Room at the Inn

Planning Advisory Guidance on developing rural pub accommodation

Produced as part of a
Review of the Rural Pub Accommodation Sector

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TOURISM SOUTH EAST

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TABLE OF CONTENTS

SECTION		Page
1.	**INTRODUCTION**	**3**
	Why Focus on Pub Accommodation?	
	The Purpose of the Guidance	
	A Companion Guide	
2.	**KEY FINDINGS OF THE PUB ACCOMMODATION STUDY**	**5**
3.	**THE DEVELOPMENT CHALLENGE**	**11**
	The Operator Perspective	11
	The Local Authority Perspective	18
	Balancing Viability and Loss	24
	A Middle Ground	27
4.	**REMOVING THE BARRIERS**	**29**
	5 Key Principles	
	Be Aware	
	Be Informed	
	Be Responsive	
	Be Flexible	
	Be Supportive	
5.	**KEYS TO SUCCESS – AN ASSESSMENT TOOLKIT**	**36**
	Drivers to Success	
	An Assessment Toolkit	
6.	**KEY INDUSTRY CONTACTS**	**40**

SECTION 1 – INTRODUCTION

The Purpose of this Guidance

This Planning Guidance has been produced for local authorities and those in a position to enable pub accommodation development to happen. Its aim is to provide them with better information on:

- the pub accommodation sector and key industry trends
- the performance and potential of the pub accommodation product
- the key drivers to success
- the issues surrounding the development of pub accommodation
- the barriers to investment and how local authorities can help to overcome these

It is hoped that the guidance will help local authorities recognise the potential of rural pub accommodation development, inform future policy development and assist with decision-making on pub accommodation planning applications.

A Companion Guide

The development of rooms is not a panacea that provides an immediate and guaranteed solution to creating profit, but a potential business opportunity for which the risks and rewards must be properly assessed.

A companion Business Advisory Guidance publication is also available from Tourism South East which attempts to provide a number of tools with which to do this, based upon benchmark performance data and real life case studies of pubs with accommodation in the South East.

Where the keys to success are in place, all the evidence shows that rooms development can not only deliver better returns to the owner, but can also help to ensure the long-term future of the pub, for the benefit of visitors and the local community alike.

Why Focus on Pub Accommodation?

For some time, Tourism South East has been concerned about the loss of traditional rural pubs, impacting on the rural tourism resource but also adversely affecting the quality of local community life.

The pressure for development from the residential sector is particularly intense in the South East of England. This can tempt pub companies and independent landlords to sell up or attempt to convert their properties to high value residential use. Pressure also comes from the fact that the pubs industry is suffering from oversupply, and from falling alcohol sales.

In recent years, many pubs have successfully diversified by selling food and some have added accommodation. In the main this has been piecemeal and there is no national or regional network of pubs offering rooms. Yet pubs have their roots in the business of providing accommodation – the pub was, after all, the original coaching inn - and at the same time, the growth of budget hotel accommodation nationally has shown a strong demand from both the business and leisure markets for good value, accommodation meeting quality standards understood by the customer.

Given this background, there appeared to be a clear opportunity for the development of rooms within the pub sector. Tourism South East therefore commissioned consultants Tourism Solutions, working with Humberts Leisure Consulting and Strategy and Action, to look into this potential further, to identify the market opportunity, the product requirements, the potential benefits, the obstacles to investment, and the mechanisms needed to make this happen.

The results of this first-ever in-depth study into the pub sector in the South East do indeed show a tremendous opportunity for quality, characterful pub accommodation in historic and distinctive buildings to be offered in association with a locally distinctive food and drink offer – a product that Tourism South East believes would appeal to the business market, to overseas visitors and to the domestic short break market. Tourism South East is committed to playing its part in stimulating and facilitating the development and marketing of this product, but it can only do so with the support, commitment and input of other key stakeholders.

Tourism South East is now seeking to feed the study findings into a programme of work with breweries, independent pubs, local authorities and business advice agencies, to deliver an enhanced product meeting the needs of visitors and local communities alike.

SECTION 2 – KEY FINDINGS OF THE PUB ACCOMMODATION STUDY

Tourism South East has carried out the first-ever in-depth study of the rural pub accommodation sector. TSE's study looks at the current size and nature of rural pub accommodation in the South East. It analyses the constraints to investment and suggests levels of investment and market conditions required to achieve success.

The study focuses on the current position and makes recommendations for future action. It draws on interviews with national and regional pub companies and breweries, input from local authority tourism officers and planners, discussions with the main industry associations, and consultation with pub managers, tenants and landlords.

The study was commissioned by Tourism South East and carried out by Tourism Solutions, supported by Humberts Leisure Consulting with Strategy and Action.

This section summarises the study's findings.

Tourism potential

Rural pubs are not simply businesses: they can be vital community resources, and key tourism assets.

Yet rural pubs are under threat - especially in South East England, where the value of residential property can tempt pub companies and independent landlords to sell up.

The pubs industry is suffering from oversupply, and from falling alcohol sales. In recent years, many pubs have successfully diversified into selling food. Some have added accommodation.

Despite their tourism importance - as places to drink, eat and sometimes stay - pubs tend to be outside the "tourism network" and therefore less likely to benefit from the work of the tourism authorities or from alliances with neighbouring tourism businesses.

Yet pubs have enormous tourism potential: research has shown that UK visitors are looking for "distinctiveness" from the places they visit, and that a pub visit is high on overseas visitors' agenda - many of whom prefer British pubs to the bars in their own countries.

Stiff competition

Pub accommodation is facing stiff competition from hotels, and in particular from budget hotels - especially for their business visitors. Budget hotels have strong brands (reinforced through high-spend marketing), consistent standards and pricing, are easy to book and can refer business among themselves. Some budget hotels even offer the opportunity to drink and eat well in an adjacent pub, owned by the same company.

In contrast, traditional pub accommodation is fragmented, with huge variations in quality and price. There is no consumer-recognised quality standard for pub rooms: only around 35% of pubs in the South East of England are inspected under the National Accommodation Quality Assessment Scheme (NAQAS), which itself has low awareness. And there is a lack of consumer awareness about how to find out about, and book, good pub accommodation.

However, the best pubs' specific market appeal is that they are distinctive and individual. Customers look for character, warmth, informality and friendliness. The pub can give them a unique “cultural snapshot” of an area - its history, traditions and community. “Overbranding” would run counter to pubs' distinctive appeal.

Pubs in the South East

There are thought to be 55,000 to 60,000 pubs in the UK: 70% are owned by large pub landlords, and 30% by individuals or independents. The South East has around 6,500 pubs: up to 30% of these (up to 2,500) are thought to be in rural areas.

Between 750 and 1000 pubs in the South East offer overnight accommodation, providing more than 5000 rooms. Hampshire, Oxfordshire and Kent have the most pub accommodation. Most units are small-scale: 80% of pubs have 1 to10 rooms, and the average is 8 rooms. Published room rates are typically between £40 and £60 for a single, but can be as high as £130.

Marketing

Marketing of pub accommodation is fragmented and low-resourced. No national framework exists, and no pub company offers a national pub accommodation product. Even the larger pub companies do not give this sector sufficient marketing resource, and, as a result, limited budgets are spread too thinly to be able to achieve significant results.

While landlords and pub managers are often knowledgeable about their local markets, and good at targeting these, there is a lack of market information about existing and potential visitors from further afield.

From detailed research interviewing over 80 pubs about their mix of business, we found a split of approximately 61% business visitors and 39% leisure, with high incidence of repeat visits (39%) and around 9% of visitors coming from overseas.

Performance

The pub accommodation sector has very little performance data - unlike the hotel industry, which is well-supplied with data with which individual operations can compare their business. Managers and owners are not strong on tracking and quantifying performance in this area of their business, and are often not maximising its potential as a result.

