



**Item 10**

# **Report to the Partnership for Urban South Hampshire Joint Committee**

Date: **14 September 2010**

Report of: **Stuart Roberts, Planning Theme Lead**

Subject: **South Hampshire Hotel Futures Study**

## **SUMMARY**

A study of the potential for hotel development in South Hampshire has been completed by consultants for PUSH and Tourism South East. The report was completed before the general election in May 2010 and before the recent announcements in relation to the abandonment of regional spatial strategies. The report also makes reference to the work being undertaken by DTZ to review the economic growth projections and the analysis of the employment sites and premises demand and supply. Members should note that the study presented represents a broad directions of travel and that further revisions may be needed once the DTZ work is published.

The consultants predict major growth in corporate and leisure demand for hotel accommodation, potentially requiring up to 38 new hotels across South Hampshire over the next 20 years, creating 1500 direct jobs and further employment in local suppliers etc. The consultants' survey of hotel operators/developers revealed interest from 26 firms in building new accommodation in South Hampshire for 40 brands ranging from 4 star/luxury through to budget hotels and pub products.

The study recommends actions by PUSH and its constituent authorities to support future hotel development including adopting a spatial strategy for hotel development, effective marketing of South Hampshire destinations, marketing the area to hotel developers, and a co-ordinated response to developer enquiries.

## **RECOMMENDATION**

It is RECOMMENDED that the Joint Committee:-

- (a) COMMENDS the Hotel Study to PUSH authorities as a framework for the preparation of Local Development Documents and for other actions to assist/promote hotel development in their areas;
- (b) APPROVES the proposed responses to the study recommendations set out in the appendix to this report;

## **INTRODUCTION**

- 1 New and expanded visitor accommodation creates jobs directly and in businesses which provide supporting services. Hotel development also supports the area's tourist attractions; while for firms of all types, the availability of accommodation for business visitors is important to their continuing prosperity. Hotel development is therefore a contributor to South Hampshire's economic prosperity, and thus to the achievement of PUSH's economic growth ambitions.
- 2 Last November, the PUSH Housing and Planning Delivery Panel, with the support of the Economic Development and Quality Places Panels, commissioned consultants Hotel Solutions to undertake a study of the future prospects for hotel development in South Hampshire. The study was managed by a steering group of officers from PUSH and Tourism South East. A presentation on the findings was given at a briefing seminar on 9 June 2010 for PUSH Leaders, Chief Executives and other officers.
- 3 The consultants work was completed prior to the general election in May 2010 and before the announcements of the abandonment of regional spatial strategies. The report also was based on the previous economic growth projections agreed in 2005 and in view of the current refresh of the economic development strategy being undertaken by DTZ, the study will need to be updated once the DTZ work is published.
- 4 Notwithstanding this, the Hotel Futures Study contains information on the performance of the current hotel stock and hotel proposals already in the pipeline, an assessment of the drivers of future hotel growth and the likely demand for additional hotel accommodation, a locational strategy for hotel development, and recommendations for actions by PUSH and its constituent authorities. PUSH now needs to consider these recommended actions and whether/how to implement each of them.

## **STUDY FINDINGS**

- 5 There are currently 95 hotels across South Hampshire offering just over 6,000 bedrooms. These range from budget to 4 star accommodation and are concentrated in Portsmouth, Southampton and along the M27 corridor. Budget hotels in South Hampshire are generally trading well with business regularly being turned away because accommodation is full. Only in Southampton are 4 star hotels currently trading at levels sufficient to support new accommodation of this standard.
- 6 The consultants see PUSH's ambitious employment development proposals as a catalyst for major growth in corporate demand for hotel accommodation - both for contractors and executives. Planned investment in the sub-region's tourism offer, strong growth in the cruise market, expansion at Southampton Airport and population growth (more weddings, family parties etc) will boost leisure demand for hotel rooms. The growth in demand for hotel accommodation from all of these markets could potentially support the development of up to 38 new hotels across South Hampshire over the next 20 years, with around 3,600 bedrooms, creating 1500 direct jobs and further employment in local suppliers.

- 7 The consultants' survey of hotel operators/developers revealed interest from 26 firms in building new accommodation in South Hampshire for 40 brands ranging from 4 star/luxury through to budget and pub products. The two cities are the main targets for developers, but there is interest in seven other locations as well. The firms raised the challenges and difficulties they face in realising their ambitions, including access to focussed information about the area, identifying and securing sites at realistic values, a responsive and joined-up approach by local authorities and securing planning permission for schemes.

