted or constructed to carry passengers would not have fallen in the scope of these regulations.

**Road Vehicle Lighting Regulations 1989** – These regulations relate to the basic lighting and reflector requirements for, amongst others, cycles. As with the previous regulations above, the lighting regulations did not take into account, and therefore also do not specifically deal with, the additional lighting and reflector requirements that may be required for cycles adapted or constructed to carry passengers.

**The Electrically Assisted Pedal Cycles Regulations 1983** – Deals with the class of electrically assisted cycles in terms of electric output and kerb weight.

- 2.4 A number of UK based manufacturers were contacted to ascertain which safety standards they apply when constructing rickshaws. The manufacturers contacted were H7 Engineering, Cycles Maximus and the Tartan Rickshaw Company. There was no response from the Tartan Rickshaw Company. Cycles Maximus confirmed verbally that they construct their rickshaws to the specifications contained in the above regulations in so far as it is possible. However, H7 Engineering stated in their response that because there is no one recognised safety standard applicable to rickshaws, most manufacturers apply and test to EN 14764:2005 standards but this, in their opinion, is wrong because the EN 14764:2005 safety standards do not apply to rickshaws.
- 2.5 H7 Engineering instead applies the safety standards that were set out in the 2006 Department for Transport and Transport for London public consultation on the licensing of rickshaws in London. The outcome of that consultation never made it onto the statute books but the standards mentioned in the consultation are nonetheless listed at **Appendix 2** for information.
- 2.6 Members will note from the Transport for London consultation document that they too proposed to apply the above mentioned regulations in the absence of recognised safety standards applicable to rickshaws.
- 2.7 In light of the above, Members must decide how much weight and assurance to attach to existing safety and manufacturing regulations. It is clear that these were never intended to deal with rickshaws as a separate type of cycle although as already mentioned, some aspects can be applied.
- 2.8 The lack of any recognised safety standards or regulations specifically in respect of rickshaws could put the Council in a difficult position because although most responsible operators would source their rickshaws from reputable manufacturers, an application for a “home made” rickshaw could legitimately be made. Provided the applicant uses BS approved parts and complies with the Council’s adopted policy, the Council will find it difficult to find grounds for refusal.
- 2.9 Officers are not currently proposing a maximum age limit on rickshaws primarily because the reasons such a rule applies to motor vehicles would not apply to rickshaws such as for example, emission standards. The draft policy does propose that rickshaws be tested and inspected at least annually to ensure basic safety compliance.

### 3. Findings of the TRL Report

- 3.1 In addition to the above, Members have also requested that a number of safety related issues mentioned in the TRL report be addressed. These are listed below:
  - a) Crash testing of vehicles,
  - b) Lap belt design unsuitable for children,

## Page 73

- c) Braking performance of a laden pedicab significantly lower than of a car,
- d) Unladen/lightly laden stability, and
- e) Slow reaction time by riders.

- 3.2** The number of safety related issues identified in the TRL report cannot further be addressed or eliminated because in essence a rickshaw is a cycle adapted to carry passengers therefore the scope for enhanced safety features is somewhat limited. Some measures can be put in place to mitigate some of the safety issues such as better visibility, rider training and regular safety inspections but in essence, and for the reasons mentioned above, they are manufactured as safe as is possible with such a type of vehicle.
- 3.3** For example, although it is recognised that the lap belts fitted in rickshaws are not entirely suitable there are no alternatives due to lack of any other suitable anchorage points.
- 3.4** Equally, very little can be done to deal with the braking and handling issues again due to the nature and construction of rickshaws.
- 3.5** The safety risk should be balanced against the likelihood of an incident occurring in the first instance. Unfortunately as mentioned in the previous report, since rickshaws have never been licensed in the borough a measure of the likelihood of incidents occurring in the first place is not possible to quantify beyond speculation.
- 3.6** In light of the above, it is accepted that rickshaws will cause some measure of congestion particularly in the town centre which could be a contributing factor. Also the likelihood of incidents affecting public protection occurring will be increased during late night operation as a result of diminished visibility and anti-social behaviour.

## 4. Options

### Imposition of Relevant Conditions

- 4.1** In the absence of any recognised safety standards particularly in relation to rickshaws, the Council has a number of options available to it if it were to resolve to licence rickshaws.
- 4.1.1** Option 1 - The Council can impose its own safety standards by way of conditions attached to the issue of a rickshaw licence. However, Members are to note that officers do not have the required technical knowledge to undertake such a project therefore more specialist input would be required. Furthermore and as has already been alluded to in this report, officers are of the opinion that rickshaw safety standards cannot substantially be enhanced beyond existing standards.
- Members are to note that draft conditions have been drawn up and these are contained at Appendix B of the draft policy.
- 4.1.2** Option 2 - The Council can adopt the current safety standards insofar as they can be applied to rickshaws, the implications of which have been discussed in this report.
- 4.1.3** Option 3 – The Council can choose not to adopt any standards although this is not considered a viable option.

### Taxi Law Reform Proposals

- 4.2** Alternatively, Members can decide to defer a decision pending the outcome of the Law Commission's proposals to reform taxi licensing law.

## Page 74

- 4.3** The purpose of licensing is to ensure public protection and safety. If Members are not satisfied that the current legislative provisions in place in respect of the licensing of rickshaws are sufficiently robust to ensure public protection, then Members are encouraged to resolve not to licence them in the borough.
- 4.4** The law commission recently consulted on a number of taxi law reform measures which included a proposal to properly incorporate rickshaws and similar types of vehicles into the licensing regime. It was further proposed that guidance from central government with regards to minimum vehicle standards would also be issued in respect of, in this case, rickshaws. New draft legislation is expected to be introduced in 2013.