This study has gathered performance data from over 150 pubs across the South East, and found:

- Average annual occupancies of 58%, within a range of 15%-86%; larger pubs and owner-operated pubs had slightly higher occupancy; occupancy in rural locations was slightly lower (57%); by county, Hampshire and Surrey achieved the highest pub accommodation occupancies (60-63%)
- Average achieved room rates of £43; larger pubs and pub company pubs exceeded this average; the highest achieved room rates were in Surrey, Berkshire, Oxfordshire and Buckinghamshire (£48-£50)
- Average yield of £25; Surrey achieved the highest yield at £32, followed by Berkshire(£29) and Oxfordshire (£27)
- Mid-week occupancies generally exceed those at weekends by 10%-20% - although pubs in the stronger tourist destinations show the opposite
- Occupancy and rate can vary widely across the year, with January to March generally the poorest performing months
- Over 70% of pubs were turning some business away, more during the week than at weekends, ranging from 150-600 room nights per annum. These are often during concentrated periods - for example during major festivals or events.

Of the top performing pubs by yield, 70% are in rural locations, indicating that - with the right product management and location - rural pubs can be very successful.

Barriers to investment

Pubs wanting to develop accommodation face a raft of obstacles and constraints which make strategic planning difficult. These include:

- local authorities' lack of information about the pubs industry
- planners' lack of information about accommodation demand
- problems with listed buildings: costs, planning constraints and compliance with the DDA
- problems in rural areas where many are in sensitive, protected locations
- difficulties getting adequate signs - both on the building itself, and traffic direction signs

- lack of staff expertise (at local and group level - accommodation is seen as periphery to the main business of selling food and drink)
- no central source of advice, information and marketing expertise
- no centralised distribution and booking channels.

Because of pubs' community and tourism value, many local authorities fight applications for change-of-use from pub to house - especially where a pub is the last pub in a rural community. This has encouraged some pub companies to dispose of rural pubs early, in order to avoid being the last pub in a village.

Yet oversupply means some closure is potentially desirable, as it reduces competition and makes the remaining businesses more viable. So planners need to be more flexible if the best rural pubs are to survive.

There are already examples of deals being struck, with companies granted permission to close one pub as long as they invest in another. Increased market information and guidance for planners would help them to develop a more sophisticated and co-operative approach to the industry.

Investment costs and benefits

Refurbishment of existing accommodation to cater for guests can cost between £2,000 and £15,000 per room. For an average 8-room pub, this means an investment in the £16,000 to £120,000 range.

Newbuild costs £25,000 to £50,000 per room - an investment for a typical 8-room pub of between £200,000 to £400,000. Occupancies require a build-up period of up to 3 years, and may start at around 40% in Year 1, climbing to 65% by Year 3.

Wise investment in pub accommodation - for example, repositioning of "tired" product or investing in under-performing pubs - can add 5%-10% onto occupancy levels, and £5-£10 onto achieved room rate. In some projects this can lead to a £20+ increase on achieved room rate.

Return on investment levels of 15%-20% are typically being achieved.

Other than staffing requirements (which can be minimal in smaller landlord-run pubs) or where substantial room numbers are added, additional operating costs are minimal (around £5-£8 per room).

Wise investment in pub accommodation will bring wider benefits too. According to the British Beer & Pub Association, the average pub spends over £70,000 per annum on locally sourced goods and services - so a strengthened business will safeguard and increase local economic impact.

Keys to success

Successful investment in pub accommodation needs:

- good market intelligence, with clear target markets and an understanding of competitive position
- active marketing with adequate resources
- evidence of year-round demand
- realism about performance: potential occupancy levels, likely peaks and troughs, levels of investment needed, and the length it will take to build the accommodation business
- control of development costs and neither over- nor under-specification of the rooms product
- a good local profile (for visitors to local businesses, and for VFR)
- a quality pub with character and distinctiveness, and consumer-recognised assurance of that quality
- a stable and committed management
- attention to detail, a warm welcome and excellent customer care
- a quality food offering
- ongoing investment (refurbishing every 1-3 years)
- satisfied customers, to form a core of repeat visitors

Strengths, Weaknesses, Opportunities and Threats

The key strengths, weaknesses, opportunities and threats for rural pubs in the South East are:

Strengths: a history of welcome and hospitality; appeal to overseas visitors; good value; warmth and character

Weaknesses: occupancy significantly lower than hotels; lack of market intelligence; constraints and cost of listed buildings; poor/lack of signs; no consistent standards (so the poorest damage all)

Opportunities: TSE gearing development and marketing support more towards pubs industry; potential for networking group to share expertise and data; potential for improving quality standards through greater take-up of NAQAS; new pub accommodation development by independents and pub companies

Threats: “churn” in large pub estates leads to lack of continuity; dangers of branding “straitjacket” conflicting with essential nature of pubs; planning constraints; increasingly sophisticated competition in hotels sector; pressure from value of residential property.

Next steps

TSE has a clear role to play in stimulating the development of quality pub accommodation in the region. It is well placed to co-ordinate and lead initiatives, bringing together partners and delivery agencies.

It should focus on supporting characterful and distinctive pubs in rural areas where demand for quality serviced accommodation is high.

Future action can be divided into three main areas: product development, marketing, and organisation & resources. All three should provide an environment where investment in pub accommodation can flourish.

In the area of **product development**, TSE's role is to

- influence the industry to invest in quality
- work with the industry to improve awareness, recognition and take-up of quality assurance schemes
- encourage the development of new pub accommodation where demand exists
- develop a system to monitor and benchmark pub accommodation performance, to help pubs improve business and make investment decisions
- improve local authorities' understanding of the pub accommodation sector and help provide a more flexible framework for development

When it comes to **marketing**, TSE's role is to

- work with the industry to improve market information, co-ordinating the collection and dissemination of market intelligence so that the industry understands its customers and potential customers better
- develop a marketing plan that clarifies potential markets and ways to reach them.

As for **organisation and resources,** TSE's role is to

- bring together an industry network, to help build skills and intelligence, share information, disseminate best practise, problem-solve, lobby and market together
- help develop specialist business advice and training, including its own in-house specialist support for the sector
- make sure that pub accommodation development benefits from the region's various programmes for regeneration and business support

To help provide the right environment for investment, it is vital that TSE communicates effectively with the industry, investors and other support services, and that it develops and tailors its own work - its business support, membership offer and marketing activities - to meet the pubs industry's needs.

SECTION 3 – THE DEVELOPMENT CHALLENGE

Introduction

This section of the guidance takes a look at the issues surrounding the development of rural pub accommodation – from both the operators' and the local authority perspective. There may well be some aspects of the development process where these views may appear to be in conflict; others where there is a clear support role required.

Our aim here is to understand the respective positions of both the developer and those with the power to permit or refuse development, and to identify ways of establishing a more co-operative - as opposed to confrontational – process that will enable the benefits that the development of rural pub accommodation can bring to be maximised, and any negative impacts to be minimised.

1. *THE OPERATOR PERSPECTIVE*

There are a number of factors that affect the propensity of the pub operator to invest in the development of pub accommodation, as well as their ability to do so. These factors relate to issues of:

- Organisation – who owns the property; whether it is managed or leased; the impacts of legislation on both the development and operation of units
- Financial – issues of cost, returns, capital resources, viability, income potential
- Physical development – planning, conservation, signing, the availability of sites, and the development process
- Operational – issues related to staffing, skills, training, opening hours and entrepreneurship
- Market – market potential, identifying this, competitive positioning and effective marketing to fill the rooms

These factors operate at a variety of different levels – the industry level, the ownership level, and the pub level – and in addressing them it will be important to bear this in mind in terms of target audiences and potential beneficiaries. Below we look into these issues in more detail.

A - Organisational Issues

At Industry Level the impact of the 1990 Beer Orders and the 1994 Licensing Laws has affected brewery and pub company development strategy in a number of ways. Most notably, many new licenses have been granted, creating much more competition, and operators focused in their aftermath on purchasing new outlets

This has resulted in an over-supply of licensed premises in some areas, which has affected trading performance and the viability of existing units; licenses have been granted without others being rescinded, and there is a general feeling amongst the industry that demand and supply needs to get back in balance, meaning some loss of more marginal pubs.

This over-supply of pubs has also affected their value; in the past the building and goodwill would always have given a value in excess of residential worth; this is no longer the case, partly due to oversupply of pubs, but also under-supply of residential provision in the South East.

An additional trend at this time of new licences being granted was the emergence of new concept pubs, particularly in towns where many licenses were granted as local authorities were concerned about town centre viability.

