
Local Authority Guidance on Attracting Hotel Investment In The South East

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ACKNOWLEDGEMENTS

This pan-regional piece of work builds and expands on the issues arising from several regional, county and local level Hotel Sector Studies conducted over the past eight years, with particular reference to a Hampshire study completed in 2002 for Hampshire County Council in partnership with the Southern Tourist Board.

First published in September 2004, this edition up-dates the national and regional planning context as well as reflecting changes emerging in the hotel development sector in the past 4 years and re-freshing examples of good practice from within the region.

We are very grateful for the inputs from a considerable number of sources, including the hotel development industry and Local Authority personnel, particularly in relation to providing information for case study examples.

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- 1 - Hotel Futures Studies and Destination Coverage in the South East
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1. INTRODUCTION

Background

- Since 2001, Tourism South East and its predecessors have been working with consultants Hotel Solutions¹ to deliver a programme of research that focuses on identifying hotel sector shortages across the region and acting with partners to stimulate new product development to realise this hotel development potential.
- The success of an initial study covering the Southern Region², and the actionable recommendations it produced, has led to more detailed studies being undertaken at Sub-Regional, County and District level, working in partnership with Local Authorities on over 30 studies and covering more than 80 destinations in the South East³. Since 2001, the South East region has seen the development of over 8,000 new hotel rooms and more than £450m of investment in over 80 new hotels.
- The evidence-based approach adopted in these Hotel Futures studies has been held up as an example of good practice by SEERA in the South East Plan and has helped underpin the adopted accommodation policies.
- The local authorities that have commissioned these studies are already seeing the benefits in terms of:
 - An improved understanding of hotel performance and the needs of the hotel industry
 - A more accurate assessment of development opportunity for new hotel accommodation to inform the planning process
 - Established interest from hotel companies which is being acted upon as part of the authorities' inward investment work
 - Adopting changes to the way that they respond to enquiries, plan for hotel development and facilitate the hotel development process

¹ A marketing partnership of consultants Tourism Solutions and ACK Tourism

² The counties of Oxfordshire, Berkshire, Buckinghamshire, Hampshire, the Isle of Wight, and some parts of Dorset and Wiltshire.

³ See Appendix 1 for list of Local Authority areas and destinations in the programme to date.

The Purpose of this Document

- Disseminating the findings of any study to those individuals and organisations that have a key role to play in acting on the results, is always critical to bringing about change. However, Tourism South East recognises that there are some important messages for local authorities coming out of this research, which are relevant not just at the local level but across the South East. A number of these relate to planning issues, but beyond this there are wider issues to do with communication, procedures that can be put in place and the way that policies are informed that all local authorities can benefit from.
- This document has been produced in order to disseminate these findings more widely, and aims to:
 - Engage planning officers and their local authority colleagues in understanding the hotel developer perspective and the dynamics of the hotel market.
 - Highlight the obstacles to attracting hotel investment, and how these can be overcome.
 - Identify how local authorities, particularly through the planning process but also in their wider inward investment work, can help to make hotel investment happen, at the same time as influencing that development to meet their wider objectives.
- Acting on these findings presents a real opportunity to adopt a joined-up and market-led approach to attracting hotel investment that should help realise new development and ensure much better integration of planning, tourism and regeneration activities to common beneficial goals.

The Research Base

- This Guidance draws on a number of sources of research, analysis and consultation, including:
 - the hotel investment appraisals conducted in the Tourism South East region between 2001 and 2008, which have involved extensive consultation with hotel developers and operators and detailed assessments of market performance;
 - an operator consultation exercise carried out by Tourism Solutions for SEERA in 2002 which included the hotel sector, together with subsequent feedback from hotel companies on the RPG;
 - additional consultation work with hotel companies, particularly the major chains, their franchisees, and niche hotel developers to ensure that the Guidance takes on widespread experience in relation to different types of hotel product and varying as well as extensive geographic coverage;
 - consultation with local authority Planning and Tourism Officers, through an initial postal survey followed up with structured telephone interviews, plus stakeholder consultations undertaken as part of the on-going Hotel Futures programme, to identify current policies, procedures and issues relating to hotel development, and how these are now being addressed through emerging Local Development Frameworks.

- In order to set the scene for the Guidance, this report begins by presenting an overview of hotel developer and operator requirements and key sector trends, together with a review of the strategic planning context. The detailed Guidance then follows, identifying key issues of concern and measures that local authorities can adopt in response, and concludes with some examples of good practice in attracting hotel investment in the South East.

2. HOTEL OPERATOR REQUIREMENTS & SECTOR TRENDS

Introduction

Hotel companies generally work to a set of key investment criteria that they use to help them put together their national development strategy and trawl for sites.

The variable nature of the hotel product results in a range of site requirements, associated costs and investment approaches being adopted by hotel operators for different types of hotel. However, there is also much commonality between them.

Below, we set out some of the key criteria, indicating ranges, and drawing out differences between hotel types where appropriate.

Target Locations

One of the main trends to emerge in the hotel sector is that of achieving critical mass together with geographic spread. The types of location that a hotel group will target will be a function of what levels of market penetration they have, how far along the product lifecycle they are, as well as the scale of funding available.

Operators such as three-star group Jurys, have an initial target of 20-50 hotels in the UK which will need to be strategically positioned across the country in locations which will give them maximum exposure. They are, therefore, currently targeting gateway locations, large cities such as Bristol, Leeds, Glasgow and London, to achieve this aim.

Premier Inn and Travelodge, with hundreds of hotels in their current portfolios, can now look at secondary and tertiary locations, as well as investing in mega-budgets – budget hotels of 150 rooms plus; Premier Inn have even developed one hotel, at Heathrow, of 620 bedrooms. They are also now targeting seaside resorts.

Niche hotel groups, such as small boutique chains that are independently owned, may only be looking for 10-12 hotels across the country, and so will target only 1-2 towns per region, looking for characterful cities, often with a heritage base, and a strong destination draw for both business and leisure markets.

Site Requirements

Most hotel companies have a set of criteria that they normally adhere to in terms of identifying and acquiring sites for new hotel development. They include:

- A strategic location in terms of communications, with good access from a main route (motorway, dual carriageway, main A road), or alternatively a profile town centre site
- Visibility, particularly to passing traffic
- A strong business base, as the business market is the main driver of hotel demand (average market mix is 70% business, 30% leisure), and site proximity to those main sources of demand
- Site areas which vary on average from 0.5-6 acres, depending upon the type of location, the size and nature of the product, the range of facilities, and car parking requirements
- Land values that reflect hotel development economics, though the sites are often in prime development locations (usually for outright purchase though some companies will look at leasing and turnover deals)
- A reasonably attractive environment, which reflects the quality of product and service on offer
- Some developers also target locations by population, focusing upon a minimum resident population of 50,000-100,000, though with improved communications and ready access to motorway networks this is less important, particularly for central UK locations.

The criteria will necessarily vary according to hotel type. Budget hotels of 40-60 rooms with minimal central facilities will have a much smaller land take than a 150-200 bedroom four-star hotel with restaurant, conference suite and leisure facilities. Parking requirements and the opportunity for shared parking can also significantly affect the land take. There will also be many more locations where market conditions will support a small budget hotel compared to a larger four-star hotel with premium tariffs. Some typical requirements by product types are set out in the table below.

Developer Site Size/Space Requirement by Hotel Type

Hotel Type	Central Site Area	Out of Town Site Area	No of Rooms	Gross Floorspace per Room	Facilities
Budget	0.5-0.7 acre	1-2.5 acre	40-100	32-35m ²	<ul style="list-style-type: none"> • 21 sq m room size • limited restaurant & meeting rooms
Three-star hotel	0.75 acre	1-3 acre	120-150	55-65m ²	<ul style="list-style-type: none"> • 24 sq m room size • restaurant, bar • conference rooms
Four-star hotel	1 acre	3-6 acre	150-200+	75m ² +	<ul style="list-style-type: none"> • 30 sq m room size • restaurant, bar • banqueting • conference/syndicate suites, leisure

Source: Hotel Solutions

Locations both on the outskirts of towns and cities, and on the town centre fringe (e.g. inner ring road) were initial priorities for many of the branded chains, often alongside business parks and similar employment areas. However, more recently, there has been renewed interest in city centres, reflecting also planning policy guidance, sustainable development principles, and the requirement for sequential testing.