<b>Report author</b>	<b>Contact officer: Louis Krog</b> <b>louis.krog@cheltenham.gov.uk, 01242 77 5004</b>
<b>Appendices</b>	<ol style="list-style-type: none"> <li>1. Risk Assessment</li> <li>2. Transport for London Consultation on the Licensing of Pedicabs, June 2006 – Appendix C</li> <li>3. Amended Draft Policy</li> </ol>
<b>Background information</b>	<ol style="list-style-type: none"> <li>1. Officer report and minutes from Cabinet - 25<sup>th</sup> of September 2012</li> <li>2. Law Commission Consultation on Taxi Law Reform</li> <li>3. Transport for London Consultation on the Licensing of Pedicabs, June 2006 (<a href="http://www.docstoc.com/docs/47382075/Consultation-on-the-Licensing-of-Pedicabs#">http://www.docstoc.com/docs/47382075/Consultation-on-the-Licensing-of-Pedicabs#</a>)</li> </ol>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	There exists the possibility that the licensing of rickshaws could adversely affect public safety for the reasons contained in this report.		25 Sept, 2012	4	3	12	Accept	Based on the feedback and supporting evidence, Members must make a judgement with regards to the likely adverse effect on public safety and base a decision to licence rickshaws accordingly. If adopted, close monitoring will have to be undertaken and if required, suspension of the scheme must be considered.	Ongoing		
	Rickshaws are not able to offer transport options for people with disabilities and a decision to licence these does adversely impact on equalities.			2	2	4	Accept	Monitoring and feedback.	Ongoing		
	Any adverse impact on public safety resulting from the licensing of rickshaws will adversely affect the Council's reputation.			2	4	8	Accept	If adopted, close monitoring will be required and if required, suspension of the scheme must be considered to mitigate further damage.	Ongoing		
	The licensing of rickshaws will require additional enforcement resources to properly control.			2	4	8	Accept	The impact on additional resources required will be monitored against the effectiveness of supply of these additional controls.	Ongoing		

Page 75

**Explanatory notes**

**Impact** – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

**Likelihood** – how likely is it that the risk will occur on a scale of 1-6  
 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

**Control** - Either: Reduce / Accept / Transfer to 3rd party / Close

This page is intentionally left blank  
Page 76

**Appendix 2 - Transport for London Consultation on the Licensing of Pedicabs, June 2006**

**Proposed conditions of fitness for pedicabs**

Recognising that pedicabs are expected to be regarded as taxis, these draft Conditions of Fitness for Pedicabs are based on the existing Conditions of Fitness for motor hackney carriages (MHCs) in London with appropriate modifications. The final document may be published as an Annex to the Conditions of Fitness for MHCs.

**Transport for London Public Carriage Office Conditions of Fitness for Pedicabs**

**Part 1 - Procedure to be followed by manufacturers and owners of pedicabs for use in London**

1. New types of pedicab
2. Presentation for vehicle licence
3. General

**Part 2 - Conditions of Fitness**

4. General construction
5. Wheel configuration
6. Additional fittings
7. Lighting
8. Steering
9. Tyres
10. Wheel and tyre protection
11. Brakes
12. Electrical equipment
13. Body
14. Canopy or roof
15. Passenger seating
16. Rider's area and controls
17. Fare table, certificate of insurance and small identification plate
18. Floor covering
19. Audible warning device
20. Maintenance

**Part 3 – Directions**

21. Advertisements
22. Badges/Emblems
23. Additional advisory requirements not forming part of inspection

**Notes**

- a) In these Conditions the "Licensing Authority" means Transport for London which will exercise the duties imposed by the London Cab Order 1934 as amended by the Greater London Authority Act 1999.
- b) The term "approved" in the Conditions of Fitness refers to approval by the PCO Head of Vehicle Inspections and Standards.
- c) Transport for London's Conditions of Fitness in Part 2 and Directions in Part 3 are laid down or made in accordance with the terms of paragraphs 7 and 14 respectively of the London Cab Order 1934, as amended.

- d) The Conditions of Fitness in Part 2 operate from the commencement of pedicab licensing. Vehicles that meet these conditions remain subject to the conditions while the vehicle is licensed unless specific amendments to the Conditions of Fitness for Pedicabs identify retrospective requirements.
- e) The Directions in Part 3 apply to all licensed vehicles.

### **Construction and licensing of pedicabs in London**

In accordance with the provisions of paragraph 7 of the London Cab Order 1934, in pursuance of the Metropolitan Public Carriage Act 1869, no vehicle shall be licensed as a cab unless it is fit for public service and conforms to the requirements in this booklet. Where legislation identified within these Conditions of Fitness is amended then those amendments are automatically incorporated in these Conditions.

Issued by: The Public Carriage Office, 15 Penton Street, London, N1 9PU



## **Part 1 - Procedure to be followed by manufacturers and owners of pedicabs for use in London**

### **1. New types of pedicab**

a) Before constructing any new type of pedicab, manufacturers are advised to study the Conditions of Fitness set out in Part 2 of this booklet. Where the design or concept of the proposed vehicle is significantly different from those set out here, the manufacturer should send to the PCO Head of Vehicle Inspections and Standards dimensioned drawings or blueprints, together with detailed specifications of the proposed cycle, for advice as to its general suitability for public service in London. It is also advisable to arrange for a preliminary inspection. The address is:

The Public Carriage Office, 15 Penton Street, London, N1 9PU

b) In any case, application for the approval in advance of licensing of a pedicab must be made in writing to the Public Carriage Office, and must be accompanied by dimensioned drawings or blueprints, together with detailed specifications and any particulars required by the Head of Vehicle Inspections and Standards.