New concepts have since become yesterday's story; these trends served to take the brewery and pub companies' eyes off the ball of accommodation development – but now the focus is very much about making more of what one has i.e. optimising each site, improving standard s and facilities, and where this can't be done to profitable effect, disposing of unprofitable properties in order to be able to invest in quality and viability in what remains of the estate.

At Ownership Level there is a significant difference between the approach in tenanted operations (where a property is let on a rental contract and the tenant therefore has a more long term and often capital commitment e.g. to furnishings and fittings, and controls standards of operation themselves) and managed operations (where a manager is paid a salary to operate the business to standards and procedures set down by the brewery/pub company, but has no ownership and could be moved at any time). This is particularly true with the issue of control of standards and of procedures. The majority of breweries/pub companies are focusing on developing and marketing 'branded' pub accommodation in their managed estate for this reason, and this is also where the marketing support is directed. These tend to be larger units of 12 –15 rooms plus.

These companies are investing in rooms in their tenanted estate also, but generally of 6-10 rooms, as beyond this the lease becomes too much for the leasee. These units are not marketed by the group, but left to their own devices.

Many rural pubs tend to be tenancies, particularly the truly rural ones. This is because below a certain level of turnover, these operations will not support a central overhead cost, and also, they generally benefit from a more entrepreneurial approach to management. There is a danger in this in that the loss in a non-viable unit is passed on to an individual tenant, and these persistently go bust if change of use is not allowed.

The large tenanted pub estate companies are not investing in accommodation significantly. In the main they are about generating cash in the business, and the returns on accommodation investment are too long term for this.

Some units are more suitable for accommodation development than others. Most pub companies/breweries seem to classify their pubs into:

- Local community bars, dominated by wet sales
- City/town bars, with perhaps a 30% food take
- Destination/fine-dining pubs, with more focus on food and quality

It is this latter category that most seem to be focusing on for accommodation development. Some have accommodation clusters, but in most cases the numbers of units are too small to justify a separately managed group.

At Pub Level an entrepreneurial attitude is often critical to the up-take of pub accommodation development. At an individual operator level this means publicans recognising that they need to do more than simply sell drink, leading them to explore other sources of income, including restaurant offers and accommodation.

Pubs are often referred to as 'community facilities', but the definition of community at a local level is changing. Few rural pubs now rely on their village community, but draw from a much wider area. Most pub operators we spoke to felt their regular business came from a 20 minute drive time, especially if they offer quality food that will make them more of a destination dining pub. Operators felt that this definition differed from that of most local authorities, who perceive the local community to be much tighter. It is also significant in terms of competitor product i.e. other pubs within a 20 minute drive-time who will also be serving these 'community' markets.

B - Financial Issues

At Industry Level a number of trends have affected pub viability and demand. These include:

- Home drinking – competition for time and spend
- Increased regulation – fire regulations, health and safety, minimum wage, all result in….
- Increased costs, against a background of….
- Reducing demand

Diversification is an increasing industry trend as a result, as pub companies and individual operators seek to generate alternative sources of income such as rooms to recompense for declining beer volumes.

At Ownership Level shareholder pressure adds to this. And as achieving adequate returns on acquisitions or new build pub projects becomes harder, they recognise the need to exploit every angle to generate revenue and profit from the existing estate. Bedrooms are increasingly being considered for development as a result.

Rooms are a very capital-intensive investment, and returns long term, higher risk and lower rate than many of the alternatives open to operators e.g. food and beverage refurbishment. This affects the pace of development, as only a proportion of funds available to a brewery or pub company can be put into longer term investment

Rates of return sought are typically 15-20% for leased and managed properties, and it is accepted that the build up of rooms business can take 3 years to break even. However, once the business has matured, the benefits are significant, both in terms of income/profit, and expanding the pub's markets.

At Pub Level Whether a brewery/pub company unit or a privately owned pub, rooms can have a substantial impact on the business. As the margin on rooms income is high (80%+) with minimal associated operational costs, this takes much of the income straight to the bottom line as profit. In addition, a large percentage of guests to rural pubs eat in the pub, over 80%, with an estimated spend of £22 per head on food and drink, often on nights when the pub/restaurant is not busy with local community trade**.**

On the down side, particularly for the independent operator, the development of rooms could bring additional unwanted scrutiny to the business, in terms of both its cash generation and the legislative requirements that accompany rooms development and operation.

C - Physical Development

At All Levels the planning framework, and its implementation at a local level, is identified as one of the key constraints on development and expansion, both by individual pub owners and by pub companies. Issues here are many and varied but some of the main areas of concern relate to:

- The length of time taken for permission to be granted – typically 2-2.5 years in the South East
- Increase in costs due to often last minute alterations to design relating to e.g. conservation, which can impact significantly on viability
- Detail of planning – one operator quoted receiving planning permission for the type of grass they had to use
- Down-sizing the scale of development – again impacting on viability
- Restrictions on external display, affecting the ability to inform the potential market of the accommodation offer
- Citing refusal on the grounds of no demand, when clearly the operator has identified this, or would not be willing to invest; operators questioned the ability of planning authorities to assess this and suspect that such responses are often uninformed.

The level of knowledge amongst local authority officers and members about the accommodation sector was a further concern of pub operators – particularly when this is guiding their policy, strategy and ultimately their planning decisions. Their understanding was often felt to be limited and not based on research evidence; many were felt to have a poor image of pubs as 'smokey boozers', clearly at odds with the quality, contemporary offer that many now operate; and frequently, local authorities had aspirations for large 4 star hotels that the market simply could not support, and would hold out for this rather than permit a quality pub accommodation development that would be in line with market need.

The availability of sites was a second frequently mentioned constraint on pub accommodation development. Competition for land across the South East is intense, and there are only so many pub sites that have the associated land that could accommodate rooms development. This then has to tie in with market potential. In the case of purchasing additional land, if alternative uses are permissible on these sites, an accommodation development would be hard-pressed to compete on value.

The very nature of traditional old pub buildings causes other constraints on development – often they are listed, which limits what you can and can't physically do to them. It also pushes up development costs. And it creates a real challenge when endeavouring to respond to legal requirements such as DDA. Pub companies are happy to undertake reasonable endeavours to accommodate these requirements, but sometimes find themselves penalised as a result e.g. re granting signage when they are physically unable to meet fully standards such as DDA.

Indeed the nature of these traditional pub buildings can be one of the factors leading to non-viability of the unit. The pub market has changed significantly, and the demands and expectations of today's marketplace cannot always be met on constrained sites. Many units don't have adequate kitchens, gardens, parking and other facilities required by the market, and to generate sufficient income, and in such circumstances, pub operators might well look to dispose of these sites and concentrate their resources in locations that enable them to maximise site and income potential.

In such circumstances, pubs might move from being managed to leased or tenanted, with several changes of tenant before non-viability leaves little alternative option other than change of use. But protectionist policies have generated real fear amongst pub companies of being 'the last pub in the village', and emerging strategies to anticipate closure and dispose of property before they get themselves in this position.

Signing in itself is a real bone of contention, both in relation to what is permissible on pubs and in their grounds, and what can be granted to direct visitors through road signage. The brown tourist signs are felt to be a positive support to rural pubs, but operators had several criticisms of the process involved, notably:

- The time taken, often causing significant delay (6 months to 2 years were frequently quoted)
- The cost
- The criteria, making it difficult to get them, with reasons for refusal often not transparent
- Lack of control over where they are positioned and what they say

Clearly the cost and time required to deal with the development issues raised above can put operators at pub company and individual level off the idea of further extending their pub physically, and makes any kind of strategic planning difficult; most development we tracked with breweries and pub companies was opportunistic as a result.

D -Operational Issues

At Ownership Level for the majority of pub companies and breweries, accommodation on pubs is very much a sideline to their core activity of brewing and the sale of drink, and increasingly food. There tends therefore to be a lack of focus on the accommodation product at a strategic level, and often no dedicated staffing overseeing the strategic development of the pub rooms offer. This is because most of the regional brewery/pub companies do not have sufficient stock to justify dedicated staffing, though some do have a marketing person or shared marketing person dealing with rooms promotion. The fact that the rooms product is often geographically dispersed adds to this, with accommodation units often ending up under area manager control rather than a manager focused on rooms delivery.

