STAFFORDSHIRE HOTEL & VISITOR ACCOMMODATION DEVELOPMENT STRATEGY

Executive Summary

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EXECUTIVE SUMMARY

1. Introduction

The visitor economy is an important plank in Stoke-on-Trent and Staffordshire's Strategic Plan which seeks to drive the economy forward and create 50,000 new jobs in 10 years. The Visitor Economy Strategies and Action Plans of both Stoke-on-Trent and Staffordshire aim to attract more visitors to stay longer and spend more, and prioritise improving the quality and range of visitor accommodation as having a significant part to play in achieving this goal. In order to provide more insight into the need for visitor accommodation development, Destination Staffordshire commissioned Hotel Solutions to produce a robust market-led assessment of future opportunities for the development of the accommodation sector, together with the requirements for public sector intervention to support and accelerate its development.

The study has covered a wide range of serviced and non-serviced visitor accommodation – hotels, inns and pub accommodation businesses, guest houses and B&Bs, holiday cottages, holiday lodge parks, holiday parks, touring caravan and camping sites, glamping sites, group and youth accommodation, spa resorts, and wedding venues with accommodation. The evidence base has drawn on an analysis of current visitor accommodation supply, performance and market demand across the study area; an assessment of the likelihood of future growth in demand for accommodation and what will drive this; a review of national accommodation development trends; an audit of current accommodation development proposals; an assessment of potential accommodation development sites; the testing of hotel and visitor accommodation developer and operator interest; and widespread stakeholder consultations.

The detailed findings are presented in the main study report and supporting technical appendices. The accompanying Hotel & Visitor Accommodation Development Acceleration Plan is designed to act on the study findings and recommendations setting out the required public sector actions over the next 3 years (2019-2021) to accelerate the sector's development.

2. The Staffordshire Hotel & Visitor Accommodation Offer

There are an estimated 677 accommodation establishments in Staffordshire, with a total of almost 27,000 bedspaces. In addition to this commercial accommodation supply, 312 private rooms are listed on Airbnb as home stay options, giving around another 600 bedspaces. In total therefore there are at least 27,600 bedspaces in different types of visitor accommodation in Staffordshire, giving a total annual capacity for just over 10 million overnight stays.

Staffordshire's current hotel offer is concentrated in the main towns and cities and is dominated by budget hotels and small-medium sized independent 3-star hotels of varying quality. The county has few 4-star hotels and branded 3-star hotels. There has been little new hotel development in the past 5 years. Other types of serviced accommodation – pub rooms, B&Bs, guest houses – are generally small in scale and variable in quality. There is very limited provision in terms of boutique hotels, aparthotels and country house hotels, and has been no take up of hotel products being actively developed in other locations such as budget boutique hotels, lifestyle hotels, branded aparthotels, university conference hotels, and golf resorts. A number of budget and upper tier budget hotel brands are also not represented in Staffordshire.

There is a range of non-serviced visitor accommodation, but little of scale in the countryside. Staffordshire has been slow to capitalise on many of the innovative non-serviced accommodation products emerging in the market. There has been some limited development in terms of boutique self-catering, camping pods and glamping, but no development of accommodation products such as holiday lodge parks, eco lodges, holiday resorts, luxury camping, glamping and caravan resorts, motorhome stopovers, boutique bunkhouses, children's activity holiday centres and pop-up glamping at wedding and events venues.

In addition to land-based accommodation, Staffordshire has thirteen canal boat holiday hire operators and a significant supply of privately-owned canal boats moored at twelve marinas for leisure use.

3. Hotel & Visitor Accommodation Performance & Markets

Key findings regarding current hotel and visitor accommodation performance across Staffordshire are as follows:

- Budget hotel performance is strong across the county. Budget hotels in most of Staffordshire's towns and cities are consistently filling and turning business away on Tuesday and Wednesday nights throughout the year and Friday and Saturday nights between April and October. Budget hotel performance is particularly strong in Hanley, Leek, Lichfield, and Uttoxeter but not quite as strong in Tamworth, and low-rated in Newcastle-under-Lyme.