### **2. Presentation for vehicle licence**

a) Before a pedicab licence can be issued, the vehicle must be presented at such passing station or other place that Transport for London may direct and any previous licence and licence plate must be returned.

b) A licence will be issued for a specified maximum number of passengers, based on the size of the passenger area and seating.

### **3. General**

a) Even where the conditions set out in this booklet have been complied with, approval will be withheld if the Licensing Authority is of the opinion that a vehicle is unsuitable for public use.

b) Although the Licensing Authority may extend its approval of any particular type of pedicab to all other pedicabs conforming to the design of that type, he may withdraw such general approval if, in his opinion, any unsuitable features arise.

c) It is accepted that the nature of pedicabs, and in particular the differences between them and standard bicycles, may make it impractical to comply with all of the requirements of the standards and regulations referred to below. Allowances will therefore be made for situations identified below where it is not practical to comply.

## **Part 2 Conditions of fitness**

N.B. The following requirements apply to all vehicles licensed in London, including those that have been modified after first licensing.

### **4. General construction**

Every new and existing type of pedicab must comply where practicable with the requirements of:

a) BS EN 14766 2005 or equivalent;

b) The Pedal Cycle (Construction and Use) Regulations 1983; and,

c) The Pedal Bicycle (Safety) Regulations 2003 will apply to pedicabs regardless of seat height and classification as a bicycle.

## **5. Wheel configuration**

Pedicabs will be so constructed that they will have a minimum of three wheels, at least two at the rear and one at the front. This will apply to all pedicabs unless the Head of Vehicle Inspections and Standards grant specific exemption.

## **6. Additional fittings**

No fittings, other than those approved, may be attached to or carried on the inside or outside of the vehicle.

## **7. Lighting**

Pedicabs must comply with the Road Vehicles Lighting Regulations 1989 and must be fitted with:

- a) a minimum of one obligatory front position lamp, (as identified in schedule 2 of the lighting regulations). Two front position lamps will be required if the pedicab has four or more wheels.
- b) a minimum of two obligatory rear position lamps, (as identified in schedule 10 of the lighting regulations).
- c) a minimum of two obligatory rear retro reflectors, (as identified in schedule 18 of the above regulations).
- d) a minimum of two additional stop lamps, (as identified in schedule 12 of the lighting regulations). Illumination of the stop lamps may be switched by the operation of either or both braking systems, a decelerometer switch or another automatic means; and,
- e) directional indicators (identified as 'optional direction indicators' in schedule 7 of the lighting regulations) must be fitted. The visibility requirements of schedule 7 part 3 must be met.

Note: the above requirements may exceed the minimum requirements for pedal cycles.

## **8. Steering**

The driving position must be the forward most position on the pedicab unless granted specific exemption by the Head of Vehicle Inspections and Standards. The steering when turned to full lock in either direction must not affect the stability of the vehicle when turning.

## **9. Tyres**

All tyres must comply with the following requirements:

- a) the tread pattern should be clearly visible over the whole tread area, around the entire circumference and across the whole breadth of the tread.
- b) there should be no exposed cords; and,
- c) the load ratings of all tyres must be suitable for the pedicab when fully loaded.

Where a tyre does not display a maximum load weight, then the tyre manufacturer's technical information must be presented.

## 10. Wheel and tyre protection

a) All wheels (including the tyre and brake mechanism) that are in the vicinity of the passenger compartment must be covered for the protection of passengers or their clothing. It must not be possible for passengers or their clothing to touch any part that may rotate whilst riding on the vehicle.

## 11. Brakes

a) Braking systems used on pedicabs must comply where practicable with the requirements of BS EN 14766 2005, the Pedal Cycle (Construction and Use) Regulations 1983 and relevant EU Directives<sup>1</sup>.

b) The braking system must be at least 50% efficient at all times, with or without passengers.

## 12. Electrical equipment

Any electrical installation to the pedicab, including the battery and switches must be:

- a) adequately insulated;
- b) suitably protected from contact by passengers;
- c) suitably fused;
- d) securely fitted; and
- e) permanently wired.

Any electrical equipment fitted must be maintained in good condition and fully functional. Any battery fitted must be of a type that will not leak.

## 13. Body

- a) The overall size of the pedicab will not exceed 1250mm in width (excluding rear view mirror) or 2650mm in length.
- b) There must be at least one mirror fitted to the offside of the vehicle in order to monitor other road users. A nearside mirror will also be permitted in order to monitor the view to the nearside.
- c) The outer edge of any entrance to the floor of the passenger compartment should not exceed 38cm above ground level when the vehicle is unladen. It should be fitted with non-slip high visibility (yellow) markings. These markings should be secure at all times and must not present a trip hazard.
- d) Holds or handles to aid passenger access or egress should be clearly identified with high visibility (yellow) markings.