Similarly, the systems required to service and monitor the rooms business effectively are also frequently not in place. The recording of occupancy, rate, yield and business mix for example in all but one case we came across is not being adequately addressed, analysed, and fed back to both the Board and the unit. In fairness, a number of pub companies were endeavouring to do this, but time and resources were often prohibiting progress.

There were also only limited activities to support individual units in their rooms development and management. Operations manuals, dedicated training courses etc were delivered on a piecemeal basis, and was an area of recognised need that had lacked priority.

At Pub Level staffing is a key issue, and particularly the acquisition of skills both at a managerial and housekeeping level that are required for dealing with accommodation-related business. This might range from handling bookings, pricing policy and discounting, through to the welcome that the overnight visitor receives on checking in. Pub staff have been recruited for their skills in pub management, bar and food-related activities, and often have had no real exposure to the hotel sector.

Even when training courses are on offer, it can be difficult for staff to be released to attend them; they often require a more flexible approach to training with distance learning and IT routes playing a part, backed up by corporate support for release to attend key sessions as required.

Opening hours are an issue at operational level, as pubs don't traditionally open early in the morning, when their housekeeping tasks are underway, nor in the afternoon when early arrivals might want to check in. During peak arrival time for guests in the early evening, the pub bar and restaurant can be busy, and staff stretched to deal with check-in procedures. Answering the telephone and email to deal with enquiries and bookings can also fall victim to the same problems.

E - Market-Related Issues

At Industry Level the absence of a strategic body that has some focus on the operation of pub accommodation means that there is no central source of information, advice or support for companies and individual operators to approach. This might be something that one of the existing organisations/associations could take on board. The hotel industry clearly has this with organisations like HCIMA and BHA, providing central information and advice about e.g. legislation and training. The hotel industry also has several national performance surveys that provide valuable data for the sector, and this is clearly lacking for pub accommodation.

The lack of a strong national marketing route focused on this sector has also been identified, and could present an opportunity for further development.

At Ownership and Pub Level the identification of market potential is an area that most pub companies and individuals find difficult to validate, often moving ahead based on 'feel for the market' rather than any systematic analysis and hard data. They could be better equipped to do this through establishing systematic assessment procedures, sign-posting to key data sources, and indeed making more of their own data.

There appears to have been only ad hoc and piecemeal attempts to assess current markets amongst pub accommodation users. Systems can be put in place to collect and analyse this data, and indeed if an industry standard could be agreed, to data share where appropriate.

Competitive positioning in most cases seems to have evolved rather than been the result of a clear strategy and analysis, and a lack of industry benchmarking data hasn't helped here.

Marketing activities tend to cast the net wide, without effective monitoring of impacts, and as well as budgets being limited, there is a clear lack of expertise relating to the pub accommodation sector. At an individual pub level particularly, operators often don't know where to start and are reluctant to spend – an area clearly needing support to develop expertise.

F - Summary of the Operator Perspective

Perhaps the operator perspective can best be summarised as:

- Recognition of the opportunity pub accommodation presents to generate income and maximise unit/estate potential

- A willingness to allocate some resource and effort to this, though very much as a subsidiary activity to brewing and food and beverage retail

- A desire to develop more professionalism in this sector, and recognition for support to do this – research, training, marketing, demand /performance benchmarking are key areas

- The need for a slightly different approach to rooms development between the managed house, the leased/tenanted property, and the owner operated unit

- The biggest constraints to development being:
    - Planning
    - The availability of sites
    - Capital (the level of investment required and the long payback period)

2. *THE LOCAL AUTHORITY PERSPECTIVE*

TSE emailed a questionnaire to all local authorities in the region to gauge the potential for the development and subsequent promotion of pub accommodation across the South East. The following represents a flavour of the responses across a range of different topics relating to the potential and feasibility of future pub accommodation development.

A -The Policy and Development Context

In the main, there is an absence of **specific policies relating to pubs** or pub accommodation, although there is general permissiveness towards the development of 'facilities and services', including pubs.

Specific pub accommodation proposals are generally considered on their own merits, although there are restrictions relating to the Green Belt and/or AONB, parking, appropriateness of scale, siting, design and layout. In addition, the character and amenity of an area should not be affected, and access should be available by a choice of means of transport. Proposals for the re-use of redundant buildings will be expected to comply with other detailed provisions of related policies.

Permission in the open countryside is more of a challenge, with most policies directing development to settlements. There were some indications of flexibility in sensitive locations such as Green Belt where the accommodation would help to secure the long-term future of the building.

Increasingly, policies aimed at resisting the loss of accommodation and pubs are being introduced, and several had developed local plan policies or Supplementary Planning Guidance to resist the loss of pubs and other village services, especially to residential pressure.

Applications for **change of use from public houses** are generally resisted by planning policies unless it can be demonstrated that the building is no longer needed or suitable for 'facility/service' use, or whether alternative provision is available nearby – it is important that the social and economic well-being of the local community is not compromised. There would also be benefit in the applicant demonstrating that the property had been actively marketed.

A significant number of shops, post offices and public houses have been lost from rural areas over the last thirty years. It is important that, wherever practicable, the remaining facilities are maintained and every encouragement given to proposals that would improve provision. Examples of properties that have been lost from pub use in the last five years give a variety of resultant uses including commercial (nursery, supermarket, offices, retail warehouse, restaurant) or, more often, residential. Examples here included high-density flats or elderly accommodation, although there were also cases of single houses being developed as well as B&B. Some pubs were simply demolished, and a change of use to church use was also given.

In terms of more detailed examples of properties lost from pub use, together with the **case made for non-viability** by the owner, and the planning assessment - public disorder examples were given, as well as those where pubs closed on simply economic grounds – where there were alternative establishments nearby there were no grounds to oppose the loss. Where permission to change to residential was granted, this was done on the basis that there was sufficient alternative provision and that the viability of running a pub in a rural area can be uneconomic. Where change of use was not permitted pubs tend to close and get boarded up. There is variation from council to council as to whether pubs are classified as community facilities – interestingly, if they are not, there can be no real issue with a change of use to residential.

Local authorities could cite a few examples of **pub accommodation development that has taken place over the past five years**, but not many. One example in Havant – owned by Whitbread – built 36 bedrooms, and West Oxfordshire cited four separate examples offering a total of 34 rooms. Another example in South Bucks cited a single storey extension to outbuilding to provide a family room. Numerous new or conversions to pubs have been permitted but these have rarely included accommodation. It is happening but it remains strongly the exception rather than the norm.

In cases where **permission has been refused for pub accommodation** development, typical reasons given include: disproportionate; permission refused on grounds of scale, mass and design, rather than the principle of accommodation provision diversifying the business; proposed development would result in the undesirable addition of new buildings in the countryside for which there is insufficient justification and is not located as to limit its effect on the countryside setting.

The main **issues and concerns** surrounding the development of accommodation in association with pubs in rural areas and market towns were: a lack of suitable buildings or cost of converting buildings that may be old or listed; whether the owner feels that it is a profitable activity to be involved in; whether adding accommodation will complement existing trade.

Others include:

- loss of use of pub by locals who feel that their pub has become something else
- sustainability of the accommodation, along with proper demand assessment being undertaken
- many premises have high turnover of management if tied to breweries
- easier and cheaper to develop food offer than accommodation
- impact and scale of development on the countryside
- impact of development on local residents – traffic generation, parking
- value of existing facility to community and whether accommodation will assist its continued viability
- pubs providing accommodation unofficially

In terms of suggestions as to **how these issues and concerns can best be overcome,** commitment from LAs to support this sector may help, but the main issue will be whether the provider feels that there is market potential. Pre-application discussions prior to drawing up a proposal will identify any possible problems and provide a possible steer on design, scale etc. Other suggestions include:

- networking of village pubs
- encouraging participation in Quality Awareness Schemes to ensure promotion through VICs, and promotion of benefits of inspection services
- encouraging involvement in local tourism forums
- support from pub chains and local breweries

- well thought out comprehensive proposals which address all the issues raised

B - The Pub Accommodation Product

There is a surprisingly large number of pubs already providing accommodation in the region, although some local authorities were able to supply this information more easily and in a more accessible way than others.