Where operators look at city centre locations, their site requirements become less easy to classify. Developments are often more opportunity-driven. Hotel companies are adapting development scenarios and are now commonly clearing sites and erecting high rise buildings where this is economically viable. In some locations, where the right sorts of buildings are available and the price is right, office buildings are being converted, both for hotels and serviced apartments.

In locations such as this, and elsewhere where land values are high, hotel companies are also adapting the development mix, for example, developing with a free-standing or integral branded restaurant, pub or other use, to boost land values. For the same reasons, hotels are going into mixed use schemes that might include retail, residential, office or other commercial uses. Planning authorities are often keen to encourage this approach as it helps to introduce vitality into the city centre at night. In central locations also, car parking requirements can often be significantly reduced if public parking is available nearby, and a railway station is within easy reach.

Certainly, the fight for sites has become increasingly competitive over time. Operators such as Premier Inn and Travelodge had the advantage of land banks and opportunities to develop adjacent to existing pubs and restaurants when they first began their development programmes. Now these infill sites are used up, and there are numerous hotel operators out there searching for sites. Added to which, there is fierce competition for land from other users – offices, residential, other leisure – many of which out-value hotels.

Development Costs

The control of costs is critical to the viability of hotel development, but a number of factors have served to drive costs upwards. Land costs have increased with additional pressure for sites from hotel companies, as well as competing employment and residential land uses. Construction costs have also risen.

Some typical land and building costs for different hotel types (excluding Central London) are detailed in the table below:

Hotel Land and Building Costs – Provincial Locations

Hotel Type	Typical No of Rooms	Land cost provision per room	Building costs and FFE per room	Total Development Costs
Budget hotel	40-100	£8,000-£12,000	£35,000-£50,000	£1.5-£6 million
Three-star hotel	120-150	£12,000-£17,000	£85,000-£100,000	£11-£17 million
Four-star hotel	150-200+	£20,000-£30,000	£120,000-£160,000	£21-£38 million

Source: Hotel Solutions

The cost ranges reflect variations between different location types (town centre and out-of-town locations), and variations in the mix and range of additional on-site facilities such as conference and leisure.

The increase in hotel development costs is driving a number of changes in the sector:

- **A move towards larger hotels.** The budget sector clearly demonstrates this, with, in the early phases of development, hotels averaging 40-60 bedrooms. Many developers are now averaging 80-100 bedrooms, with a new strain of ‘mega-budgets’ of 150 bedrooms plus beginning to emerge in large city, airport and other premium locations. As hotel development costs are allocated on a per room basis, a larger hotel enables a more competitive price to be offered for sites. Upper tier budget brands like Express by Holiday Inn and Ramada Encore do not develop smaller units, with their hotels averaging 80-120 rooms.
- **Tailoring of the hotel product to the site,** to enable maximum value to be achieved. This has enabled hotel developers to secure land in prime locations, but on the downside has served in itself to increase costs, as unique solutions and designs have to be found. Standardised products, and the cost savings these can deliver, have become increasingly difficult to implement.

- **The development of hotels in association with other uses.** These may be associated leisure brands such as themed restaurants, bars and leisure clubs – hotel companies operating across the leisure sector can take full advantage of this by securing sites for several of their operations. Where a parent company operates a range of hotel offers from luxury and four-star brands through to budget hotel products, these will on occasion be developed on shared or adjacent sites, for example in premium locations. Accor have done this in several locations, locating Ibis, Etap and Novotel brands in an Accor ‘village’. Again, this multi-use approach to site development enables a better price to be paid for land, and sites to be secured. Increasingly, hotels are also being developed as part of mixed use schemes incorporating residential, office and other commercial uses, particularly in town/city centres, and the planning system has promoted this approach.

These adaptations have enabled the hotel sector to continue to compete and develop at a time of increasing pressure on land. However, any increase in cost brings with it the danger of reducing margins in relation to profitability.

Financial and Performance Criteria

The viability of any hotel development will be a function of the development cost, the occupancy rate (how full the hotel is throughout the year), and the achieved room rate (the average rate per room let, taking into account discounts on the published tariff). Most hotel companies have performance targets in each of these areas.

- Occupancy targets are typically to achieve 70-75% plus by year three of operation. For smaller, budget hotels, the target may be slightly higher than this, around the 80% level. Boutique hotels – many of which are smaller units appealing to niche, high value, business and leisure markets – commonly aim at occupancies in excess of this and can achieve 85-90%.
- Achieved room rate targets range from £40 - £50 (net of VAT) in the budget sector to £80 - £95 in the four-star hotel product. In general, budget hotel discounting is limited, though many now offer reduced weekend rates, particularly where the leisure market is weak. At the top end of the market, boutique hotels average £100 - £120, luxury brands often considerably in excess of this.

Hotel Development Performance Targets

Hotel Type	Occupancy	Achieved Room Rate
Budget hotels	80-85%	£40 - £50
Upper tier budget hotels	75-80%	£55 - £70
Three-star hotels	70-75%	£70 - £80
Four-star hotels	70-75%	£80 - £95+
Boutique hotels	85-90%	£100 - £125

Source: Hotel Solutions

Deal Structures

The criteria sought will vary slightly depending upon the type of deal sought by the hotel developer or operator. There are four main types of deal structure:

- Some hotel companies wholly own, develop and manage their hotels themselves;
- Other hotels are run via management contract – an agreement between the owner of the hotel and a hotel company for the latter to run the hotel. The hotel would still appear to the public to be part of the operating chain. The hotel operator gets a fee for this task, usually a percentage of turnover;
- A further option is a lease, whereby an operator pays a rent for use of the building or land that is owned by an investor or developer; the risks are then with the operator not the owner, as the latter has a fixed return;
- Franchise agreements are also commonly used in the hotel industry, giving an operator or investor the right to use a brand name although the hotel is in separate ownership from the chain. Fees are charged for this relating to royalties, reservations and marketing.

The levels of risk and capital outlay required by a hotel company therefore vary considerably between these options. Many more operators, particularly at the 4 star level (which is much more capital intensive), are likely to be more interested in options put to them that involve management contracts than in building and funding development themselves, as access to capital will naturally restrict the latter and require hotel companies to prioritise their investment locations. Many of the chain hotel companies will have a mix of the above structures in place, though some do prefer a single route. Often franchisees are looking to build the asset value of the company with a view to exit within a 5-10 year period, and in such situations are less likely to be interested in lease options.

Key Development Trends in the Hotel Sector

Finally in terms of setting the context for hotel development, some key development trends and pointers to future activity in the sector.

The UK continues to see significant activity in terms of new hotel development of all standards and in all parts of the country. The budget or limited service hotel sector continues to see the fastest rate of expansion in the UK, with a continuing trend towards differentiation in the sector. There are now 5 visible tiers of budget provision, ranging from hostels (St Christopher Inns, Globetrotter Inns, Euro Hostels and Smart City Hostels) and economy brands (Formule 1, Metro Inns, Easyhotel and Etap), to budget brands like Travelodge, Premier Inn, and Days Inn and 'upper-tier' budget brands such as Express by Holiday Inn and Ramada Encore. At the upper end of the spectrum, 'budget boutiques' that combine high design with limited service, such as Dakota, Big Sleep, Yotel, Nite Nite and Hoxton Urban Lodges are starting to develop.

