



B&NES Council

VISITOR ACCOMMODATION STUDY

Final Report

December 2009

The Tourism Company
5 Market Yard Mews
194 Bermondsey Street
London
SE1 3TJ

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Please note that whilst every effort has been made to ensure the fullness and accuracy of the information contained in this report we have been reliant on information provided to us by third parties. We present this information in good faith but take no responsibility for any inaccuracies and omissions in the data provided to us. Comments and views expressed are those of the consultants and do not necessarily reflect the views of the commissioning local authorities.

EXECUTIVE SUMMARY

This report reviews the current provision of visitor accommodation in Bath and North East Somerset (B&NES) and assesses future requirements in terms of the scale, nature and location of accommodation. The study covers all aspects of accommodation across the District but looks in more detail at hotels in Bath.

Background and analysis

Bath is an established and successful tourist destination with an international profile and has a relatively buoyant local economy driven by the service sector. It is identified as one of 21 strategically important towns and cities in the South West which will drive regional prosperity in future and it is expected to accommodate significant growth in terms of jobs and people over the next twenty years. This will generate a demand for additional visitor accommodation in the area. There are, however, significant development constraints resulting from the World Heritage Site, green belt and AONB designations.

B&NES has a range of visitor accommodation. The majority of bedspaces are in serviced accommodation provided in 197 hotels, guesthouses and B&BS. In addition there are 216 self catering units, 4 caravan and campsites and some accommodation at Bath University. Three quarters of all bedspaces are located in the built-up area of Bath and most of the rest within the BA1 and BA2 postcodes. In general, accommodation enterprises are doing well and performing at levels above the national average. Operators are generally confident about future prospects.

There are 24 hotels within Bath itself, providing some 1352 bedrooms. These tend to be fairly traditional in nature and there are relatively few large, branded hotels present. Leisure bookings account for two thirds of room nights on average and weekend occupancies are higher than weekday. Hotels are commonly turning business away on Saturday nights although all have spare capacity during the week when demand is less strong. Bath accommodation is performing well by national standards and average occupancy levels and achieved room rates are well above the national average. Occupancy levels appear to be generally holding up well in 2009 although room rates have fallen.

A benchmarking exercise conducted for this study suggests that Bath has less hotel accommodation than other historic cities of comparable size and status and appears to have added less capacity over the past decade. This may reflect the difficulty and cost of hotel development in Bath, a view which is held by hotel developers.

There is positive feedback from existing business and leisure users about hotel and other accommodation in Bath. There is no indication that this is putting people off visiting Bath although price/value for money comes in for more criticism than other aspects.

We have projected the future demand for hotel accommodation in Bath based on various assumptions about growth in the underlying drivers of economic activity, tourism and population. This suggests there is scope for adding 256-376 rooms by 2016 and 444-761 rooms by 2026. The higher figures represent a 25% and 52%

increase over and above the existing hotel stock. This is an unconstrained projection and takes no account of land availability or the relative costs of developing in Bath.

There is currently strong interest from developers and hotel operators in getting into Bath, at all levels from budget hotels through to 4/5 star. Bath is seen as a desirable destination to be in and a number of planning applications are being considered or likely to come forward in the near future. Developers are primarily interested in the City centre and are looking for hotels of 100+ rooms although boutique hotels can be smaller than this.

This is a period of major change in Bath with significant opportunities for new development in and around the City centre. There are a number of sites likely to come on-stream in the centre which could accommodate hotel development although hotels will have to compete against other uses both in terms of land value and potential benefit.

Whilst there is no obligation to satisfy demand for hotel development there are implications and opportunity costs which need to be considered. This may constrain the growth of leisure tourism and the development of the city's cultural offer, make it hard to meet the targets set out in the Destination Management Plan (DMP) and make for a weaker tourism offer and image.

Towards a strategy

The right accommodation strategy depends on the Council's aims and priorities; a different accommodation mix will support different outcomes. In the case of Bath, existing policy statements suggest the aspirations include diversifying and growing the economy, accommodating growth, maintaining and enhancing the special character of Bath, developing a sustainable visitor economy, and growing tourism with an emphasis on increasing value.