Examples of good practice pubs with accommodation in rural areas however were few and far between, suggesting a lack of familiarity with the product.

Particular issues relating to the pub accommodation product and its marketing generated some interesting responses:

- pub owners may not have the right skills to run accommodation establishments
- quality assurance – a relatively low number of pubs with accommodation are part of a quality assurance scheme
- participation in visitor or tourism partnership guide – pubs are less likely to advertise than B&Bs
- local authorities predominantly wish to promote a higher echelon of pub accommodation (traditional 'inn' promising a quality experience) rather than more 'rough and ready' pub room which is more affordable but offers little by way of a distinctive experience – although customers do seek both
- isolation of some rural pubs may make them hard to promote, although they make good sense for those pursuing walking or outdoor holidays
- pub accommodation is often added as a secondary source of income – standards often poor as majority are not inspected
- perceived need to be inspected by majority of pubs – don't understand the value of it related to tourism
- a pub accommodation 'trail' that people can walk/cycle between would make the accommodation part of the product rather than just an add-on
- most local authorities have an inspected-only policy, so do not work with a great majority of pubs – paradox is that some of the accommodation is excellent and would be a real asset to the tourism product
- promotion of benefits to rural pubs in diversifying into accommodation

Suggestions for **overcoming some of these problems included:**

- workshops advising businesses on the benefits of accreditation have worked well for other types of accommodation

- the introduction of quality/grading schemes to potential accommodation providers at an early stage e.g. planning process?
- training and advice from pub industry and breweries in the same way as DEFRA helps farmers

Local authority tourism teams were asked about their main **target markets and how the development of pub accommodation could best meet their needs.** A range of answers was given. In terms of main target markets, these are:- short stay; DINKS; Active Ageing; Empty Nesters; Conference business; VFR; Weekend breaks; Day visitors; Staying visitors; Walkers/Cyclists. Pub accommodation needs to be high quality, catering for walkers and cyclists, linked to local food and drink packages, sensibly priced. There is also the potential to provide a particularly 'British' experience for overseas visitors. 'Pretty' rural pubs are always a draw because they are seen as 'romantic' or 'traditional' venues to stay in.

C - The Economics of Pub Accommodation Development

In terms of **the main barriers to investment in the rural pub accommodation product,** planning restrictions were identified as a key factor given that much of the area is Green Belt, or AONB. Other 'Red tape' generally was cited plus:

- there are difficulties in enabling some rural pubs to pay for themselves
- pubs serving food with a good reputation seem to go from strength to strength; is this an easier option?
- spiralling prices of rents demanded by breweries
- development of food is easier and less capital intensive than accommodation if pub wishes to diversify
- competition – need to identify a unique selling point such as 'local distinctiveness' and the ability to offer/sign post other local products and services. Ideally, the accommodation should link into VIC, village shop and sourcing network – the success of tourism in such areas is often dependent upon the strengths of its networks.

Suggestions of help that could be **provided to the sector that would best overcome these barriers included:**

- active promotion of the concept by local authorities and TSE, particularly if grant funding can be made available
- nationally led initiatives by brewery chains that operate many of the pubs
- a cheaper system of quality inspection
- the provision of courses for people involved in, or thinking about, becoming involved in accommodation provision e.g. e-business training, DDA, Quality Awareness, Welcome Host
- advice on what visitors want and expect

D - Overview of Pub Accommodation Provision and Potential

Local authorities clearly have very differing views on the existing pub accommodation offer overall - '**Limited and of variable quality'** would best sum it up, although examples of high quality are obviously available. The problem of lack of inspections complying with NQAS was often raised.

An observation was also made that some areas are at saturation point in terms of visitor numbers and require no further bed spaces – such areas should concentrate on **raising the quality of what already exists.**

In terms of **potential for pub accommodation development,** 'Reasonably strong so long as it's high quality' was the general view. Pub accommodation has been identified as one of the few areas for market growth.

Creation of employment in rural areas close for local residents is desirable.

Existing pubs with fine dining awards have a head start because of their established reputation – it should not take too much to extend the quality experience to overnight visiting.

The potential **role of Tourism South East and its partners** in the wider region to best enable this to happen generated some useful ideas, including:

- providing evidence to major pub companies (part of this study and the subsequent communication of its findings)
- producing standard guidance for those from pub-only background seeking to enter accommodation business
- providing pubs with examples of the quality and standards people require and how to reach market audiences
- actively seeking out accommodation providers that are not inspected ands use persuasive business argument to encourage the benefits of the quality scheme
- continuing to work with local authorities to deliver courses/seminars to businesses in the district
- marketing, business advice and guidance with planning applications.

E – Summary of the Local Authority Perspective

The Local Authority perspective can be summarised as:

- Recognition of the role of the pub in the local community and as part of the rural infrastructure, and so a general resistance to loss, but some flexibility where alternative facilities are nearby and where premises are no longer suitable or viable.

- In most cases, pubs/pub accommodation is not a use that has been focused on in policy development, tourism activity or economic development programmes

- However, many local authorities can see the potential of pub accommodation development, both for business and leisure tourism and to help secure the future of rural pubs, as well as creating employment

- The existing pub accommodation offer is seen by local authorities to be limited and variable in quality – key issues here are to improve quality and to encourage some new quality development where demand exists

- Local authorities have identified a need for business support and guidance for the pub sector, and for intervention preferably at the pre-application stage – this should include encouraging quality assurance, involvement in local tourism forums, ensuring that schemes are well-researched and sustainable, and ironing out issues relating to impact, design and scale that are frequent reasons for refusal.

3. *THE RURAL PUB – BALANCING VIABILITY AND LOSS*

The issue of the loss of the last pub in the village is worthy of separate attention here, as it has been the subject of heated debate across the land, and is one of the key areas of conflict between operators and local authorities. Whilst operators have other concerns about the planning process e.g. the granting of permission to build rooms, the issue of closure is relevant to the wider subject of pub accommodation development for a number of reasons.

Certainly pub accommodation development is seen as being one possible route to helping rural pubs to become more viable and ensure a sustainable future for them. On the other hand, closure reduces the competition for those remaining – which in itself could be said to help sustain their future – and generates cash to invest elsewhere in the estate, making them in turn more viable.

Below we look at the arguments in more detail and endeavour to give a balanced view of the arguments for and against rural pub viability and loss.

A - The Operator Argument

This hinges principally upon:

- There is a fundamental imbalance between the demand for and supply of pubs i.e. too many for the marketplace

- The success of individual pubs relies almost exclusively on their ability to outcompete neighbouring pubs in their catchment area

- The concept of relating the economic success of a pub to the village/physical geographical area defined in planning terms by the settlement is a nonsense – most pubs draw from a 20 minute drive time, up to 15 miles

- There is no such thing as a non-viable pub – most pub companies with the right entrepreneurial management on site and the application of appropriate capital expenditure could make any pub viable.

- This would however be at the expense of other pubs within its perceived catchment area; if all did this, there would be massive oversupply in relation to available demand; and in reality, investment resources are limited

- The only way to address this imbalance is to reduce the number of available outlets

- Viability is therefore an inappropriate measure on which to test change of use applications; the policy will precipitate their closure.

- Where there is more than one outlet, the policy will and has forced multiple owners to review their estates in order not to be left with the last pub – creating the exact position that local authorities are seeking to avoid

- Pub companies would not choose to close a rural pub if they thought they could make it work; they are in this business for the long term and have every intention of continuing to provide good pubs and service in rural areas. However, they are responding to years of experience involving pubs and the pub market place.

- Pubs businesses are part of the commercial private sector, not a social service subsidised by the state

- Amongst the criteria used to assess viability is that the property should have been on the market for at least 12 months at a realistic price – but who will assess this.