The active players to watch in terms of new product development include:

- The main budget brands (Premier Inn and Travelodge), who continue their aggressive expansion plans across the UK.
- The expansion of new upper-tier budget brands such as Ramada Encore. BDL Management launched a new hotel group (Ramcore Hotels) in 2006 to develop around 40 Ramada Encore hotels in the UK over the next 7 years.
- New entrants to the budget sector include: Easyhotel (part of the Easyjet Group), which opened its first in London in 2005; French hotel group Accor's Etap budget brand, which opened its first UK hotel in Birmingham in 2005; the recently launched Yotel budget boutique brand that is looking for sites in the UK; the Dakota budget boutique brand founded by Ken McCulloch of Malmaison fame, which opened its first hotel in Nottingham in 2004; the new boutique budget concept Nite Nite which opened its first hotel in Birmingham in 2006; the Big Sleep budget boutique brand that has opened a new hotel in Cheltenham in 2007 to add to the existing Cardiff Big Sleep; Hoxton Urban Lodges that opened their first hotel in London in 2006; and Sleeperz which is working with Network Rail to develop budget hotels at city centre rail stations. Hilton has also announced plans to bring its Hampton by Hilton upper-tier budget brand to the UK, with hotels already planned for Luton, Leeds, Corby and Derby.

- Continued development of the boutique and town house hotel sector, with further expansion by Malmaison, Hotel du Vin, and Myhotel and the development of newly established boutique hotel companies such as Apex, Bespoke, Abode, Niche, Finesse, Le Monde and Milsoms, together with the development of one-off boutique hotels by independent hoteliers.
- A number of 4 star operators are also active, including Novotel, Holiday Inn, Marriott, City Inns, Ramada, Radisson SAS, Macdonald and Park Plaza, all of whom are seeking to expand their UK representation. There is also the possible development of US Wyndham Hotel Group's Wingate 4 star brand in the UK.
- There will be further openings in the 3 star market from operators such as Jury's Inn, Village (part of the De Vere Group), Park Inn, Courtyard by Marriott and Future Inns. Village has particularly ambitious expansion plans, with a target of opening 5 new hotels per year by 2009/10. Marriott International has plans to develop a further 50 Courtyard by Marriott hotels in Europe, including the UK. Aston Hotels is a newly established 3 star operator that is looking to expand across the UK. Entrepreneur Duncan Bannatyne has opened a new hotel in Durham as the first of 5 planned Bannatyne Hotels. Hilton is also planning to bring its mid-market Hilton Garden Inn brand to the UK.
- Leisure operators look likely to continue to diversify into hotels, with for example the development of hotels at theme parks (e.g. Alton Towers, Drayton Manor, Chessington and Blackpool Pleasure Beach), sports stadia (e.g. the De Vere Whites hotel at Bolton's Reebok stadium, the Holiday Inn at Norwich FC, and the planned Marriott at Twickenham stadium) and racecourses (e.g. the Express by Holiday Inn at Chester Racecourse and proposals for a hotel at Wolverhampton racecourse).
- There could be further development in the serviced apartment sector with the expansion of new serviced apartment operators The Chambers, Roomzzz, Base2Stay, BridgeStreet Worldwide and Club Quarters. The UK is also starting to see the development of suite hotels. Staybridge Suites hotels will open in London and Liverpool in 2008. Hotels are also planned in Birmingham and Newcastle. Other US suite hotel brands such as Country Inns & Suites, Residence Inn may also come to the UK.

3. THE STRATEGIC PLANNING CONTEXT

National Planning Guidance

National guidance for tourism development was contained in PPG21 until its cancellation in September 2006. It has been replaced by a '**Good Practice Guide on Planning for Tourism**'. This document contains a specific appendix on tourist accommodation, dealing principally with the location of accommodation.

The sections relating to hotel accommodation are attached at Appendix 2 to this document. The guidance covers general locational principles and guidance relating to particular types of serviced accommodation (major hotels, budget hotels/lodges, rural/pub accommodation). Some of the key principles include:

- Identifying suitable locations for hotel accommodation should be an integral part of the plan making process, and should involve the tourist industry;
- Major hotel developments should look to the town centre first, because of their transport and regeneration implications;
- Outside the development plan process site selection should follow the sequential approach;
- There is a need to recognise the market being served by different types of hotel when allocating sites and considering applications, as this will affect the optimum location;
- New hotel developments in historic towns and cities need to be sensitive to their surroundings; conversions may also be a realistic proposition subject to impact;
- The potential to convert and re-use historic buildings in the town and countryside should be considered;
- Extensions e.g. to pubs to add bedroom accommodation can help support the viability of these businesses, but need to be proportionate;
- Budget hotels catering for longer staying markets should generally be destination focused i.e. in town centres;
- Lodges catering for stop-over traffic may require a location on a major routeway, ideally edge of town rather than in open countryside.

Alongside the cancellation of PPG21 and the publication of the Good Practice Guidance, it was intended that the issues surrounding tourism development should be addressed as other relevant PPGs were revised.

PPS1 (Delivering Sustainable Development), PPS 6 (Planning for Town Centres) and PPS7 (Sustainable Development in Rural Areas) were all published before the Tourism Good Practice Guidance was brought out, and their key messages in relation to tourism development – and particularly the development of hotels – is reflected in the Guidance.

More recently, Draft Planning Policy Statement 4 – Planning for Sustainable Economic Development – has been issued for consultation. PPS4 builds on the objectives for the planning system set out in PPS1 providing the tools for Local Authorities to plan effectively for economic growth. It requires Local Authorities to adopt a positive and flexible approach to economic development (which includes tourism and leisure development). It also emphasises the importance of an evidence base to understand industry/sector needs, using relevant market and economic information, particularly where proposals are not specifically supported by plan policies. In addition, draft PPS4 states that Local Authorities should limit the designation of sites for single or restricted use classes and promote mixed use developments in appropriate locations.

Regional Planning Policy

Regional policies for tourism are set out in the emerging **South East Plan**. These policies were developed initially in 'Destination South East', a land-use and planning strategy for the tourism industry that was approved in November 2004 as a formal alteration to RPG9. RPG9 has now become the adopted Regional Spatial Strategy as amended in November 2004, and is being rolled forward as the South East Plan, which was submitted to Government in March 2006. The final document is expected to be published in Autumn 2008⁴

RPG9 and the emerging South East Plan incorporate specific policies relating to the tourist accommodation sector. These policies seek to:

- Facilitate a consistent approach to planning for accommodation
- Ensure planning policies reflect both the diversity of the sector and market reality
- Provide clear guidance on the location of development.

⁴ The South East Plan was submitted to Government in March 2006; consultation on the Plan ended in June 2006, and an Examination in Public took place between November 2006 and March 2007, publishing its findings in November 2007. The Secretary of State is at the time of writing considering the recommendations of the Panel Report and proposed changes will be published in July 2008, subject then to a 12 week consultation period.

These policies are set out in TSR5. Part i) sets out six aspects of tourist accommodation that should be addressed in development plans, whilst Part ii) advocates that the Regional Tourist Board and local authorities should jointly monitor the demand for and supply of accommodation. The policies are detailed below.

POLICY TSR 5

The diversity of the accommodation sector should be positively reflected in tourism and planning policies.

i) In formulating planning policies and making decisions local planning authorities should:

- 1. Consider the need for hotel developments to be in the proposed location, including links with the particular location, transport interchange or visitor attraction, and seek measures to increase access by sustainable transport modes.*
- 2. Provide specific guidance on the appropriate location for relevant accommodation sub-sectors. This should be informed by their different site requirements and market characteristics and how these relate to local planning objectives.*
- 3. Encourage the extension of hotels where this is required to upgrade the quality of the existing stock to meet changing consumer demands.*
- 4. Include policies to protect the accommodation stock where there is evidence of market demand.*
- 5. Strongly encourage the provision of affordable staff accommodation as part of new and existing accommodation facilities in areas of housing pressure. The criteria for the application of such a requirement should be clearly set out in the development plans.*
- 6. Facilitate the upgrading and enhancement of existing unserviced accommodation, including extensions where this will not harm landscape quality or identified environmental assets and encourage the use of accommodation throughout the year for holiday purposes. Particular attention should be paid to identifying suitable sites for the relocation of holiday parks under threat from coastal erosion or flooding.*

ii) Tourism South East and local authorities should, working together, undertake active monitoring of the demand for and supply of tourism accommodation on a regional and sub-regional basis.