In Bath we recommend that the Council plans for the expansion of the hotel stock in the City centre within the range indicated by our projections. These are consistent with the targets set in the DMP.

There are some options and choices with regard to the development mix with pros and cons attached to each. These need to be considered in the light of the above aspirations. Nevertheless, we think there is case for prioritising :

- A new 3 or 4 star branded hotel with a preference for a 4 star international brand if it can help secure or support significantly enhanced conference facilities.
- Attracting two or more boutique hotels.
- Some modest expansion of budget chain provision which diversifies the existing budget offer

In addition we propose that the Council should :

- Seek to maintain a viable guest accommodation sector. The impact of new hotel development on this sector should be monitored and policies reviewed accordingly.
- Encourage some modest expansion of self catering and hostel accommodation.
- Prioritise the search for ways to create a conference facility to boost business tourism midweek,
- Review car parking policy and provisions for hotels

- Consider the potential for the inclusion of visitor accommodation land uses into employment land use policies .

Outside Bath in the rest of the District, visitor accommodation is more varied, limited in scale and performs less well. There is little indication of any great development pressure and in much of the rural area there is a presumption against development.

Aspirations are to accommodate some growth in population and employment, to revitalise the market towns and diversify the local economy, spread the benefits of tourism more widely capitalising on the presence of Bath, and protect the quality of the environment.

In the light of the above we think the appropriate accommodation strategy for the rural areas and market towns should be one of small scale, incremental growth capitalising on the area as a base from which to visit Bath and to enjoy activities and scenery in the surrounding countryside.

We suggest the main opportunities lie with:

- Modest extensions to existing hotels.
- A new hotel in Keynsham in the medium term, probably a mid market budget hotel.
- Small scale accommodation extensions to pubs and restaurants with rooms.
- Conversions of rural buildings to self catering accommodation in existing settlements and associated with attractions, activity centres and recreational routes.
- The development of new forms of camping, probably on farms or close to settlements.
- Extensions to existing caravan and camp sites.

Planning policies alone cannot be relied on as the sole means of determining the scale, shape and mix of accommodation development. If the Council wants to directly influence the shape and size of the accommodation offer it will need to take a more pro-active role in terms of targeting selected hotel operators and developers, allocating sites for hotel development in the City centre, bringing together developers and hotel operators, and using its own land holdings to secure specific outcomes.

1 INTRODUCTION

1.1 What this report is about

This report reviews the current provision of visitor accommodation in Bath and North East Somerset (B&NES) and assesses future requirements in terms of the scale, nature and location of accommodation.

The study was commissioned by B&NES Council with input from Bath Tourism Plus (BTP) and the work was undertaken by consultants The Tourism Company. The conclusions and findings are those of the consultants and do not necessarily reflect the views of the Council.

The aim of the study was to provide background information for input into the Local Development Framework process, to inform Regeneration Delivery Plans and to assist the Council in determining planning applications for new hotels and other visitor accommodation. .

The terms of reference of the study were to

- Undertake an audit of existing visitor accommodation.
- Identify likely long term demand for visitor accommodation up to 2026.
- Assess operator interest in new development.
- Identify potential sites for visitor accommodation with an emphasis on hotels in Bath.
- Recommend a strategic approach to future accommodation provision.

The study covers all aspects of accommodation across the District but with a particular focus on hotels in Bath.

1.2 What we have done

The analysis and conclusions in this report are based on information drawn from the following sources. Detailed findings from the various pieces of primary research are provided in an appendix to this report.

- Analysis of a database of known accommodation in B&NES and the surrounding area compiled by editing and supplementing information held by South West Tourism (SWT) and BTP.
- An email survey of all local accommodation suppliers with six follow up telephone calls and interviews to gather information on current performance and trends. A response rate of 54% was achieved¹.
- Face to face interviews with most of the hotel managers in Bath and the surrounding area.
- An exercise to benchmark hotel provision in Bath against five comparable destinations.