- It is not the role of the planning system to interfere in the free play of the open market process

- In some cases, where several pubs are in one ownership within a local authority, deals have been done with the planners to agree to closure in one rural pub on condition of investment in another

B - The Local Authority Argument

This hinges principally upon:

- At a national level, the Governments concern about the decline in rural facilities was expressed in the White Paper 'Rural England – a nation committed to a living countryside', October 1995, and subsequent Rural White Paper 'Our Countryside – the Future: A Fair Deal for Rural England', November 2000

- PPGs have further amplified this concern:
  - PPPG 6 (Town Centres and Retail Development)
  - PPG 7 (Countryside and Local Economy)
  These focus on sustainable development, improving the viability of villages, and the important role these services play in the community

- Cascading down from this, Councils are seeking to retain pubs alongside other rural services for the social needs of the local community, and are frequently introducing Supplementary Planning Guidance to support this. If retention is not shown to be viable however, an application for change of use will not be refused

- Most seem to be focusing their support for retention unless there is no prospect of the pub use being retained, and/or little evidence of public support for retention

- CAMRA has produced an advice note for planners with a public house viability test which many are beginning to adopt. This requires a number of considerations to be taken into account when change of use is applied for:

  - Assessing trade potential:
    - Population density - pub location, catchment, adults in a 1-10 mile radius, developments planned
    - Visitor potential – is it in a well visited area, appeal to groups, is it in a tourist guide, or act as a focus for community activities
    - Competition in a 1-5 mile radius, differentiation of offer and potential
    - Flexibility of site – unused rooms, site to extend, past planning permissions, level of maintenance
    - Parking – adequate or potential to extend
    - Public transport– bus stops close by, frequency of services, local taxi services
    - Multiple use – extent of other community facilities in the area? Scope to combine with pub? Create B&B?

  - Competition case studies
    - Successful pubs nearby
    - Factors contributing to this success

  - Business at present
    - Tenancy, management

    - Local support
    - Food opportunities maximised?
    - Has rent undermined viability of pub?
    - Some local authorities ask for accounts and turnover details to be submitted

- The Sale
    - Where advertised and for how long (many local authorities ask for 12 months)
    - At a competitive price – have valuations been carried out? Does the price reflect the pub as a business / recent trading

The key question being asked here is:

'What could this business achieve given a management dedicated to it, and with full discretion over stocking policy and type of operation?'

- Clearly operators see this as intervening in the market, but local authorities see the planning system operating in the public interest, and inevitably imposing some constraints upon the operation of market forces.

4. *A MIDDLE GROUND?*

There are clearly strengths in both sets of arguments here, and no easy resolution to some of the central points of conflict. However, standing back from the emotional attachment felt at local community level and the financial necessities of the operator, it would seem reasonable to accept that:

- Not all pubs (rural or otherwise) can be retained. The evidence of oversupply is overwhelming; some licenses have to go to re-establish this equilibrium

- Undoubtedly pub accommodation together with other forms of diversification can help to improve the viability of pubs, but they are not a panacea

- We would agree that there are probably very few pubs that couldn't be made viable, but this requires the right management and entrepreneurial attitude, and likely considerable capital investment. Neither of these is available in unlimited quantities. The reality is more likely to be a boarded up pub.

- Rewarding landlords with valuable planning permission for multiple residential use for running down a business that should be viable can't seem right in anyone's eyes – but if there is little evidence of need for the facility or for accommodation in the area, and plenty of alternative choices in the catchment, change of use would appear to be the logical option

- The opportunity to negotiate benefit for local communities should be taken, and a more co-operative approach sought between applicant and planning authority. The example of agreed investment in one pub for closure of another provides a win-win deal

- More flexibility from planning departments when pub owners do want to expand e.g. to provide overnight accommodation would provide a more enabling framework for delivery

- Local authorities need to be better informed about market potential in order to properly assess these cases; clearer guidance about the levels at which operators achieve viability, and independent assessments of need e.g. re tourist accommodation would equip them to respond.

- In relation to pub viability, the CAMRA guide doesn't go far enough, posing the questions but not providing any benchmark data against which to judge the application and supporting evidence.

- In relation to tourist accommodation, Regional Tourist Boards and specialist consultancies can provide some of this data or be commissioned to do so at a local level.

- Times change, and clearly there are sometimes irreversible and understandable circumstances that force some pubs into permanent closure. A more flexible approach all round, and a desire for a more co-operative rather than confrontational dialogue, would help to ensure that all reasonable options are explored before these facilities are lost, rather than pre-empting the final nail in the coffin of the village pub.

SECTION 4 – REMOVING THE BARRIERS

Five Key Principles

Tourism South East recognises its role in helping to create the environment in which pub accommodation development can flourish, in partnership with other agencies across the region.

Local authorities have an important part to play in this delivery, particularly through the planning system. An early involvement in potential projects also presents an opportunity to signpost potential developers and operators to appropriate sources of help and support, as well as to influence schemes to maximise the potential benefits to the destination.

The Rural Pub Accommodation Study has identified a number of barriers to investment highlighted by pub operators, and in this section of the guidance we provide advice on how local authorities can help to remove these obstacles. The advice has been formulated around five key principles:

1 - Be aware
2 - Be informed
3 - Be responsive
4 - Be flexible
5 - Be supportive

Below we explore the issues in more depth and suggest action that local authorities can take to address them.

1 - BE AWARE

The Barrier

A lack of awareness amongst local authority Officers and Members of the potential of the pub accommodation sector for future development, of the quality of much of the new and developing offer, and the benefits that this can bring.

The Evidence

The TSE study has clearly identified potential for the development of quality accommodation in characterful pubs with a distinctive food and beverage offer, across the South East – both in terms of new development and up-grading existing poor quality offers.

Whilst not a panacea, the development of quality pub accommodation can play an important part in helping sustain a vital rural resource, but will also help meet the wider accommodation and service needs of business and leisure visitors, with the additional spin-off of creating local jobs and spending.

The Local Authority Response

The study findings should be disseminated amongst Officers and Members so all are increasingly aware of the potential of the sector and can apply this to their respective areas of responsibility.

The local authority also has a role in helping create awareness beyond the Council within its area, through its dealings with landowners, developers, business advice agencies and others.

There will also be opportunities for wider discussion of the pub accommodation sector and its potential with other local authorities at County and District level, in terms of how to respond to this potential and sharing experience as well as scope for wider initiatives, amongst planning, tourism and economic development networks.

2 – BE INFORMED

The Barrier

A lack of understanding of the hotel sector and wider visitor accommodation needs amongst local authorities – in terms of what drives demand, the performance of the sector, and the role that pubs can play in meeting these wider accommodation needs.

The Evidence

Local plan policies - and frequently development control decisions – are often made on the basis of relatively sparse information about the hotel sector and the needs of the destination in this respect. The aspirations of the destination may not match what is deliverable in terms of market potential, with 4 star hotels often desired in locations where the market can support only budget or mid-range accommodation. Decisions about the development of pub accommodation are frequently made against such a background, without any appreciation of the role that good quality pub accommodation can play in meeting the needs of business and leisure visitors.

Better information about the hotel sector at a local level would help to inform policies and planning decisions, in terms of performance, key markets driving demand, and potential for further development.

The Local Authority Response

Local authorities should commission research at the local level into the visitor accommodation needs of their area, and use this to inform the local plan as well as decisions on planning applications. The role that pub accommodation can play in meeting these needs should be recognised and responded to.

It may also possible to draw on data held by TSE in relation to hotel sector needs, and the detailed performance database for the pub sector being developed as part of the TSE rural pub accommodation programme.

Improved information sources should make it easier to assess applications for new pub accommodation development – and the advice and guidance about the viability of schemes, typical costs, occupancies and other performance indicators contained in this guidance and the companion Business Advisory Guide, should be used as tools to better understand the scheme potential and the likelihood of its future sustainability.

Local authorities can request developer/operators to present evidence of market assessment and potential and the quality of the offer proposed. Specialist advisors can be brought in if required to assist with a response to these assessments, particularly in sensitive cases or those of particular significance to a local area. TSE would be happy to advise on this and provide relevant contacts.

Better information about the pub and accommodation sectors should help not only to inform planning policy and action but also to inform tourism and economic development policy and action.

Keeping in touch with market needs in relation to visitor accommodation and the supply of accommodation is an ongoing process, requiring continuous up-dating in order to be of value and responsive. Mechanisms need to be put in place to monitor both accommodation development and performance/market trends, including within this the pub accommodation sector.