These general principles are adopted in a statutory document and as such have the same status as a Local Plan. They seek to guide local authorities in the completion of current Local Plans and the preparation of the new Local Development Frameworks.

The emerging South East Plan and its predecessors have identified a number of issues that inform this policy, including:

- Development plans should be based on a thorough understanding of the needs of accommodation developers and operators and the demands of their markets.
- This should be built upon an on-going dialogue between planners and the industry.
- And supported by regular monitoring and assessment of both demand and supply.
- Hotel developers find it difficult to compete with land values in many urban areas.
- Mixed-use developments may be the only way to achieve town centre hotel development.
- The exceptions to sequential testing for hotels out of town are country house hotels and provision associated with key transport gateways and regionally significant visitor and sporting attractions, although hotels serving markets that don't need to go into a town centre, e.g. one-night stopovers, may also be better located on the outskirts of towns.

These national and regional policies form the backcloth to emerging Local Development Frameworks across the South East Region. At a time of such change, there is a clear opportunity to tailor emerging policies and guidance on hotel development to meet the needs and aspirations of each destination, but this should be based on an informed approach to the issues with the evidence to back arguments up.

4. THE FOUR CORNERSTONES OF GOOD PRACTICE

Setting the Scene

The guidance detailed in this section of the report represents an amalgam of the operator and local authorities' perspectives on the issues surrounding hotel development, taking on board also the policy guidelines set out in National and Regional Planning Guidance.

The guidance is structured around four 'cornerstones' of good practice that wrap around a ten point plan of action, summarised below:

The Four Cornerstones	Ten Point Plan of Action
1 -Effective Communication	<ul style="list-style-type: none"> Improved Internal Communication Communicating with Partners
2 -Positive Planning	<ul style="list-style-type: none"> Planning for Hotels Facilitating the Planning Process Site Allocation and Support
3 -Pro-active Inward Investment	<ul style="list-style-type: none"> A System for Enquiry Handling Establishing a Dialogue Targetting Hotel Development Quality Prospectus Materials
4 -Market-Focused Monitoring	<ul style="list-style-type: none"> Keeping a Finger on the Pulse

In each case we outline the difficulties identified and then detail mechanisms for local authorities to facilitate the hotel development process and create a more enabling framework for hotel investment.

The overall message which the guidance outlines is the need for a more pro-active and co-operative (rather than a reactive and often confrontational) approach to hotel investment, in order to help stimulate and support further development in the sector.

This approach is not about opening the floodgates to hotel development – there will remain many times and locations where development is not appropriate – but rather, it is about identifying potential and encouraging development in the full knowledge of market conditions and industry dynamics.

A more positive approach will enable local authorities to realise opportunities to influence hotel development, both in terms of attracting investment where it is needed, and moving schemes in the most beneficial direction where developer interest already exists, to maximise benefits for all concerned.

THE FOUR CORNERSTONES OF GOOD PRACTICE

1 - EFFECTIVE COMMUNICATION

(i) Improved Internal Communication

The hotel development process from enquiry through to opening of the facility will cut across a wide range of departments and responsibilities within a local authority. It will, therefore, be important that all are aware of hotel needs, and that this is used to inform policy and activities, in order that a 'corporate' response is made to the whole area of hotel investment, ensuring consistency of approach. Good internal communications will be critical to delivering this.

Action Points

- A dedicated central hotel contact within each local authority should take responsibility for communicating the recommendations in this guidance and the findings of any hotel futures study conducted to all relevant departments – both in terms of specific hotel needs within their District, but also the more general points of action identified, which all authorities need to take on board.
- Copies of the report should be circulated internally to key contacts in each department – to include tourism and leisure, planning, economic development/inward investment as a minimum.
- Nominated contacts in each department should be requested to consider how the findings of the study can be incorporated into their policy-making and work programming, and to feed this back to the central hotel contact.
- An internal hotel investment group could be established, to discuss policy development, procedures and progress on schemes. Depending upon the level of hotel investment activity and interest, this could meet anything from quarterly to annually.
- Outside this group, other procedures should be established e.g.: for consultation amongst colleagues on hotel-related planning applications, and developer enquiry protocol.

(ii) Communicating with Partners

Many of the problems and opportunities identified via developer feedback will need to be tackled on a more widespread basis than the District alone. Regular contact with potential partners at regional and sub-regional level will enable opportunities for joint action to be pursued, and for individual Districts to benefit from broader initiatives, which may be underway or proposed. The staffing issue is one such example. In addition, contact with

colleagues in planning, tourism and economic development in other Districts, the County and wider sub-region will enable experiences to be shared and good practice to be built upon.

Action Points

- Hotel development needs to be built into the strategies and work programming of key regional bodies such as SEEDA and its Tourism Sector Group and Tourism South East.
- Similarly, the hotel investment agenda should be taken on board by any sub-regional groups such as County/Sub-Regional Economic Partnerships, to identify the role they might play.
- Any regular liaison meetings between County/ Sub-Regional Planners, Economic Development and Tourism Officers should likewise consider the implications of this guidance and the role they can play in delivering results.

2 - POSITIVE PLANNING

(iii) Planning for Hotels

Planning will clearly be one of the functions within the local authority which will need to be informed of, and responsive to, the opportunities identified in this guidance and any hotel investment studies. This applies both in terms of policy and plan making, but also on a day-to-day basis in terms of developer enquiries, planning advice given, and the processing of planning applications. A lack of understanding of the development issues surrounding hotel development and the characteristics of such development was a key criticism from the hotel sector; better information and understanding would help remove this barrier.

Action Points

- Both decision making on planning applications and Local Development Framework preparation should be informed by good research information on market demand and hotel supply, that requires regular up-dating. It is this information rather than local aspiration that should steer decision-making.
- Planning policy should be closely integrated with tourism and economic development strategy to ensure that the hotel needs of the destination can be met.
- Planning policies should be clear and consistent.

- Consultation with hotel developers and operators should be an integral part of the consultation process when developing LDFs, and their requirements should be reflected in planning policy to ensure both policies and site development are realistic and achievable.
- Whilst the general desirability of hotel development being located in town centres is appreciated, the application of a rigid sequential test for hotel development is not appropriate, and this has now been recognised in Regional and National Planning Guidance. There should be sufficient flexibility in Local Development Frameworks for planning departments to respond to the needs of different hotel products, their markets, and the wider requirements of the destination.
- LDF policies should be permissive of hotel development where need has been identified, but should not sterilise land zoned for hotel use which does not meet developer requirements.
- Planning policies should allow for the general principle of use or the extension of uses such as pubs, golf courses in rural areas where accommodation would help secure the viability of that use, and where new hotel development might well not be viable on its own.
- The need for staff accommodation, in order to both attract and retain employees, should be recognised, and planning applications for such developments sympathetically received.
- Hotel development enquiry information together with progress on existing proposals, should be fed through on a regular basis to the central hotel contact.
- One or more officers in planning should be encouraged to develop a tourism specialism to ensure a better understanding of tourism related planning issues.
- A nominated contact from planning should participate in hotel investment group meetings.
- The nominated contact within the planning department should take responsibility for monitoring hotel development applications, and progress on schemes with planning permission, to input into the monitoring process. This may or may not be the central hotel contact, depending on the role that tourism or economic development staff in each authority wish to play.

(iv) Facilitating the Development Process

A significant proportion of the obstacles to development identified by hotel operators involved planning-related matters. The planning function has a critical role to play in supporting the hotel development process.