- The performance of the county's full-service 3 and 4-star hotels is generally very weak, particularly in terms of achieved room rates, which are well below national provincial averages and the levels needed to support new 3 and 4-star hotels. This is largely to do with the quality of some hotels, particularly many of the county's independent 3-star hotels; the lack of high-rated corporate demand; and predominantly price-driven leisure business.

- There is strong demand for boutique, luxury and 4-star B&Bs, with evidence of shortages of such accommodation at weekends between April and October, and during the week in the peak summer months.

- There is a good market for high quality inns and pub accommodation: existing such pub accommodation businesses are frequently trading at full capacity, especially in the summer and in Lichfield and Staffordshire Moorlands.

- There is a strong but seasonal market for all types of non-serviced accommodation, with clear evidence of shortages of all categories of such accommodation (because existing businesses are fully booked) at weekends between April and October and throughout the week between June and September.

The main markets for hotel and visitor accommodation in Staffordshire are as follows:

- Local corporate demand is the core midweek market for 4-star hotels, and some 3-star and budget hotels. Corporate demand is generally low-rated across the county as a result of the dominance of a few large companies in each part of the county that are able to command lower room rates from hotels because of the volume of business that they have to place, and high levels of longer stay project-related corporate demand. Corporate demand is largely static across the county.

- Contractors are the main midweek market for some budget hotels, a key weekday market for others, and the primary source of midweek business for lower quality 3-star hotels.

- Residential conferences are a strong midweek market for some, but not all of the county's 4-star hotels, but not really a market for 3-star hotels, even the higher quality, branded ones. Residential conference business dropped sharply during the recession that followed the 2008 Credit Crunch. It had started to recover in the last three years but has dropped back so far in 2019 as a result of the Brexit uncertainty.

- Key leisure markets for hotel and visitor accommodation in the county are:

    - Families visiting Alton Towers and Drayton Manor;
    - People attending events and festivals – a strong market in Stafford due to the events held at the Staffordshire County Showground, and in Lichfield in terms of the city's festivals programme and demand from people attending events and memorial services at the National Memorial Arboretum;
    - Weekend escapes to Staffordshire's countryside and rural non-serviced accommodation establishments by people living in the surrounding towns and cities;
    - People coming to the Staffordshire Peak District and Cannock Chase for walking, cycling and other outdoor activities;
    - People attending weddings and family parties;
    - People visiting their friends and relatives in the county.

- Other attractions that are a key draw for some leisure stays are the National Memorial Arboretum, Trentham Monkey Forest and Trentham Gardens. Stoke-on-Trent's pottery factory tours and factory shops appear to be only a minor draw for independent staying visitors, but drive some groups tour stays.
- Other leisure markets are leisure tourists stopping off for a night en-route to other destinations, and people coming for a spa break, golf, fishing or hotels and inns with a

strong reputation for their food. Overseas tourists are a minor market for Staffordshire's hotels and visitor accommodation businesses.

- Group markets are as follows:
    - Group tours for a few hotels. This market has been in decline in recent years with groups cancelling or bringing lower numbers and hotels reducing this business as higher-rated leisure business has grown;
    - Walking and cycling groups coming to the Staffordshire Peak District and Cannock Chase;
    - Veterans' reunions coming to the National Memorial Arboretum;
    - Family and friend weekend get togethers and celebrations. This is a strong and growing market for accommodation businesses that can cater for it, because of Staffordshire's central location and ease of access from different parts of the country;
    - School, youth and religious groups for outdoor education and residential activity centres.

4. The Opportunities for Hotel & Visitor Accommodation Development

The research has evidenced unsatisfied demand and operator interest in the development of budget hotels in many parts of the county and demand drivers for growth in corporate, contractor and leisure demand for budget hotels. A number of other factors are likely to drive growth for a wide range of visitor accommodation offers – including continuing demand from families for Alton Towers and Drayton Manor as they expand their offer; shortages of all forms of non-serviced accommodation in the summer and at weekends; the projected growth in short break and staycation demand and Staffordshire's location, accessibility and catchment to capitalise on this; population growth fuelling demand for weekend escapes, weddings and visits to friends and relatives; and the growing market for short breaks based on outdoor activities.