3 – BE RESPONSIVE

The Barrier

The planning process, and its implementation at the local level, has been identified by pub developers and operators as one of the key constraints on pub accommodation redevelopment and expansion.

The Evidence

The TSE study found evidence of a variety of difficulties encountered with the planning process. The length of time that it typically took breweries and pub companies to achieve planning permission for new development and extension was between two and two and a half years. Changes to schemes when other specialists were brought on board by the local authority e.g. re: conservation issues often caused further delays, with this detail frequently not entering the equation until late in the scheme planning and implementation.

Whilst developers were appreciative of the need to produce quality schemes, the level of detail of specifications e.g. down to the type of grass that had to be used was sometimes felt to be over-zealous. Down-sizing of schemes was another typically encountered barrier, and whilst the need to consider impact was appreciated, the desire of the operator was that this should be discussed on the basis of sound information e.g. about levels of business generated, as well as with a mind to the impact on the viability of the scheme.

The limitations of old and often listed buildings was another area of concern. Whilst developers and operators were very willing to undertake their best endeavours to meet the requirements of recent legislation such as DDA, not all buildings can deliver this in every area. To then be penalised in terms of signing not being permitted as a result creates further limitations on the performance of the business, despite all reasonable attempts being made to meet requirements.

Signage both on and to the property is an important means of both letting locals and visitors know that the pub is offering quality accommodation, and helping those en route to the pub to find them with the minimum impact on traffic movements. Brown on white tourist signs are particularly important in the countryside, and operators are very willing to pay the often significant sums required for these. However, the criteria against which they are granted appear to lack transparency and consistency of application, and would benefit from review.

The Local Authority Response

All attempts should be made to speed up the planning process; whilst applicants themselves have a part to play in this, local authorities ultimately dictate the pace. There would seem to be a widespread problem of under-resourcing in terms of available staff time amongst many planning departments across the South East. Pressure for development is intense, and must be in part contributing to the delays that pub applicants are experiencing. Finding ways of increasing this resource or streamlining the process in some way would help to relieve some of this log-jam.

Encouraging pre-application discussions is one way of trying to steer projects in the right direction at an early stage. It presents an opportunity to iron out issues of impact, design and scale which are the principal reasons for refusal of applications.

Improved co-ordination of local authority inputs e.g. conservation, transport, and involvement at an early stage would also help to overcome some of the problems experienced, avoiding unnecessary changes being made well into schemes, with consequent cost implications.

The criteria relating to on-site and white on brown tourist signing should be reviewed, made more transparent and consistent, with input from TSE and the emerging Pub Accommodation Network Group if appropriate.

4 – BE FLEXIBLE

The Barrier

A rigorous adherence to tightly defined policies and a failure to recognise both the impact of this on the commercial viability of schemes, as well as the potential to influence projects to gain maximum benefit for the destination.

The Evidence

The TSE found numerous examples of where the inflexible adherence to fixed rules and regulations had almost killed off a scheme that could be of great benefit as a tourism asset and an enhanced community facility – and indeed some examples of where schemes had been abandoned in favour of investment elsewhere.

This is not about allowing developers to do exactly as they like with no constraint, but rather about appreciating the impact of enforcement on the viability of schemes, and asking the question ‘is this really necessary, to the point of risking losing this investment?’

Regarding the issue of pub closure, there seems to be clear evidence industry-wide of an oversupply of pubs and the need to let some go in order to bring demand and supply back in balance.

Negotiation in all these situations has the power to gain some benefit for the destination.

The Local Authority Response

Local authorities should recognise the commercial implications of the requirements they place on developers as well as the impact of these and of delays on scheme viability. The application of sufficient flexibility to allow a balance between destination need and commercial reality can help ensure not only that the investment is secured but that the facilities are retained for local communities and visitor markets, with the consequent spin-off of local jobs and spending over the long term.

There needs to be an acceptance of the oversupply of pubs and the recognition of some required loss, which should be reflected in planning policy. This doesn't mean making change of use easy, but requires putting in place mechanisms and procedures for some negotiated loss, taking the opportunity to also negotiate some benefit from this. These decisions should take cognisance of the reality of market catchments for rural pubs and alternative provision within these wider 20 minute drive time catchments, not just the village in which a pub is located.

The application of the twin principles of reasonableness and a co-operative rather than a confrontational approach between the developer and the planning authority has the ability to deliver significant benefits for the destination.

5 – BE SUPPORTIVE

The Barrier

A lack of focus on the pub sector amongst local authorities and other agencies, and a failure to recognise the support they require that can make a difference to both their ultimate performance and the long-term sustainability of these businesses.

The Evidence

The TSE research showed that few local authorities had specific policies relating to the pub sector, in terms of planning, tourism or economic development. The lack of focus on the sector has left many operators to fend for themselves, whereas other sectors such as farms and the opportunity for diversification of the farm-related rural economy has had widespread support – in terms of policy development, business advice, marketing support, and financial assistance.

It is clearly in the interests of the destination to ensure that pub and pub accommodation businesses are successful and viable in the long term. The planning system offers an opportunity for the local authority to become involved at an early stage and to signpost the developer/operator to sources of help both within and outside the Council.

The Local Authority Response

Local authorities should review the potential of the pub sector in their area and apply focus to this both in their plan making and work programming. This applies not only to the planning function, but also to the strategy and action planning of the tourism and economic development functions.

Tourism Officers should ensure that the pub offer is included in the tourism loop, in terms of marketing and networking, and businesses should be encouraged to play an active part in any local tourism forum.

Economic Development Officers should likewise focus on pubs in their business support and start up programmes, taking the opportunity to signpost operators to appropriate sources of advice and training that can help build a stronger product and boost performance. Encouraging good business planning and sound market assessments will help to ensure a sustainable future for proposed projects.

There is an opportunity for local authorities to tie in potential marketing and business support with planning applications and negotiations. Being involved at the early stages of a scheme provides a chance to influence that project and to signpost applicants to areas of help and support. The guidelines contained in this advisory note should help local authorities to identify what makes a good scheme, and to pinpoint where schemes are falling short of this.

A key message here is for the various local authority functions to work much more as a team, with planning, tourism and economic development, and where relevant other functions such as highways, responding in an integrated way to input to projects and provide support where required.

SECTION 5 - KEYS TO SUCCESS – AN ASSESSMENT TOOLKIT

Drivers to Success

It is not possible to put your finger on a button and identify the defining feature that makes a pub accommodation offer work – there are a myriad of factors, some unique to the specific location or operator. However, there would seem to be a number of recurring themes that the operators and our team would point to amongst the best:

- **Market-related**
  - A clearly defined target market for rooms business
  - An understanding of the local competitive position
  - A clear view of the unique selling points of this particular business
  - Building strong relationships with local business
  - A good local reputation and involvement in the local community
  - A high level of repeat business
  - The ability to attract year round demand
  - A multi-stranded approach to marketing the accommodation which is adequately resourced

- **Product-related**
  - A quality physical product that also lends character and distinctiveness (a minimum 4 diamond standard, for example)
  - The quality of the restaurant offer – many of these pubs were already well-established as fine dining houses
  - Attention to detail and personal touches in the rooms
  - A strategy to maintain the physical product through annual to 3 yearly refurbishments
  - Assurance of that quality (through inspection and grading)

- **Organisation and resource-related**
  - High degree of personal involvement and service
  - Continuity of management, giving stability and demonstrating commitment
  - The warmth of welcome and strongly developed customer care skills
  - The maturity of the business
  - Occupancy and rate projections that are realistic and reflect local market conditions
  - Finances that can support a seasonal business that will exhibit peaks and troughs
  - A recognition that business will take time to build, up to 3 years to establish a market position

These drivers to success in themselves provide a guideline against which Planners and their colleagues as appropriate can assess pub accommodation development schemes. A simple checklist is detailed overleaf, together with optional extra information that might be sought to support the case, and possible sources of help to which applicants might be usefully sign-posted.

TSE is not advocating that this assessment procedure over-rides the normal planning policy principles – rather that it might be used as an additional aid in assessing applications that will help ensure that schemes are well-researched, developed to a quality standard, financially realistic, and sustainable in the longer term. It should not be used as an additional barrier that the developer or operator has to overcome, but an opportunity to demonstrate the benefits that the scheme can bring.