## 14. Canopy or roof

- a) Any canopy or roof, when fitted, must remain fixed in position until required to be raised or lowered. This should be achieved by means of a locking mechanism to secure the canopy or roof in the raised or lowered position as required.
- b) Visibility from the passenger compartment must not be restricted by the design of the pedicab. If the canopy or roof restricts vision then it must incorporate a clear panel to the rear no smaller than 600mm wide by 200mm high. If vision is restricted

---

<sup>1</sup> The minimum requirements for brakes are set by regulation 7 of the Pedal Cycle (Construction and Use) Regulations 1983. This section requires two independent braking systems front and rear.

to the sides then clear panels, not less than 200mm square, should be incorporated in the sides. Any canopy or curtain to the front must be predominantly clear.

c) Where the design of the canopy or roof does not allow for windows or clear panels of this size then consideration will be given to a specific exemption by the Head of Vehicle Inspections and Standards.

**15. Passenger Seating**

a) The rear seat dimensions must be adequate to accommodate one or two adult passengers, based on a width of 450mm per passenger. Passenger seating must be forward facing.

b) Every pedicab presented for licensing must be fitted with seatbelts which are adequate to retain the passenger in the vehicle and which bear an EC or BSI mark.

**16. Rider's area and controls.**

a) The rider's controls and surrounding area must be so designed that the rider has adequate room, can easily reach and quickly operate the controls and give hand signals when required.

b) The position of the rider's seat must not be such that it restricts access or egress to the passenger compartment.

**17. Fare chart, certificate of insurance and small identification plate**

The fare chart (if required), certificate of insurance and interior identification plate must be displayed within the view of passengers and should remain static when the canopy or roof is raised or lowered.

**18. Floor covering**

The flooring of the passenger compartment must be of a non-slip material which can be easily cleaned.

**19. Audible warning device**

Pedicabs will be required to have a warning bell fitted complying with the requirements of the Consumer Protection, Pedal Bicycles (Safety) Regulations 2003.

**20. Maintenance**

Pedicabs and all their fittings, advertisements etc. must be maintained to standards that meet these Conditions of Fitness for pedicabs throughout the validity of the licence. The vehicle must be kept clean and in good order at all times.

Pedicabs will at all times be subject to test and inspection and, should it be found that a vehicle is not properly maintained or in good working order, a notice will be served on the owner prohibiting its use until the defect has been rectified and the vehicle has been re-inspected.

**Part 3 Directions**

**21. Advertisements**

a) Suitable advertisements may be allowed on the exterior or interior of pedicabs subject to the approval of the Licensing Authority. All materials used in the

manufacture of, and for the purpose of fixing, advertisements to the pedicab must be approved.

b) Advertisements will not be approved for use unless they comply with the Consolidated Guidelines for advertising on licensed London taxis.

## **22. Badges/Emblems**

a) In addition to advertisements displayed in accordance with the previous paragraph, vehicles may display the official badge or emblem of organisations which provide emergency vehicle repair and/or recovery services or membership of which indicates that the rider possesses professional skills/qualifications which enhance the pedicab service provided to the public.

b) Badges may be affixed to the front of the vehicle only and in such a manner as not to be detrimental to the operation of the vehicle, or likely to cause injury to any person, or to detract from any authorised sign which the vehicle may be required to display.

c) No advertisement, badge or emblem, including the stick-on type is to be exhibited other than is provided for in the directions contained in these paragraphs.

## **23. Additional advisory features not forming part of inspection**

### **Passenger compartmental**

a) The vertical distance between the highest part of the floor in the passenger compartment and the underside of any canopy or roof (when locked in the raised position) should be not less than 1.3 metres.

b) The materials used to form the passenger seat should be waterproof so that they will not absorb or retain water. Seats must be constructed of a suitable fire resistant material to BS 5852 part 1 1979 or equivalent.

This page is intentionally left blank  
Page 84



**CHELTENHAM**  
BOROUGH COUNCIL

**Cheltenham Borough Council**

**Policy, Procedure and Conditions for Licensing  
Rickshaws**

All enquiries should be directed to:-  
Licensing Section  
Municipal Offices  
Promenade  
CHELTENHAM  
GL50 9SA  
Tel: 01242 775200  
E-mail: [licensing@cheltenham.gov.uk](mailto:licensing@cheltenham.gov.uk)  
Website: [www.cheltenham.gov.uk/licensing](http://www.cheltenham.gov.uk/licensing)

This policy was adopted by Cheltenham Borough Council on **xxxx**.

## Index

Page

**1. Procedure for Licensing Rickshaws**

**2. Policy**

**3. Conditions**

DRAFT



## Introduction

It is an established fact (*R v Cambridge City Council* [1999] R.T.R. 182) that non-motorised vehicles are to be licensed as Hackney Carriages. For the purpose of this policy therefore, rickshaws will be understood to mean Hackney Carriages and riders as Hackney Carriage drivers.

The Council has the responsibility to regulate and control all drivers and vehicles used for carrying passengers for hire and/or reward within the borough under the provisions of the Town Police Clauses Act 1847 and the Local Government (Miscellaneous Provisions) Act 1976. This policy will provide guidance to applicants and other interested parties, officers and Members on the approach the Council will take when licensing rickshaws.

For the avoidance of doubt, this policy has been set and adopted in addition to the Council's general *Licensing Policy, Guidance and Conditions for Private Hire and Taxis*. Unless otherwise stated, the scope and provisions of this policy has no bearing on the Council's general policy and vice versa.