Action Points:

- Pre-application discussions should be encouraged to ensure that hotel schemes are tailored to destination and site need as well as the interpretation of local policy, helping to speed up the process and avoid unnecessary design and time wastage.
- Whilst this may be one way of speeding up the decision-making process, many local authority planning departments require additional staff resources to achieve this, the pressure for development is so intense.
- Procedures should be established to ensure that tourism, inward investment and other appropriate functions within the local authority are consulted on hotel-related planning applications.
- The planning department should then co-ordinate response within the authority (conservation, highways, tourism, economic development, estates) at an early stage, to avoid the need for scheme re-design, and the cost and time delays associated with this.
- Local authorities should refrain from imposing unrealistic planning gain requirements; these can often tip viable schemes over the edge.
- Parking requirements attached to hotel permissions should be based upon an understanding of the hotel's market, and be informed by standards elsewhere, ensuring some consistency of approach.
- Support should be provided for the package of needs associated with new hotel development and operation, including, for example, signposting.

(v) Site Allocation and Support

The availability of sites in many parts of the South East is a key constraint on hotel development, particularly when combined with the problem of high land values and strong pressure for development from alternative higher value uses. If local authorities want to attract hotel investment, they may need to intervene to enable this to happen.

Action Points:

- The planning department should work with the economic development, estates and tourism functions to identify specific sites in and around urban areas which are in line with developer requirements, consulting hotel developers as part of the process before they are included in Local Development Documents.
- Development pressure for other uses on sites identified as suitable for hotel use should be resisted, particularly for office, residential and retail, with which hotel values cannot compete.
- The exception to this is the opportunity for hotels to be part of mixed-use developments. The preparation of Development Briefs can be a useful tool with which to encourage the inclusion of an hotel scheme in a bigger mixed-use proposal, that might otherwise be squeezed out by alternative use land values.
- In the case of Council-owned sites, the desire to maximise value out of the site should not necessarily be the driving force behind its eventual allocated use and sale. Such situations should be viewed as an opportunity to influence the market and enable a hotel development to happen, even as part of a mixed use scheme.

3 - PRO-ACTIVE INWARD INVESTMENT

(vi) A System for Enquiry Handling

Most developers will make contact with local authorities to discuss their interest either generally in a destination, or in relation to a specific site. This might be to ask for information on potential sites, the planning status of a particular site, tourism and economic development information for a feasibility study, highways advice in relation to access, and more. The nature of these enquiries means that 3, 4 or more departments and a greater number of individual contacts may need to be made, added to which, local authority structures vary, further complicating the issue.

Action Points

- Each local authority should identify one individual to act as a central contact for hotel development enquiries and liaison.
- All relevant departments need to be aware of this 'lead' role, and to ensure that contacts made are fed through this individual.
- It is advisable that a standard procedure is established for handling enquiries from hotel developers. A standard pro-forma to be completed by all who have

contact with a potential hotel developer would ensure that key information is collected (contact name, company, address and telephone details, site interest, action taken, information sent, advice given, known information on the scheme – site location, size and standard of hotel, proposed timescale – and date) should then be sent through to the central contact, for follow-up.

- All enquiries should be followed up, initially monthly, to pursue progress, and the need for any additional help and support.
- A standard enquiry response pack should be compiled to be sent out to all enquirers.
- Amongst other relevant information on the destination (see Hotel Prospectus Guidance), the pack should detail roles and responsibilities within the local authority, with contact names and telephone numbers, for those areas most likely to be needed by a hotel developer (tourism, planning, economic development, highways, estates).

(vii) Establishing a Dialogue

The issue of poor communication with hotel developers, together with the reactive approach adopted by most local authorities in their dealings with developers, emerged clearly from research and consultation with hotel companies. There is much to be gained by building a better understanding of the issues surrounding hotel development, and of communicating the destination requirements at the same time. The plan preparation process, as well as pre-application discussions and contact made when hotel developers initially enquire to a destination, all present opportunities to build this relationship and understanding.

Action Points

- Building a better dialogue between the hotel developer and the local authority is the best route to overcome many of the difficulties outlined as obstacles to development, helping each to understand the objectives of the other, and creating a more enabling framework for future development.
- In dealings with hotel companies, whether responding to enquiries, or as part of the process of a more pro-active marketing programme, local authority contacts should encourage hotel companies to notify their tourism/economic/development/planning offices of their requirements for sites, and to consult on any specific sites at the earliest stage. Named contacts should be provided.

- Local authorities could be more pro-active in accommodating developer requirements and indeed anticipating these in LDF preparation. The flexibility which both local authorities and developers potentially have can best be used constructively through a process of co-operation, rather than one of confrontation, to the benefit of all concerned.

(viii) Targeting Hotel Development

Those destinations that have adopted a more pro-active approach to hotel development, with a range of activities aimed to stimulate interest, promote the destination for inward investment, and support developers throughout the process, clearly stand out amongst hotel companies. The locations in which this is happening are currently few and far between.

Action Points:

- The need for local authorities to identify sites that match developer requirements has been highlighted under ‘positive planning’. When sites have been identified, whether as part of the LDF process, or inward investment work, their availability needs to be communicated to hotel developers. Any mailing should specifically target those hotel companies where requirements fit the opportunity, both in terms of site criteria, and market potential.
- Dedicated prospectus materials should be put together for this purpose (see ‘Hotel Prospectus Standards’).
- The need for a nominated contact for hotel development has been identified, to whom information on all enquiries and potential hotel schemes should be directed. This will enable a database to be compiled that should be used to maintain regular contact with potential hotel investors, with follow-up procedures in place.
- Regular follow up of hotel investment enquiries is a must, and presents additional opportunities to help support the developer and make hotel investment happen, as well as presenting a positive image of the destination.

(ix) Quality Prospectus Materials

Whether responding to a developer enquiry, or making contact with hotel developers to stimulate development interest, materials sent out to them or available on-line present an opportunity to sell the destination for inward investment, and to create a positive image amongst the industry. The quality of the information currently used for these purposes by many local authorities often fails to do this. Indeed, few have dedicated hotel prospectus

materials or other information to use or have anything available on-line. An awareness of the developer perspective, in terms of the amount and type of information they are seeking, will enable a more professional approach to be adopted, which is relevant to their needs, and demonstrates a clear understanding of their requirements. Local authorities also need to be aware that any materials prepared for developers, particularly unsolicited, will be one of many received on a regular basis by hotel company Acquisition Managers – it will be judged against them, and needs to stand out to be noticed. Prospectus materials are, of course, only part of the wider package of measures that can be taken to stimulate hotel investment, and may need to be used in a variety of roles, which needs to be taken account of in their planning and design.

Action Points

- The principal uses for hotel prospectus materials would be:
 - To respond to developer enquiries
 - For use in mailings – postal and electronic - to hotel companies, both general mailings to stimulate interest, and specific mailings eg: in relation to a particular opportunity or event
 - As a package of information to service familiarisation visits by developers
 - Background materials and relevant papers at event attendance eg: hotel investment seminars.
- The design should therefore be sufficiently flexible to accommodate this variety of uses, and to function in terms of printing from a website. The images used should sell the destination's strengths in terms of business and leisure markets, and the use of quotes from hotel developers/operators and local corporate users can support this.
- Whilst there may be published reports already available that could be of use and interest to hotel developers, most will not delve into any detailed lengthy material at the initial enquiry stage. Dedicated materials should be produced, which are punchy, relevant and to the point. They should be compiled in a common format and layout, and branded with the corporate/campaign logo and message. A fact sheet format works well. This should include:
 - Introduction to the destination – to set the scene from an inward investment perspective. It should encapsulate all that is positive about the destination(s) which are key to decision-making by hotel investors e.g.: illustrating a vibrant economy, business expansion, tourism activity,

access, continuing/future development. As developers will think key towns rather than Districts, it will be important to draw these out, identifying the USPs of each.