A detailed analysis of the identified hotel and visitor accommodation development opportunities across Stoke-on-Trent and Staffordshire is set out in the key findings report. In overview this shows potential for:

- **The development of existing hotels & visitor accommodation businesses** in terms of:

  - Up-grading to meet ever rising market expectations, attract new markets, improve trading performance and extend the season;
  - Expansion to meet peak period demand currently being turned away;
  - The development of additional facilities such as spas, leisure and functions space, or alternative accommodation units, to provide additional income streams, attract new markets, extend the season, and attract off-peak demand.

- **The development of new visitor accommodation**

  - A wide range of potential, in terms of: new budget hotels in most of Staffordshire's towns and cities; pub accommodation, restaurants with rooms and new B&Bs across the county; all types of non-serviced accommodation in Staffordshire's rural areas; scope for attractions and leisure sites to add visitor accommodation; and potential for destination and niche accommodation offers such as country house hotels, wedding resorts and outdoor education centres;
  - No market potential or developer appetite for full-service 3 and 4 star hotels in any of Stafordshire's cities or towns, and a need for significant public sector subsidy to secure new hotels at this level if deemed to be required to support wider regeneration and place-making objectives.

The priorities to grow Staffordshire's visitor economy are the development of non-serviced accommodation in the county's rural areas and the development of accommodation at some of the county's major attractions and leisure sites. Budget hotel development in the county's towns will be driven more by growth in local corporate and contractor demand.

Additional non-serviced accommodation is clearly needed to grow peak season staying tourism across Staffordshire's rural areas. While the season is gradually extending as non-serviced accommodation businesses weatherproof their offer, the market remains largely seasonal, with plenty of availability at off-peak times. Care is needed therefore not to dilute off-peak business by increasing peak season capacity too quickly.

5. Priorities for Public Sector Intervention

The priorities going forward to accelerate hotel and visitor accommodation development in Staffordshire in line with the identified development opportunities are as follows:

- **Raising Awareness of the Opportunities**

  The immediate priority is to communicate the study findings and identified opportunities for hotel and visitor accommodation development to the various audiences that have an interest in bringing forward hotel and visitor accommodation investment – the LEP, local authorities and other public sector partners, planning policy and development management teams, land and property owners, property developers, commercial agents and other investment advisors, existing hotel and visitor accommodation operators, and the county's attractions, leisure businesses, pubs, restaurants and wedding venues. This could be achieved through a programme of activity to include presentations to public sector audiences; targeted seminars and themed workshops for private sectors operators; the production of a planning policy guidance note for planners; and an online survey of land and property owners that could be extended to include a review of local authority assets.

- **Prioritising Hotel Sites**

  As there are many more hotel sites in Staffordshire's towns and cities than there is identified market potential for, there will be a need to prioritise sites to direct hotel development to where it can deliver the optimum destination, regeneration and place-making benefit. In Burton-upon-Trent new hotels that may come forward in the next few years in the existing and developing business park areas along the A38 are likely to make it difficult to secure new hotels in the town centre in the longer-term. This needs to be borne in mind in the drafting of the new Regeneration Strategy for the town. The strategy in Lichfield should be to direct budget hotel development to the Birmingham Road regeneration site and to identify suitable buildings in the city centre for conversion to boutique hotels. In Newcastle-under-Lyme the logical approach is to prioritise the Ryecroft site as the location for the next new budget hotel in the town, whilst recognising that there is likely to be a need for public sector funding support to secure a new budget hotel here. In Stafford, with some uncertainty around the potential to deliver more than one hotel in the next 10 years, consideration will need to be given as to when the various town centre regeneration schemes, and any other speculative proposals, progress. The priority in Stoke-on-Trent should be to focus hotel development on Hanley town centre to meet the ambition of delivering a Core City. The priority sites in the city are thus Clementson's Mill Car Park and

East-West Precinct linked to the arena development, rather than out-of-centre sites that could undermine the potential to build city centre hotel capacity. In Leek a Travelodge is proposed on the Churnet Works site and has Travelodge board approval. Mixed-use regeneration schemes that could include hotel provision may emerge as masterplanning progresses for Cannock town centre, and perhaps also in Cheadle and Uttoxeter.