## Definitions

"The 1847 Act"	The Town Police Clauses Act 1847
"The 1976 Act"	The Local Government (Miscellaneous Provisions) Act 1976
"The Council"	Cheltenham Borough Council
"The Borough"	The Borough of Cheltenham
"The Licence"	a licence granted in respect of a Rickshaw granted pursuant to Section 37 of the Act of 1847
"Rickshaw"	a vehicle in respect of which there is a licence in force under Section 37 of the Act of 1847
"Rickshaw Rider"	a driver licensed by the Local Authority to be in charge of a licensed rickshaw and which there is a licence in force under Section 46 of the Act of 1847
"Rickshaw licence number"	the number allocated by the Council to a licence granted for a Rickshaw
"Vehicle plate"	the plate provided by the Council for affixing to a rickshaw pursuant to Section 38 of the Act of 1847
"Core Commercial Area"	The said area as outlined in the "Cheltenham Borough Local Plan" adopted July 2006

References to the male gender shall be construed as including reference to the female gender where appropriate.

References to “rickshaw” shall be construed to also include Pedicabs or any other non-motorised vehicles.

All other words and phrases in these conditions shall bear the meanings ascribed to them (if any) in the 1976 Act and the 1847 Act.

All obligations contained in the Licence Conditions are to be construed as the obligations of the Licence.

## **1. Procedure for Licensing Rickshaws**

- 1.1 The Council has a statutory duty to regulate Hackney Carriages and Hackney Carriage Drivers in the interest of public safety and protection. To this end, the Council will adopt the following procedures for licensing rickshaws and rickshaw riders.
- 1.2 Non-motorised vehicles will be subject to the same statutory provisions as motorised vehicles which includes the Council’s Hackney Carriage byelaws.

### **Initial Application Riders**

- 1.3 To apply for a licence, the applicant must be over 18 years of age, be a fit and proper person as defined by section 59(1)(a) of the 1976 Act, hold a full original DVLA driving licence for a period of no less than 12 months and be proficient in English.
- 1.4 In addition, the applicant must provide the Council with the following documents when making a first application:-
  - a) Licence application form completed in full;
  - b) The appropriate fee;
  - c) A full original DVLA driving licence (or equivalent driver’s licence) that has been issued for at least 12 months;
  - d) A passport sized, colour photograph which must be clear and concise, with no face or head covering;
  - e) CRB enhanced disclosure application form and fee;
  - g) Documentation regarding applicant's right to work in UK (if applicable);
  - h) Medical certificate (In accordance with DVLA Group 2 driver standard for medical fitness of Hackney and Private Hire drivers & by a practitioner who has access to the applicant’s medical history);
  - i) Provide evidence of having achieved Level 3 of The National Standards for Cycle Training using a rickshaw and must be able to provide certified documentary evidence of this achievement.
- 1.5 If convictions or charges are revealed, the Council will make a decision as to their relevance in reference to its adopted policy on the Relevance of Convictions (from the Council’s general policy available at [www.cheltenham.gov.uk/licensing](http://www.cheltenham.gov.uk/licensing)). The Council may require further information from the Police or Crown Prosecution Service prior to making a decision.

- 1.6 Applicants who have previous criminal convictions, cautions, fixed penalty notices or charges pending will be interviewed and details of that interview may be included in any report which is referred to the Licensing Committee.
- 1.7 If the information received is deemed relevant the licence may be refused.
- 1.8 Failure to disclose any previous convictions, cautions fixed penalty notices or pending charges maybe construed as an attempt to deceive and appropriate and proportionate action will be taken.
- 1.9 All riders will be issued with 2 driver badges detailing the licence number, expiry date and a photograph of the licence holder. One badge must be worn at all times when the rider is working and be clearly visible and the other must be displayed inside the rickshaw in a prominent position so that it can be clearly seen by passengers.

#### **Rider Renewal Applications**

- 1.10 Holders of existing licences must apply to renew their licence in the month preceding the expiry date and ideally should be submitted as early as possible prior to the expiry of the previous licence. The Council has no duty to notify riders that their licence is due for renewal, but as a courtesy and part of the Council's customer service will send reminders generally four to six weeks in advance of the expiry of the licence.
- 1.11 Upon renewal, the applicant will be required to produce the following:-
  - a) Completed renewal application form completed in full;
  - b) Current valid DVLA Driving Licence;
  - c) DVLA mandate form completed in black;
  - d) Correctly completed enhanced CRB form and fee;
  - e) Medical certificate (In accordance with DVLA Group 2 driver standard for medical fitness of Hackney and Private Hire drivers & by a practitioner who has access to the applicant's medical history);
  - f) The appropriate fee;
  - g) A passport sized, colour photographs which must be clear and concise, with no face or head covering.
- 1.12 All riders will be issued with 2 driver badges detailing the licence number, expiry date and a photograph of the licence holder. One badge must be worn at all times when the rider is working and be clearly visible and the other must be displayed inside the rickshaw in a prominent position so that it can be clearly seen by passengers.

#### **Initial Application Rickshaw Vehicles**

- 1.13 The applicant must provide the Council with the following documents when making a first application:-
  - a) Licence application form completed in full;
  - b) Policy of public liability insurance which covers use for hire and reward with passenger risks of no less than £5 million (The insurance certificate must have effect for the duration of the licence);
  - c) Signed and completed certificate of fitness compliance sheet.

- 1.14 All vehicles will be issued with a window badge outlining the vehicle licence number, the vehicle licence expiry date, vehicle make, model and number of passengers permitted to be conveyed in the vehicle. The window badge must be displayed inside the vehicle in a visible position to passengers.