- Economy – key facts on the destination economy, which should include:
 - Key employers (name, location, nature of business, employee numbers), particularly focusing on those most likely to generate hotel demand eg: hi-tech, offices, professional and financial services, rather than distribution type uses. Any regional, national or international headquarters, or training centres for key employers, should be highlighted.
 - Economic profile data, showing the proportions employed in each sector
 - Relevant statistics e.g.: economic growth, GDP, unemployment rate, growth rates in key productive sectors
 - Listing, with location maps, of main Business Parks, and an indication of the occupiers
 - Summary of inward investment activity
 - Outline of major development proposals, in terms of major employment schemes, leisure development, and other infrastructure projects eg: transport proposals.
- Tourism – key background information on tourism activity, including:
 - Summary statistics – volume, value, breakdown by domestic and overseas visitors, and key segments eg: business tourism, short breaks List of main attractions (Top 10) with visitor numbers
 - Recent and proposed development projects.
- Hotel supply – a fact sheet on the current supply of hotel accommodation of 2 star standard (or equivalent) and above providing:
 - Name of hotel
 - Location (and map)
 - Standard
 - Number of rooms
 - Ownership (private, group)

- Facilities (leisure, conference)
- Single/double room rates
- also a brief description should summarise the above data which is best provided in table format
- summary of recent (last 5 years) and proposed hotel development.
- Hotel market – a fact sheet detailing known market information, both at an overall level, and where possible, by standard/type of hotel (ie: 4 star, 3 star, 2 star, budget etc). Key information should include:
 - Room occupancy
 - Market mix
 - Achieved room rates
 - Levels of denials
 - Patterns of business (weekday/weekend, and across the year)
 - Trends in performance
 - Clearly, this information needs to be kept up-to-date to be meaningful
 - Comparisons e.g.: with other towns, Districts, the county, the region, can be used where these are advantageous.
- Site opportunities – details of allocated/potential sites for hotel development, which should include:
 - Location map
 - Site plan
 - Site size
 - Ownership
 - Planning status
 - Contact details for further information
 - an introduction to the site opportunities section could usefully summarise the local authority's policy stance on hotel development, from tourism, economic development and planning viewpoints, emphasising the positive rather than restrictive aspects of these policies.

- Contact details – named contacts, with full address, telephone, fax and email details, should be provided for key local authority contacts, clearly indicating the areas of responsibility which they will be in the best position to help with
 - a list of other useful contacts in the destination should also be provided e.g.: County Council (tourism, planning, economic development); neighbouring Districts; local estate agents, who might generate additional sites or act for key landowners; Business Park agents; key local developers.
- Bibliography – a list of useful reports and reference materials should be included, with details of how to obtain copies, including website links for downloads. They should include:
 - Hotel Market Studies
 - Local Development Framework documents
 - Tourism Strategy
 - Economic Development Strategy
 - Business Surveys/Economic Reviews
 - Articles and features on the local economy
- Hotel Investment Website – Tourism South East has an established regional hotel investment website set up – www.hotel-investment.co.uk. Many of the South East's local authorities have worked with TSE to develop hotel investment materials which are available on this website, including hotel market data from Hotel Futures studies and site specific information. The website is well-used by the hotel development industry. Local authorities should take advantage of this facility, and are encouraged to make contact with TSE who will be happy to discuss this further.

4 - MARKET-FOCUSED MONITORING

(x) Keeping a Finger on the Pulse

The fluctuations in both hotel demand and supply mean that any review or market study can represent only a snapshot in time. Developers respond to current market conditions, so keeping this information up-to-date will play an important part in influencing potential investors. It will also continue to have a significant part to play in informing the local authority and other interests of needs, and aiding the understanding of the market.

Action Points

- Hotel performance research should be updated annually – local authorities could either take individual action on this, or could co-operate with the help of the County Council, sub-regional partners and Tourism South East, to extend and update this research to a wider area.
- In some cases, where gaps in hotel performance data exist, or where site opportunities require a more detailed assessment, local authorities should consider commissioning more detailed local studies, and exploring funding opportunities from regional bodies for this.
- Where possible, local company surveys should also be conducted to ensure regular feedback from the business sector. Local authority economic development units are in a strong position to undertake this work.
- In terms of development activity and proposals, monitoring of planning applications as well as developer enquiries, and following these up, will provide a valuable input to the annual updating process. The named contacts referred to should take responsibility for this.
- The monitoring information should be used to inform both policy/plan-making and decisions on planning applications, and mechanisms should be put in place to ensure this happens.

5. GOOD PRACTICE IN ATTRACTING HOTEL INVESTMENT

Case Studies

Through the active programme of Hotel Futures studies that Tourism South East has sponsored, it is possible to draw together a number of good practice case studies that demonstrate how the principles advocated in this guidance have been applied at a local level.

The examples selected involve implementation by Districts, Counties and sub-regional partnerships, and illustrate some of the key facets of effective communication, positive planning and pro-active inward investment, underpinning all of which is good market and product research to inform both policy and action.

Portsmouth – Pro-Active Inward Investment

During the hotel developer consultation research conducted in the early part of the Hotel Futures programme, Portsmouth was identified by a very experienced hotel developer and operator as the only local authority that had ever followed up their initial enquiry re site availability and hotel development potential. That seemed a sad state of affairs, but clearly Portsmouth was doing something right.

In fact, The Economic Development Unit at Portsmouth City Council had been very actively involved in a whole programme of hotel-related activity, working closely with planning and tourism colleagues, to attract hotel development to the city and create the framework for this to happen.

Their work included:

- consultation with hotels already in the city to gather performance data
- a survey of local employers re their hotel needs and how well these were satisfied
- a review of potential hotel sites and an input with the planning team as to the optimum sites for development

The inward investment team were also well-equipped to deal with enquiries from hotel developers. They had prepared dedicated prospectus materials of good quality, and had systems in place to record details of hotel developer enquiries which were automatically followed up after one month, to check for progress and any additional support required.

Clearly, Portsmouth stood out to the hotel developer that we consulted for its professionalism, sending positive messages about the city as a place to invest. Shortly after

this, Portsmouth saw the development and opening of the Express by Holiday Inn at Gunwharf Quays and the Tulip Inn on the city outskirts.

Market performance data on Portsmouth was up-dated as part of the Hampshire Hotel Futures work in 2004. In 2007, the City commissioned a further Hotel Futures study to provide a more detailed and up-to-date market overview, and to forecast how the market might grow over the next 20 years. The purpose of this was two-fold – to inform the preparation of the City’s Local Development Framework, in terms of policies and site allocation, and to form the basis for a targeted programme of inward investment work with hotel developers. The study involved extensive consultation with hotel developers and established strong interest in developing hotels in and around the city from national and international brands at all levels in the market. A new Etap hotel will be opening in Portsmouth in 2008, and discussions are at an advanced stage on several other key development sites. The Hotel Futures study is being actively used in supporting this work.

Hampshire – Effective Communication and Monitoring

Hampshire County Council commissioned a Hotel Futures study for the County back in 2001, which ran concurrently with the first regional study commissioned by the Tourist Board. The County’s additional input to the programme of work enabled a more detailed evaluation of market potential at a local level, and the production of performance and potential outputs for most of the towns and cities in Hampshire.

In order to disseminate the study findings, the County Council organised a hotel investment seminar, inviting officers from County and Districts across planning, economic development and tourism functions. In addition to presenting the findings of potential for new development, presentations were given by a hotel manager as well as a hotel developer, giving a view from the ‘sharp end’ in terms of hotel investment and operation.

As a result of the investment seminar, an action plan was prepared by the County, with responsibilities and opportunities for partnership working identified. The County commissioned some additional work including purchasing a hotel developer database to enable direct targeting of hotel companies, and a planning guidance note that has provided an input to the regional ‘Attracting Hotel Investment’ Guidance. In 2002, the hotel performance research was up-dated, and it has now been incorporated into a 3 yearly cycle of research as part of the Hampshire Tourism Trends Survey. The market up-date was repeated in 2005 and again in 2008, and further hotel investment and Tourism Officer seminars have been held to disseminate the findings.

Several Districts and Boroughs in the County have also commissioned more detailed local Hotel Futures studies, including Portsmouth, Havant, Test Valley, East Hampshire, Gosport, Basingstoke and Rushmoor. These studies have enabled other modules of work to be built in that it is difficult to deliver in a county study, especially in a County the size of Hampshire, including policy reviews, local business surveys, market forecasting and site assessments. With the launch of the TSE hotel investment website – www.hotel-investment.co.uk – hotel investment materials were prepared for the County and those destinations where development potential had been identified, and a separate piece of work was commissioned to identify suitable hotel sites in each District, working with a team of Officers in each local authority.