- **Backing Winners**

  A number of major visitor accommodation proposals have been identified with planning consent, operator interest and/or funding in place (Keele University hotel, Moneystone Park holiday resort, Consall Hall Estate wedding and spa resort, and a country house hotel and holiday cottage resort proposal in Cannock Chase), alongside which there is continued interest from Alton Towers, Drayton Manor and Trentham Estate in further hotel and visitor accommodation development. These live make-a-difference projects should be supported and guided through planning, feasibility and funding as needed, to accelerate the delivery of significant product on the ground with the ability to grow the market and build destination profile.

- **Nurturing Interest**

  Many land and property owners, attractions and leisure businesses and local authorities interested in hotel and visitor accommodation development require some initial support to fully understand the opportunities and formulate their plans. Providing access to expertise through a dedicated staff or consultancy resource, advisory surgeries, or signposting of consultants and advisers that can provide support will help to move projects forward to the next stage.

- **Targeting Developers & Matching Them to Sites**

  A number of hotel and pub accommodation companies expressed interest in multiple locations across Staffordshire. Their interest should be progressed and supported through a co-ordinated approach across the county. Where target visitor accommodation interest is non-location specific, the priority should be to fully understand developers' site and location requirements then identify suitable sites with planning potential to which interest can be matched and pro-actively supported going forward.

- **Direct Investment & Financial Assistance**

Whilst the research has identified market potential for budget hotels in many of the towns across Staffordshire it has also found hotel companies and developers experiencing difficulties in making schemes stack up financially, primarily due to low room rates. Hotel schemes, particularly at an upper-tier budget level, and certainly a 3 or 4-star level, but even at a budget level in some locations, are likely to require some form of public sector funding support. Public sector financial assistance can also help to bring forward other types of accommodation. This might be in terms of direct investment and ownership, or in the form of loans or grants, the rationale being around market failure, wider regeneration and place-making benefits, and the generation of an ongoing income stream for local authorities.

- **Supporting Existing Hotels & Visitor Accommodation Operators**

There is also a case to support existing accommodation businesses to improve and develop their offer, particularly in terms of planning permission and financial assistance (grants, loans, business rate relief) for development projects, and advice to improve marketing skills.

6. Implementing the Strategy

Potential has been identified for a wide range of hotel and visitor accommodation development opportunities and a clear role for public sector intervention to accelerate development and maximise destination benefit. The Hotel & Visitor Accommodation Development Acceleration Plan 2019-2021 that accompanies this report provides a framework for translating these opportunities into action via a series of programmes to be further fleshed out by the public sector partners. Implementation will require some dedicated shared staff or consultancy resource and associated budget, together with oversight of the plan and programmes by a Steering Group of public sector partners with some private sector representation. There would be merit in exploring opportunities to work with neighbouring authorities (The National Forest, D2N2 LEP, Warwickshire County Council and Marketing Leicester and Leicestershire) who are also looking to implement hotel and visitor accommodation strategies.

The Hotel & Visitor Accommodation Strategy research provides a snapshot of the Staffordshire hotel and visitor accommodation sector and market at one point in time. Moving forward it will be important to monitor how the sector is developing and performing over time to establish ongoing priorities for further development, and to evaluate the impact of any interventions to proactively support the development of the sector.

7. Concluding Thoughts

With the right framework in place, capitalising on the potential identified in the Staffordshire Hotel & Visitor Accommodation Strategy presents real opportunities for the development of a hotel and visitor accommodation product that can contribute significantly to the growth of the county's visitor economy, support regeneration, assist urban and rural economic growth, and aid the delivery of the place-making agenda. The priority now is to ensure a wide awareness and understanding of the opportunities and to progress a co-ordinated programme of public sector action to accelerate hotel and visitor accommodation development and secure the economic, employment and place-making benefits that it can deliver across the county.