**Rickshaw Renewal Applications**

- 1.15 Holders of existing licences must apply to renew their licence in the month preceding the expiry date and ideally should be submitted as early as possible prior to the expiry of the previous licence. The Council has no duty to notify licence holders that their licence is due for renewal, but as a courtesy and part of the Council's customer service will send reminders generally four to six weeks in advance of the expiry of the licence.

- 1.16 Upon renewal, the applicant will be required to produce the following:-

- a) Licence application form completed in full;
- b) Policy of public liability insurance which covers use for hire and reward with passenger risks of no less than £5 million (The insurance certificate must have effect for the duration of the licence);
- c) Signed and completed certificate of fitness compliance sheet.

- 1.17 All vehicles will be issued with a window badge outlining the vehicle licence number, the vehicle licence expiry date, vehicle make, model and number of passengers permitted to be conveyed in the vehicle. The window badge must be displayed inside the vehicle in a visible position to passengers.

## 2. Policy

### General

- 2.1 Each application will be determined on individual merits.

### Vehicle Types to be Licensed

- 2.2 The Council recognise that Rickshaw can present unique challenges with regards to traffic flow, highway access, obstruction and safety.

This is particularly relevant in Cheltenham town centre where:

- a) a number of one way systems are in operation,
- b) a significant section of the town centre being pedestrainised with limited vehicular access, and
- c) on street parking combined with bus stops narrow the width of the road which can cause obstruction and difficulties with traffic flow.

Mechanically propelled vehicles will present difficulty for the Council, in reference to the above, and as a result, the Council considers it appropriate to only licence purpose built cycle rickshaws fitted with at least 2 passenger seats and of a design, which has the rider in the front or forward position and the passengers seated to the rear.

- 2.3 All Rickshaws must:-

- a) Display a vehicle plate which must be securely attached to the exterior of the rear of the vehicle in a prominent position;
- b) Be capable of carrying a minimum of 2 *but a maximum of 3* passengers in safety and comfort;
- c) Have sufficient roof and weather covering to be kept water proof;
- d) At all times comply with the safety standards contained in this policy;
- e) Be fitted with operational lap belts, one for each passenger;
- f) Be fitted with operational and adequate lights;
- g) Display at all times, in a prominent position, the adopted fare card;
- h) Display licence badge.

### Safety

- 2.4 All Rickshaws must comply at all times with the following safety standards:-

- a) BS EN 14766:2005 Mountain-bicycles - Safety requirements and test methods or equivalent;
- b) Pedal Cycle (Construction and Use) Regulations 1983;
- c) Pedal Bicycle (Safety) Regulations 2003;
- d) Road Vehicle Lighting Regulations 1989; and
- e) *The Electrically Assisted Pedal Cycles Regulations 1983.*

### Advertising

- 2.5 *Advertising will be permitted insofar as it is not inappropriate or offensive and the Council reserves the right to seek the removal of any advertising that is deemed or construed to be either or both.*

### **Fares**

- 2.6 Theoretically it is possible to fit a meter on a rickshaw, however this is considered impractical, as it would require a battery and waterproof enclosure, be expensive and inappropriate. Furthermore battery failure or loss of charge would require regular re-setting of the calendar control system. Finally, a rickshaw is unlikely to ever go fast enough to allow charging by distance.
- 2.7 *The Council can set maximum fares in accordance with section 65 of the Local Government (Miscellaneous Provisions) Act 1976. However, it is accepted that the operation of a rickshaw is sufficiently different from a normal motorised licensed vehicle and to that end the Council does not consider it necessary to formally control fares in relation to rickshaws.*
- 2.8 *However, under the aforementioned section of the 1976 Act the Council reserves the right to introduce a formal fare structure for rickshaws at anytime.*
- 2.9 *Furthermore, to enable the Council to properly investigate and respond to complaints, it is a condition of this policy and the accompanying licence conditions that riders be required to issue receipts to customers for each and every journey and retain copies for inspection.*

### **Area of Operation**

- 2.9 Rickshaw Hackney Carriages can stand or ply for hire on any street within a prescribed district and may undertake any request for a journey. However, it would be unrealistic to expect rickshaws to undertake all such journeys due to the physical demands on the rider. There must nonetheless be assurances that the passengers will be safely delivered to their destination with no reasonable risk that they may be ejected by the rider who becomes tired or fatigued. Consideration needs to be given to control of the areas of operation for Rickshaw Hackney Carriages in the borough.
- 2.10 To this end the Council considers it appropriate that the area of operation for Rickshaws be limited to the core commercial area of the town and Evesham Road up to Walnut Close for access to Pittville Park.
- 2.11 Rickshaws will only be *permitted to stand or ply for hire* on-street within the areas defined at paragraph 2.10 above. Access to pedestraised areas and/or cycle lanes or routes will **not** be permitted.
- 2.12 Rickshaws will not be permitted to operate from designated hackney carriage ranks used by motorised hackney carriages.

### **Duration of Licences**

#### **Drivers**

- 2.14 The Council will issue driver's licenses for a period of 1 or 3 years.

#### **Vehicles**

- 2.15 The Council will issue vehicle licences for a period of up to 1 year.

### **Inspection of the Vehicle**

- 2.16 Prior to a licence being granted to the intended Rickshaws must be inspected by officers of the Council.
- 2.17 Rickshaws will also require to be inspected annually by an officer of the Council. An inspection will include, but will not be limited to, the following:
- a) Front and rear brakes;
  - b) Front and rear lights;
  - c) Operation of lap belts;
  - d) Condition of tyres, wheels, spokes & steering;
  - e) Reflectors;
  - f) Quick release mechanisms;
  - g) Bell/Horn;
  - h) Condition of external body work.