## **FORMULATION OF A PUSH RESPONSE**

- 8 The study recommends a range of actions for PUSH and its partners focused on dissemination of the study findings, planning positively for hotel development, marketing South Hampshire's destinations to tourist markets and the area to hotel developers, and assisting hotel operators to recruit more staff locally. The recommended actions have been considered by PUSH economic development, tourism and planning officers who have formulated a proposed PUSH response to each.
- 9 After this Joint Committee meeting, the study reports will be published on the PUSH website and disseminated to PUSH authorities with key messages about the contribution of hotels to economic growth and the importance of planning positively, but realistically, for hotel development. In order to feedback to hoteliers who took part in the consultants survey, it is intended in conjunction with Tourism South East, to invite them to a briefing session which will also explore how the public and private sector together can grow the market for hotel accommodation.
- 10 A coordinated approach is proposed across South Hampshire to dealing with hotel developers enquiries, with PUSH at the hub of a network of contacts within all authorities. The consultant's recommendation to produce updated Hotel Fact Files merits support, subject to further consideration of resource availability. The principle of more proactive marketing of South Hampshire's destinations is also supported. However, with reduced public sector resources in the future, a greater private sector role will be discussed at the meeting with hoteliers mentioned in paragraph 9 above.
- 11 The consultant's survey of local hoteliers highlighted their difficulties in recruiting suitable staff locally. It is recommended that the consultant's suggestions for improved staff training and development be referred to the PUSH Employment and Skills Board for consideration.
12. The full actions proposed by the consultants are reproduced in the Appendix, which suggests whether and how the action might be taken forward - either by PUSH or another agency.

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**Appendices:-**

- A - South Hampshire Hotel Futures Study Implementing the consultants recommendations
- B - [Executive Summary](#)
- C - [South Hampshire Hotel Futures Study - Final Report](#)
- D - [South Hampshire Hotel Futures Study - appendices](#)

**Background Papers:**

'South Hampshire Hotel Futures – Final Report'

**Reference Papers:**

**Enquiries:**

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**South Hampshire Hotel Futures Study  
Implementing the consultants recommendations**

This appendix lists the actions recommended by the consultants (with the relevant paragraph number of the study report in parentheses) together with the proposed PUSH response to each.

| <i>Actions suggested by the Consultants</i>   | <i>Proposed PUSH response</i>  |
|---|--|
| <p>1. Sign off and publish the study. (7.1.1.)</p>  | <p><b>Agreed.</b> This will be done by adding the document to the PUSH website after it has been formally presented to the September Joint Committee meeting.</p>  |
| <p>2. Disseminate the study findings to public sector partners – email a pdf version of the report to all partners for cascading down to all relevant officers – presentations to relevant forums – possibly some form of hotel development conference (7.1.2.).</p>  | <p><b>Agreed.</b> The Executive Summary will be sent to economic development, tourism and planning officers in all authorities, together with a link to the full document on the PUSH website. They are already aware of it from having contributed to preparation of this appendix.</p> <p>A briefing session for local hoteliers is proposed to explore how the public and private sector together can grow the market for hotel accommodation. This will be organised in conjunction with Tourism South East.</p> |
| <p>3. LDFs should recognise the importance of hotels in supporting economic development and tourism growth and the contribution that they can make to employment growth (6.1.2).</p> <p>4. Local Authorities should have a realistic understanding of the market for hotel development based on the hard evidence in this report rather than supposition and aspiration (6.1.2).</p> <p>5. Generally there is no need for authorities to allocate sites for hotels as part of Site Allocation DPDs except if certain circumstances (listed in the study</p> | <p><b>Agreed.</b> This message will be highlighted when the study reports are sent to PUSH authorities’ officers as part of 2 above.</p> <p><b>Agreed.</b> The need for authorities to be realistic about the grade of hotel they can potentially attract will also be emphasised when the study documents are disseminated.</p> <p><b>Noted</b></p>   |

report) apply to its area (6.1.2).