ROOMS AT THE INN – PLANNING ADVISORY TOOLKIT	
APPLICANT AND PUB INFORMATION	
Pub Name and Address	
Contact	
Status (owner, tenant, leasee, manager)	
Name of Owner	
Contact Details of Advisors	
LOCATION	
Location type (rural/market town/routeway-related/other)	
Trading Potential	
Relationship to local business uses	
Tourism potential/relationship to tourism & accommodation strategy	
Local community/pub catchment	
Sensitivity re planning issues	
Environment/impact issues	
Conservation issues	
Highways issues	
Proposed development that might impact upon scheme/business	
MANAGEMENT	
Experience of the pub industry	
Appropriate skills and training	
Evidence of Business Planning	
Maturity of the Business	
Awareness of legal requirements (health & safety, DDA, licensing)	
Knowledge of implications of rooms development on business, skills, hours required etc	
THE EXISTING BUSINESS	
Type of business (community drinking/ destination dining/ accommodation-led/other)	
Does the pub already have rooms-if so how many? Are they inspected and graded? To what standard?	
Quality and type of current food and drink offer	
Overall condition of pub and quality of offer	
THE PROJECT	
Project description. (Redevelopment and up-grade/ conversion of buildings to add rooms or extend/ new build extension etc)	
Rationale for the project (identified local need/ opportunity to widen market mix/ bring business in off-peak etc)	
Outline of business and financial objectives the applicant is seeking to achieve from this development	
Number of bedrooms to be developed	
Standard sought – will the rooms be inspected and graded by TSE, AA or equivalent? What grade?	
Any other changes planned to the pub as part of the scheme or in the longer term? (reception area, breakfast area, pub/restaurant refurbishment etc)	

THE MARKET	
Details of competitors in the local area (pubs, pubs with rooms and hotels in a 10 mile/20 minute drive time radius)	
Knowledge of their performance and own unique selling proposition	
Is there a known marketing budget available?	
Will it be possible for guests to book on-line?	
What markets have been identified to sell the rooms to? e.g. local companies, tourist visitors, leisure & event visitors, visits to friends and relatives	
Evidence of a Marketing Plan (registration with TIC/ local guide/ TSE inspection & grading/web site)	
FINANCIAL VIABILITY	
Project costs (and cost per room)	
Forecast occupancy	
Forecast Return on Investment	
PROJECT BENEFITS	
Current numbers employed	
Proposed employment	
Local impact/sourcing of goods and services	
SUPPORT REQUIRED	
Business Planning	
Training	
Inspection and Grading	
Marketing	
Other	

SECTION 6 - KEY CONTACTS

TOURISM AUTHORITIES

Tourism South East
40 Chamberlayne Road
Eastleigh
Hampshire
SO50 5JH
t. 02380 625400
w.

TSE is the official Regional Tourist Board for South East England covering the counties of Berkshire, Buckinghamshire, Hampshire, the Isle of Wight, Kent, Oxfordshire, Surrey and Sussex, and can offer a range of marketing and development advice, support and opportunities.

VisitBritain
Thames Tower
Blacks Road
London
W6 9EL
t. 020 8563 3000
w. www.visitbritain.org

VisitBritain is responsible for marketing Britain's tourism product overseas, and for marketing England's tourism product to a domestic market.

RURAL EXPERTISE

The Countryside Agency
Dacre House
19 Dacre Street
London
SW1H 0DH
Tel: 0207 340 2900
w. www.countryside.gov.uk

The Countryside Agency is the statutory body working for people and places in rural England.

BUSINESS ADVISORY AGENCIES

Business Link Milton Keynes, Oxfordshire, Buckinghamshire (MKOB)

Eastern Bypass
Thame
Oxfordshire OX9 3FF
t. 08456 064466
w. www.businesslinksolutions.co.uk

Business Link Kent
26 Kings Hill Avenue
Kings Hill
West Maling
Kent
ME19 4AE
t. 08457 226655
w. www.businesslinkkent.com

Business Link Wessex
Wates House
Wallington Hill
Fareham
Hampshire
PO16 7BJ
t. 01329 223242
w. www.businesslinkwessex.co.uk

Business Link Wessex
Mills Court
Furrlongs
Newport
Isle of Wight
PO30 2AA
t. 01983 530999
w. www.businesslinkwessex.co.uk

Business Link Surrey
Hollywood House
Church Street East
Woking
Surrey
GU21 6HJ
t. 08457 494949
w. www.businesslinksurrey.co.uk

Sussex Enterprise
Greenacre Court
Station Road
Burgess Hill
West Sussex

RH15 9DS
t. 08456 788867
w. www.sussexenterprise.co.uk

Business Link is an easy to use business support, advice and information service. It is subsidised by government through the Department of Trade and Industry.

Small Business Service
Kingsgate House
66-74 Victoria Street
London
SW1E 6SW
t. 0845 001 0031
w. www.sbs.gov.uk

The Small Business Service (SBS) is an agency of the Department of Trade and Industry.

INDUSTRY ASSOCIATIONS

British Institute of Innkeeping
Wessex House
80 Park Street
Camberley
GU15 3PT
t. 01276 684449
reception@bii.org
www.bii.org

BII offers a guide to careers and opportunities for professional development in the licensed industry.

Association of Licensed Multiple Retailers
3rd Floor, International House
High Street, Ealing
London W5 5DB
t. 020 8579 2080
info@almr.org.uk
www.almr.org.uk

ALMR aims to promote the interests of the independent companies within licensed retailing, and activities include lobbying and networking, including running workshops and seminars

British Beer & Pub Association

Market Towers
1 Nine Elms Lane
London SW8 5NQ
t. 020 7627 9191
web@beerandpub.com
www.beerandpub.com
BBPA's mission is to promote and represent the business interests of the UK's brewing and pub sectors, including lobbying on issues including property and planning issues, consumer issues, legislation and producing best practice guidance.

Hotel & Catering (International) Management Association
Trinity Court
34 West Street
Sutton
Surrey SM1 1SH
t. 020 8661 4900
information@hcima.co.uk
www.hcima.org.uk
The HCIMA promotes professional standards of management and education in the international hospitality industry, including hotels, contract catering, pubs, clubs and leisure outlets.

Federation of Licensed Victuallers Associations
t. 01484 710534
www.davidnewtoninteractive.co.uk
The FLVA is a members' organisation looking after the business interests of self-employed licensees in the licensed trade.

Campaign for Real Ale (CAMRA)
230 Hatfield Road
St Albans
Hertfordshire
AL1 4LW
t. 01727 867201
camra@camra.org.uk
www.camra.org.uk
CAMRA is an independent, voluntary, consumer organisation, whose mission is to act as champion of the consumer in relation to the UK and European beer and drinks industry. Although it is strictly an organisation of and for consumers, it is included here because of recent work promoting sustainable development of rural pubs: its aims include "supporting the public house as a focus of community life".

INDUSTRY JOURNALS

The Publican
Quantum House
19 Scarbrook Road
Croydon
CR9 1LX
t. 01753 811911
w. www.thepublican.com

The Morning Advertiser
Broadfield Park
Brighton Road
Pease Pottage
Crawley
West Sussex
RH11 9RT
t. 01293 613400
w. www.foodanddrink.co.uk

Freehouse Owner
25 Phoenix Court
Hawkins Road
Colchester
Essex
CO2 8JY
t. 01206 505970

Pub Business
Apex House
London Road
Northfleet
Gravesend
Kent
DA11 9JA
t. 01474 574435
w. www.dewberry-boyes.co.uk

INDEPENDENT PUB GUIDES FEATURING ACCOMMODATION

The Good Pub Guide
Published by Ebury Press
www.goodguides.co.uk

AA The Pub Guide

Published by AA Publishing
www.theaa.com

Room At The Inn
Good Bed and Breakfast at Real Ale Pubs
Published by CAMRA, the Campaign for Real Ale
www.camra.org.uk

The Which? Pub Guide
Published by Which? Books
www.which.net

Alastair Sawday's Special Places: Pubs and Inns of England and Wales
Published by Alastair Sawday Publishing Company Limited
www.specialplacestostay.com