The Hampshire case study demonstrates the benefits of collaborative working in relation to hotel development, both across departments in a local authority and in wider partnerships, and has helped foster a greater understanding of the hotel development process and the issues surrounding this. It is also an excellent example of on-going monitoring, ensuring that performance data is never more than 3 years old, important when this is helping inform decision-making on planning policy and development control, as well as hotel developer interest. What Hampshire has done in terms of the practical application of the study findings is also worthy of recognition, to date being the only County that has pro-actively sought to disseminate the findings of these Hotel Futures studies via a hotel investment conference, as well as identifying hotel sites to maximise the opportunity presented by the regional website to get to the hotel development market. The County and Districts actively use the reports and inward investment materials to service enquiries from hotel companies and consultants working on their behalf putting together investment appraisals, and have had very positive feedback on the usefulness of the data and the easily digestible format.

East Kent – An Over-Arching Communications and Investment Role

The six Districts that make up the area commonly known as East Kent have a history of joint working across a range of initiatives. The group commissioned a hotel sector shortage study together with Kent County Council and Tourism South East in 2003. The study identified a number of areas of potential to act upon, but also several obstacles to investment that would need to be addressed.

Kent County Council has taken the lead on behalf of the East Kent group in acting upon the study recommendations, and to date there have been two key actions. The first was to arrange a presentation to the Kent County Planning Forum, of the study findings and particularly the obstacles, many of which related to planning matters. There was an additional benefit here in that the findings reached Planners county-wide and not just those in East Kent, as the forum is county-based.

The second area of action is to be the establishment of an Inward Investment Group with a tourism focus that can oversee required action relating to hotel investment and draw in District level inputs as required. In the meantime, there were some more urgent expressions of interest from hotel companies to deal with, where interest and awareness had been raised by the study consultation, and these have been followed up by County and relevant District in advance of the Investment Group being established.

Once in place, the study recommended that an action plan be put together for which resources and responsibilities can then be sought, to ensure a co-ordinated response to the identified potential and interest, with appropriate support to convert this interest to development of the ground.

Tunbridge Wells – Informing the Planning Process

Tunbridge Wells Borough commissioned hotel research to inform the Local Plan process as far back as 1999, and this research was up-dated with a Hotel Futures study in 2005, to support the preparation of the Local Development Framework. In both cases forecasts were required to assess how the market might grow over the development plan period and what the potential implications for new hotel development might be.

In addition to market performance and forecasting research, the studies also involved an assessment of sites with perceived potential for hotel development, or that it might be possible to release for development during the life of the plan. The relative strengths and weaknesses of these sites were identified in relation to known developer requirements, and recommendations made as to the strongest sites with the greatest hotel potential. Other action that would be required to make this development happen in locations that are under intense development pressure from a variety of high value uses were also identified.

This research has provided a valuable baseline from which to monitor the hotel sector and against which to make decisions on planning applications. Sites have been allocated for new hotel development, though some are likely to be longer term in their delivery. The research has also informed the council's hotel retention policy, and has been used to resist change of use in both the historic town and the rural area, and a more detailed study was subsequently undertaken with Lewes and Wealden Councils to develop these retention policies and supporting criteria further.

Eastbourne – Planning for Retention

In the South East of England the pressure for development is intense, and hotel companies looking to develop new hotels have struggled to acquire sites against competing high value uses. This same pressure, particularly from the residential market, is also resulting in the loss of hotel accommodation and increasing numbers of applications for change of use from hotels to flats and housing developments.

Eastbourne is an excellent example of a local authority that has risen to this challenge, and applied the principles of positive planning informed by on-going monitoring and market information, to retain hotel accommodation in the resort. The local plan policy seeks to actively retain visitor accommodation in core visitor areas that are clearly defined. There is a general presumption against change of use in these areas, unless the applicant can demonstrate that continuing use is not viable. A series of factors are used to assess viability, including location, physical condition of the property and cost of repair, the potential for refurbishment, market valuation, and the financial performance of the business. Applicants need to present the evidence in each case. Supplementary Planning Guidance was prepared to flesh out this policy, the criteria and their application in more detail. This allows for much greater transparency and consistency than had previously been in place.

In order for the local authority to be able to respond to the evidence presented, and if necessary to challenge cases of non-viability, they commissioned consultants to prepare business models providing benchmark figures for different types and sizes of hotel business, to provide an objective baseline for viability assessments. These are based upon and informed by market performance in Eastbourne.

The Borough Council also monitors the supply of tourist accommodation in the resort on an on-going basis, and estimates that since 1990 the resort has lost 1000 rooms, with the greatest loss amongst smaller establishments, and a significant improvement in the quality of the remaining stock. The Borough Council believes that this policy has played an active part in retaining an adequate stock of serviced accommodation in Eastbourne, deterring many speculative applications that would have reduced the resorts hotel stock and weakened its offer. The policy has had to be supported with both research and resources at appeal but the viability criteria have been upheld by the High Court.

Eastbourne's approach exhibits a number of characteristics that we believe should form the backbone of retention policies, being well-defined, objective, economically realistic, consistently applied, evidence-based and – critically - market-led.

APPENDIX 1
Hotel Futures Studies & Destination Coverage
in the South East

HOTEL FUTURES STUDIES – TOURISM SOUTH EAST

STUDY AREA	PARTICIPATING LOCAL AUTHORITIES/ ORGANISATIONS	KEY LOCATIONS COVERED
SURREY 2004	Surrey County Council Guildford Borough Council Runnymede Borough Council Waverley Borough Council Woking Borough Council	Guildford Woking Staines/Egham/Chertsey Weybridge/Cobham Camberley Godalming Farnham Leatherhead Epsom Dorking Reigate/Redhill Horley
SEVENOAKS 2004 2007	Sevenoaks District Council	Sevenoaks Town Swanley
TUNBRIDGE WELLS 1999 2005	Tunbridge Wells Borough Council	Royal Tunbridge Wells
EAST KENT 2003	East Kent Initiative Kent County Council Canterbury City Council Dover District Council Ashford Borough Council Shepway District Council Swale Borough Council Thanet District Council	Canterbury Ramsgate/Margate Dover Folkestone Ashford Sittingbourne
WEST KENT & EAST SUSSEX 2004	Lewes District Council Wealden District Council Tunbridge Wells Borough Council	
MEDWAY 2005	Medway Council	Rochester Chatham Gillingham
KENT THAMESIDE 2007	Kent Thameside Delivery Board	Dartford Gravesend Ebbsfleet
HAMPSHIRE 2001 2003 2005 2008	Hampshire County Council	Portsmouth Southampton Eastleigh Fareham Havant Gosport Andover Winchester Basingstoke Farnborough Aldershot Petersfield
GOSPORT 2001	Gosport Borough Council	Gosport
ANDOVER/TEST VALLEY 2002 2008	Test Valley Borough Council	Andover Romsey