### **Reporting Accidents**

- 2.18 The rider must notify the Council of any accident or incident within 72 hours.

## **3. Conditions**

- 3.1 Driver Code of Conduct for in respect of Rickshaws is attached at **Appendix A**.
- 3.2 Conditions attached the grant of a Rickshaw licence is attached at **Appendix B**.



## CHELTENHAM BOROUGH COUNCIL

### Code of Conduct for Cheltenham Borough Council Rickshaw Riders

I (insert name) ..... hereby certify that in the course of my activities as a rickshaw rider I will:

- 1) Ensure the safety of my passengers, other road users and myself at all times and take all measures to avoid accidents and incidents.
- 2) Abide by the rules as set out in The Highway Code at all times.
- 3) At no time be under the influence of alcohol or any drugs, including prescription drugs that may affect my judgement.
- 4) Ensure that my passengers are offered the safety belt or lap belt before all journeys.
- 5) Charge a standard fare for all journeys which will be for the hire of the vehicle (not per passenger) and agree that fare with passengers prior to embarking on a journey and not to charge or demand more.
- 6) Ensure that all items belonging to passengers are stowed away and that scarves, coats or any other items are safely contained within the rickshaws.
- 7) Not solicit or tout for business.
- 8) Not overload the rickshaw. I will only take the number of passengers specified on the licence plate.
- 9) Be courteous and considerate to other road users, pedestrians, passengers and other persons at all times.
- 10) Not cause an obstruction to other vehicles or pedestrians especially around fire exits from buildings, e.g. theatres and licensed premises.
- 11) Wear my licensed driver's badge (ID badge) at all times whilst working.
- 12) Carry out safety checks of brakes, steering, tyres, pedals, lights and the rickshaw in general before the commencement of work each day.
- 13) Assist any other rickshaw rider if they are experiencing difficulties.
- 14) Not become involved in racing of any kind.
- 15) Hand in any lost property to the Police station on Lansdown Road, Cheltenham.
- 16) Ensure that my passengers arrive at their destination safely and that I will take particular care of the vulnerable.



- 17) Not smoke, consume alcohol or use a mobile phone whilst riding or allow passengers to smoke, consume alcohol during any journey.
- 18) Not ride in pedestrian areas, cycle lanes or routes or on the pavement.
- 19) Not to operate in any area outside the designated area for operation.
- 20) Not use ranks designated for motorised Hackney Carriages.
- 21) Not take any action that might damage the reputation of the industry or licensing authority.
- 22) Report and document any accident or incident within 72 hours to the licensing authority.
- 23) *Issue receipts to customers for each and every journey that I undertake and retain copies of issued receipts in accordance with Cheltenham Borough Council's policy.*

Signed: ..... Company: ..... Date: .....

DRAFT

**RICKSHAW VEHICLE LICENCE CONDITIONS**

- 1) The rickshaw must at all times comply with the requirements of the BS EN 14766:2005 Mountain-bicycles - Safety requirements and test methods or equivalent, the Pedal Cycle (Construction and Use) Regulations 1983, the Pedal Bicycle (Safety) Regulations 2003, *The Electrically Assisted Pedal Cycles Regulations 1983* and the Road Vehicle Lighting Regulations 1989.
- 2) The rickshaw will be so constructed that it has a minimum of three wheels, one at the front and at least two at the rear.
- 3) The rickshaw must be fitted with a minimum of one front position light and a minimum of two rear position lamps and two rear retro reflectors.
- 4) The steering wheel when turned to full lock will not affect the stability of the rickshaw when turning.
- 5) Tyres must comply with the following requirements:-
  - tread pattern clearly visible over the whole tread area
  - no exposed cords
  - the load ratings of all tyres must be suitable for a rickshaw when fully loaded.
- 6) Any electrical installations to the rickshaw must be adequately insulated, protected from passengers and any battery fitted must be of the type that does not leak.
- 7) A rickshaw must not exceed 1250mm in width (excluding rear view mirror) or 2650mm in length.
- 8) There must be at least one mirror fitted to the offside of the rickshaw in order to monitor other road users. A nearside mirror is also permitted.
- 9) The floor covering of the passenger compartment must be of a non-slip material which can be easily cleaned. Any holds or handles to aid passenger access or egress should be clearly identified with high visibility yellow markings.
- 10) Any canopy or roof, when fitted, must remain fixed in position until required to be raised or lowered which will be achieved by means of a locking mechanism to secure the canopy or roof when raised or lowered and must remain water-tight.
- 11) The rear seat dimensions must be adequate to accommodate one or two adult passengers based on a width of 450mm per passenger and shall be forward facing.
- 12) Visibility from the passenger compartment must not be restricted by the design of the rickshaw. If the canopy or roof restricts vision then clear panels should be fitted to aid vision.
- 13) Every rickshaw licensed by Cheltenham Borough Council shall be fitted with seatbelts or lap belts which will be adequate to retain the passenger in the vehicle and must bear an EC or BSI mark.
- 14) The rider's controls and the surrounding area of the controls must be so designed that the rider has adequate room. The rider must be able to easily reach and quickly operate the controls and give hand signals when required. The position of the rider's seat must not be such that it restricts access or egress to the passenger compartment.
- 15) A written receipt will be given to each paying passenger and a copy kept by the licensed rider/proprietor. A chart explaining the fares shall be displayed in full view of any passengers.