6. Development management policies should recognise the economics of hotel development and avoid, wherever possible, burdening hotel schemes with unreasonable planning conditions, e.g. green travel plans, BREEAM standards (6.1.2).
7. There is merit in PUSH endorsing the proposed spatial strategy for hotel development across the sub-region as a framework for the preparation of appropriate policies/proposals in LDFs (6.2).
8. Produce updated Hotel Investment Fact Files for South Hampshire (using the information in the Hotel Futures Study as a starting point) – to provide good quality factual data and information to hotel companies on hotel performance, population and employment data, available hotel sites etc (6.3)
9. Upload the Hotel Investment Fact Files onto the TSE hotel investment website/PUSH website/local authority websites (6.3).
10. Actively promote the Hotel Investment Fact Files to hotel companies, property developers etc (6.3).
11. Put mechanisms in place to keep

**Agreed.** The requirements/conditions which are imposed (for all forms of development not just hotels) should be limited to those which are reasonable and essential.

**Agreed.** The study report sets out a spatial strategy which is felt by the PUSH Planning Officers Group to be a satisfactory basis for LDFs to develop more detailed policies and proposals.

**Agreed – subject to budget availability** It is recognised that this recommendation needs to be progressed as soon as possible in order to make the information contained in the Hotel Futures Study available to hotel developers that are already known to be considering hotel development opportunities in South Hampshire. The study partners have limited budgets available to progress this work however.

**Defer.** Tourism South East (TSE) maintain a website which contains such information including for South Hampshire, but the latter does need updating with information from this PUSH study. However, TSE, like many other quangos, is facing an uncertain future which needs to be resolved before a decision can be made about whether to update the current web pages or set up a new site. Whichever is eventually pursued, it will need to be closely linked with the PUSH inward investment website.

**Defer.** Depends on 9 above.

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the Fact Files up to date (6.3).

12. A co-ordinated approach across South Hampshire to dealing with hotel developer enquiries – with a lead responsibility and first points of contact for hotel developers identified at each local authority and PUSH (6.3).

13. A South Hampshire Hotel Investment Forum to bring local authority lead contacts together from time to time (6.3).

14. Educate (mainstream) property developers about the potential for hotel development in the sub-region, potentially through producing written guidance (6.3).

15. More proactive marketing of South Hampshire's destinations to the UK leisure break, overseas tourist and conference markets (6.4.1.)

16. Develop the corporate market for hotel accommodation through inward investment to attract the sort of companies, industries and business uses that will generate good demand for hotel accommodation (6.4.2.)

17. Continued investment in the leisure and conference tourism product of South Hampshire (6.4.3).

**Agreed.** Hotel developers enquiries will be handled in the same way as other business development enquiries by the South Hampshire inward investment portal. That is managed by an officer in the PUSH office who has an established network of contacts in all the PUSH authorities.

**Agreed.** The value of occasional meetings between the contacts in the PUSH authorities and the Inward Investment coordinator in the PUSH office is recognised.

**Agreed.** This could be taken forward through the property developers' forum which PUSH officers have been giving consideration to establishing.

**Agreed.** Destination marketing has been undertaken at unitary, district and county level, as well as regionally through Tourism South East. A review of tourism support infrastructure regionally and locally will need to take place as a consequence of SEEDA's abolition, Tourism South East's uncertain future, and diminishing local authority funding. This is likely to require increased private sector involvement in destination marketing, which could be discussed at the event with hoteliers proposed in 2 above.

**Agreed.** The revised Economic Development Strategy now approved by the PUSH Joint Committee in draft form, aims to attract to South Hampshire, business sectors of this sort.

**Agreed.** The rationale for PUSH (relatively recently) creating a post of Quality Places Manager and a Quality Places Delivery Panel was, inter alia, to secure enhanced investment in leisure and tourism.

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| 18. Address transport infrastructure barriers in terms of access time into the Gosport peninsula (6.4.4).  | <b>Agreed.</b> The access difficulties to the Gosport peninsula are recognised and TFSH is pursuing improvements within available resources.   |
| 19. Provide advice and information on training and staff development, and set-up or support training programmes specifically tailored to hotel staff (6.4.5).  | <b>Agreed.</b> The difficulties which local hotels are experiencing in trying to recruit suitable staff locally are well known. It is proposed that this recommendation be referred to the PUSH Employment and Skills Board for consideration. |
| 20. Provide feedback about the findings of the Hotel Futures Study to the hotels that took part – circulate an edited version of the report to them and potentially a conference for South Hampshire hotels (7.1.4.) | <b>Agreed.</b> A copy of the Executive Summary will be sent to local hotels with the invitation to the event proposed in 2 above.  |
| 21. Plan to update the Hotel Futures Study every 2-3 years (7.2).  | <b>Agreed.</b> PUSH will consider in 2-3 years time, whether to commission an update of the Hotel Futures Study in the light of the extent of changes which have taken place and the availability of resources.                                |