BASINGSTOKE 2008	Basingstoke & Deane Borough Council	Basingstoke
RUSHMOOR 2008	Rushmoor Borough Council	Farnborough Aldershot
HAVANT 2003 2008	Havant Borough Council	Havant Waterlooville
EAST HAMPSHIRE 2005	East Hampshire District Council	Petersfield Alton
PORTSMOUTH 2007	Portsmouth City Council	Portsmouth Southsea
ISLE OF WIGHT 2005	Isle of Wight Council	Cowes Newport Ryde Sandown/Shanklin
BRIGHTON 2006	Brighton & Hove City Council	Brighton Hove
1066 COUNTRY 2007	Sea Space Hastings Borough Council Rother District Council	Hastings Bexhill Battle Rye
CHICHESTER 2006	Chichester District Council	Chichester
COASTAL WEST SUSSEX 2008	Worthing District Council Adur District Council Arun District Council	Bognor Regis Littlehampton Shoreham-by-Sea Selsey Worthing
EAST SUSSEX 2008	Eastbourne Borough Council Hastings borough Council Lewes District Council Rother District Council Wealden District Council	Eastbourne Lewes Newhaven Crowborough Uckfield Hailsham Bexhill Battle Rye Hastings
OXFORD 2004 2008	Oxford City Council	Oxford City
BUCKINGHAMSHIRE 2006	Buckinghamshire County Council	High Wycombe Marlow Aylesbury Amersham Buckingham
HIGH WYCOMBE 2002	Wycombe District Council	High Wycombe Marlow
SOUTHERN ENGLAND (Overview study) 2002		Oxfordshire (Oxford, Banbury, Henley, Wantage, Abingdon, Bicester, Didcot)
		Berkshire (Windsor, Maidenhead, Slough, Bracknell, Wokingham, Newbury, Reading)
		Buckinghamshire

		(As above plus Milton Keynes)
		Hampshire (as above)
		Isle of Wight
		Dorset (Bournemouth, Poole)

APPENDIX 2

Extract From DCLG

Good Practice Guide On Planning For Tourism

EXTRACT FROM DCLG GOOD PRACTICE GUIDE ON PLANNING FOR TOURISM

Hotel and serviced accommodation

GENERAL LOCATIONAL PRINCIPLES

3. The process of identifying suitable locations for hotel and serviced accommodation, whatever its nature, should be an integral part of the plan making process. Local planning authorities and the tourist industry should therefore engage constructively to identify suitable locations in plans for hotel accommodation to meet identified current and future needs. This is particularly important for major hotels – for example those with business, conference and banqueting facilities, or large hotels catering for tourists – where the preference should be to identify town centre sites wherever possible, in line with national policies set out in PPS6. Such sites are the most sustainable in planning terms, since they allow greater access by public transport, contribute to urban vitality and regeneration, and allow visitors to easily access other town centre facilities and attractions. Where proposals for major hotel facilities come forward outside the development plan process, their location should be assessed in line with the policies in PPS6 and the sequential approach to site selection.

4. Proposed locations for other types of hotel and serviced accommodation should also be considered through the plan process wherever possible. The emphasis, whatever the type of accommodation, should be on identifying the most sustainable locations, having regard to national planning policies. But in allocating sites in plans, or considering planning applications that come forward outside of the plan process, developers and planning authorities need to recognise that the particular market being met by the accommodation may influence the nature of the location chosen. So, for example, accommodation catering for those seeking to enjoy the natural environment through walking and outdoor recreation may be better located in a rural area, in or at the edge of the centre of a village or small town, rather than in a major town centre some distance away from the attractions it serves.

5. Whatever the type of hotel or serviced accommodation and whatever its location, it should:

- Fit well with its surroundings, having regard to its siting, scale, design, materials and landscaping; and
- Be in harmony with the local environment (taking account of, amongst other factors, residential amenity, noise, traffic and parking in the vicinity).

HOTEL ACCOMMODATION IN RURAL AREAS

6. National planning policies set out in PPS7 “*Sustainable Development in Rural Areas*” makes it clear that the expectation is that most tourism accommodation requiring new buildings should be located in, or adjacent to, existing towns and villages. PPS7 also recognises that proposals to convert existing rural buildings to provide hotel and other serviced accommodation should be acceptable, subject to any general criteria that may be set in development plans on the reuse of such buildings.

7. National Parks and Areas of Outstanding Natural Beauty attract visitors who wish to enjoy the special qualities of the landscapes and the countryside of these areas. It is important that sufficient accommodation of a suitable range of types is provided for these visitors. However, particular care needs to be taken over the number, scale and location of accommodation facilities in these designated areas to ensure that the particular qualities that justified the designation are conserved. These considerations are best addressed through the plan process wherever possible.

HISTORIC TOWNS AND CITIES

8. Historic towns and cities are an attraction to tourists from home and overseas and there is pressure to increase hotel accommodation in them. Great importance is attached to the preservation of buildings of architectural or historic interest both for their intrinsic qualities and for the contribution they make to our towns and villages, and to tourism. It is therefore important that any proposals for new hotel accommodation in such towns and cities are sensitive to their surroundings.

9. Conversion into hotels is often a realistic proposition for ensuring the retention and maintenance of historic buildings provided it is sensitively handled, does not materially alter the character or historic features of the building, and provided the new use does not generate traffic movements that cannot be accommodated.

10. Many historic buildings in town and country are already in use as hotels. If carefully designed, additions can be achieved without adversely affecting the historic fabric or character and maintain the historic building in viable use. But large-scale buildings in a small-scale setting, buildings that adversely affect the existing skyline, and those which by their design, materials, illumination or building line are out of sympathy with neighbouring historic buildings will normally be unacceptable.

MODERNISATION AND EXTENSIONS

11. Aside from historic buildings, there are many redundant or semi-obsolete buildings – such as closed mills, distilleries, warehouses, or railway stations – that can lend themselves well to adaptation and modernisation as hotels, other forms of serviced accommodation or restaurants. To convert such buildings to compatible use can bring life back to an otherwise wasted asset – thus conserving a useful and often attractive building, improving a neglected site and helping the local economy.

12. Similarly, moderate-sized extensions to an existing hotel or public house, including the addition of bedroom accommodation, can help to ensure the future viability of such businesses. This may satisfy

a local need as well as a tourism one, by fully utilising the potential of the site but without any disproportionate increase in scale. In all cases, careful consideration should be given to ensure that the size of the extension proposed is not disproportionate for the location concerned.

BUDGET HOTELS, MOTELS, AND TRAVEL LODGES

13. Where budget hotels are designed to cater for longer stays at a destination (for example, those catering for visitors to historic towns and cities), their location should be considered in light of policies in the development plan and national policies in PPS6 on town centres. Location of such hotels in town centres maximises the opportunities for visitors to easily access other town centre facilities and attractions.

14. Other types of budget hotels and similar types of development such as motels and travel lodges cater more for car-born travellers, often for a single overnight stay – e.g. business travellers en-route to a destination. In such cases, the preference of developers will be for sites on major traffic routes outside of the centre of large towns or tourist centres. However the aim should be to make any development as sustainable as possible, and it will not normally be appropriate for such developments to be located in open countryside away from major settlements. Edge of town centre locations, for example on a ring road or on a major route out of the town centre, will usually be the most appropriate locations if a town centre location is not suitable, available or viable.

15. For out-of-centre locations, design and layout of the development is likely to be of considerable importance in deciding whether it is acceptable in planning terms. Depending on the setting, an open layout in which careful attention has been paid to achieving a high standard of design and landscaping is likely to be more acceptable than a dense concentration of buildings.

16. Where a proposal includes other new facilities, such as a petrol station or shop, these will have to be considered on their own merits. If they are objectionable in themselves, the fact that they are combined with a hotel will not remove the objections. Restaurants, fast food outlets, leisure, fitness and other facilities open to the general public as well as residents are also sometimes combined with hotel proposals, in which case the extra traffic they are likely to generate and its effect on the highway must also be taken into account.

CAR PARKING

17. Maximum car parking standards for hotel and serviced accommodation may be included in development plans. Where such standards are not included in plans, planning authorities will need to consider what are appropriate levels of parking, based on the market which the hotel serves, its location and availability of public transport facilities. In addition, for those hotels where a substantial part of the parking needs are attributable to public rooms used mainly for functions which attract non-residents, then the availability of public parking in the vicinity of the hotel will also need to be taken into account.

18. Planning authorities should also take account of the proposed arrangements for service loading and unloading and setting down space for visitors. Organised tours demand adequate loading and unloading facilities for coaches. Access and waiting areas should be designed with this in mind. Access points should be sited so as to minimise turning movements across traffic and to avoid congestion of the highway caused by vehicles queuing to pick up or drop passengers. Developers should discuss proposed arrangements with the highway authority at the earliest possible stage.