- 16) The certificate of insurance must be displayed within the view of any passengers and should remain so when roof or canopy is lowered.
- 17) All rickshaw shall be required to be fitted with an audible warning instrument (bell) complying with the Pedal Cycles (Safety) Regulations 2003.
- 18) Rickshaws and all their fittings must be maintained to standards that meet these conditions of licence throughout the validity of the licence. They must be kept clean and in good order at all times and will be subject to tests and inspections. Any rickshaw found to be not properly maintained may have its licence suspended until such time as it is re-presented for inspection having had the defect(s) rectified. All testing will be carried out by CYTECH qualified technicians.
- 19) Suitable advertisements may be allowed on the exterior or interior of rickshaws subject to the approval of Cheltenham Borough Council. In addition they may display signs or notices which indicate professional skills or qualifications of the driver which enhance the rickshaw service to the public.
- 20) The materials used to form the passenger seats should be waterproof so that they will not absorb or retain water and should be constructed of a suitable fire resistant material to BS 5852 Part 1, 1979 or equivalent.
- 21) The rickshaw shall be of a design which has the rider to the front and passengers seated to the rear.
- 22) Rickshaws licensed by Cheltenham Borough Council will only operate within the specified area as outlined in the Council's adopted policy.
- 23) Rickshaws will only operate on-street within the areas defined above. Access to pedestrianised areas and/or cycle lanes or routes will not be permitted.
- 24) Rickshaws are not permitted to operate from designated hackney carriage ranks used by motorised hackney carriages.
- 26) The rickshaw shall not display any other signs or notices except those detailed above or approved by the Council.
- 27) The rickshaw shall not be a licensed rickshaw of any other Council.
- 28) The licensed proprietor shall immediately notify the Council of the name and address of any other proprietor or person concerned in the keeping, employing or letting for hire of the licensed vehicle.
- 29) Upon a change of proprietor, the Council shall be notified within 14 days of such change by the licensed proprietor (which expression includes both Companies and Partnerships).
- 30) The Council's Licensing Section shall be notified within 72 hours of the following:-
  - a) any accident or incident affecting the safety, performance or appearance of the licensed vehicle or the comfort or convenience of passengers,
  - b) any alteration in the design or construction of the vehicle which may affect its general condition or suitability for use as a rickshaw.
- 31) The licensed proprietor of a rickshaw shall permit the inspection of all documents relating to the licensed vehicle at all reasonable times and by prior arrangement by authorised Officers of the Council or Police Officers.
- 32) Every vehicle shall display a licence plate, supplied by the Council, externally on the rear of the vehicle. The licence plate issued by the Council should be securely fixed to the rear of the

vehicle so that it is clearly visible. The licence plate will remain the property of the Council and must be returned to the Council immediately upon a change of vehicle or when requested upon the suspension, revocation or expiry of a vehicle licence.

- 33) Licensed vehicles must display a sign, supplied by the Council, inside the vehicle in a visible position to passengers, displaying the Council's details and the plate number of the vehicle. The sign will remain the property of the Council and must be returned to the Council when requested upon the suspension, revocation or expiry of a vehicle licence.
- 34) A driver's badge (ID badge) must be displayed inside the rickshaw when the rider is working, within the view of any passengers and should remain so when roof or canopy is lowered.

DRAFT

**Cabinet**

**Tuesday, 11th December, 2012  
6.00 - 7.25 pm**

<b>Attendees</b>	
<b>Councillors:</b>	Steve Jordan (Leader of the Council), John Rawson (Cabinet Member Finance), Rowena Hay (Cabinet Member Sport and Culture), Peter Jeffries (Cabinet Member Housing and Safety), Andrew McKinlay (Cabinet Member Built Environment), Jon Walklett (Cabinet Member Corporate Services) and Roger Whyborn (Cabinet Member Sustainability)
<b>Also in attendance:</b>	Councillor Penny Hall

**Extract of the Minutes****1. LICENSING OF RICKSHAWS IN CHELTENHAM**

The Leader of the Council explained that he was using his discretion in inviting Mr Meyer of Rickshaw Revolution to address Cabinet. Mr Meyer believed that it had taken the Council a considerable amount of time to consider his application for operating licensed rickshaws in the town and had submitted a complaint to that effect. He recognised that safety concerns were of utmost importance and referred to the Gloucestershire Constabulary consultation document which had drawn attention to the City of Westminster report on the safety of rickshaws. He asked why the definitive City of Westminster report had not satisfied the council in granting a licence for operating rickshaws in Cheltenham.

In response the Cabinet Member Housing and Safety explained that the rickshaws operating in London were unlicensed. He explained that Cabinet had considered the issue in September but Members were still concerned that there were no safety standards for rickshaws or the manufacture of rickshaws. The Hackney Carriage legislation was not fit for purpose with regard to licensing rickshaws but as this was due to be revised in 2013/14 it was proposed that the decision be deferred until then.

Members were supportive of the amended resolution, highlighting continued safety concerns and the complexities in policy. They recognised the contribution a rickshaw service could have on tourism and wished to find a workable solution. When asked whether rickshaws could operate unlicensed in the town the Cabinet Member confirmed that this was possible on a private hire basis. Members advised Mr Meyer to discuss this possibility directly with the Licensing Officer.

**RESOLVED**

**To defer a decision on the licensing of rickshaws in Cheltenham until the outcome of the taxi and private hire licensing law reform review by the Law Commission is published in 2013/14.**