¹ This was further enhanced by telephone interviews and visits to hotels giving a total response rate of 63%.

- A telephone survey of 23 businesses in the Bath area to explore their use of local hotels and satisfaction with existing provision.
- A survey of consumers on the BTP database to ascertain views about accommodation in Bath from those who had visited and those who hadn't. 725 responses were received, a response rate of 26%.
- Interviews with officers of the local authority and other key stakeholders to collect background information on planning applications, development trends etc.
- A desk review of policy papers, strategies and statistical sources to compile contextual and background material.
- A survey of major UK hotel operators and developers to explore development interest and external perceptions of the strength of the Bath hotel market.

In addition a workshop was held in Bath towards the end of the study to air our initial conclusions and findings with a wider group of stakeholders and provide an opportunity for comment and feedback.

We would like to take the opportunity of thanking all those who provided information and gave freely of their time.

1.3 Structure of the report

The rest of this report is structured as follows:

Chapter 2 reviews the planning, economic and tourism context and other factors which will shape the future demand for hotels.

Chapters 3 & 4 gives an overview of current accommodation provision and performance with more details on hotels in Bath.

Chapter 5 summarises feedback from the business and consumer surveys.

Chapter 6 forecasts future demand for hotel accommodation based on various assumptions about market growth.

Chapter 7 summarises current development interest from hotel operators and developers and comments on potential sites for hotel development.

Chapter 8 outlines options and choices for the future which can form the basis for an accommodation strategy.

2 PLANNING AND ECONOMIC CONTEXT

This chapter sets Bath in the wider context and reviews some of the factors that will drive and shape the demand for visitor accommodation in the future. Increases in economic activity, an expanding population and changes in the relative attractiveness of Bath as a destination will all fuel a demand for overnight stays and visitor accommodation.

2.1 Sub regional setting

The City of Bath lies within the administrative area of Bath and North East Somerset District Council. This covers quite a large area (350 km²) which is predominantly rural in character, except for the market towns of Keynsham to the west and Midsomer Norton and Radstock to the south. Bristol, one of eight core cities in England, lies just over 10 miles to west and is a key driver of the SW economy. Over 75% of the district is designated as green belt or AONB with the Cotswolds in the north east and the Mendips in the south west. This makes for a very attractive rural hinterland but is a significant development constraint. Similarly the whole of the city of Bath is designated as a World Heritage Site.

Bristol, Bath and the surrounding area including Weston super Mare form the West of England sub-region with significant economic linkages and movement between the areas. The Bristol-Bath-Trowbridge corridor is an important and growing axis of economic activity.

2.2 Transport infrastructure

Bath has good accessibility and access to a large catchment population. We estimate some 11 m people live within a 2 hour drive.

Access by road is relatively good. The M4 (jn18) is 7 miles to the north of the city with the M4/M5 junction 7 miles further west. The main north-south routes in the district are the A37 and A36/A46 with east-west communication via the A4. Major centres of population such as Birmingham, Cardiff, Portsmouth/Southampton, Reading are all less than 2 hours drive away.

Rail access is good. Bath Spa is on the main intercity network with frequent trains to London (90 mins) and Bristol (12mins). There are also direct rail services to the south coast, Wales and indirect links to the Midlands. Bath has a second station at Oldfield Park for local services and beyond the city there are stations at Freshford and Keynsham.

Bristol airport (9th largest airport in the UK handling 5.5m passengers pa) is located just outside the District boundary on the A38 and serves over 100 destinations in the UK and overseas. Heathrow Airport is just under 2 hrs drive from Bath via the M4 as is Birmingham airport via the M5/M42. About 10% of Baths overseas visitors have entered the UK via Bristol airport, 73% via Heathrow. Access from Bristol airport into Bath, however, is slow and inconvenient.

There are no significant changes in transport infrastructure envisaged in the medium term and the emphasis will be on traffic management. Traffic congestion in Bath, in common with many historic towns, is quite severe. The 'Bath Package', a transport funding bid, includes improved bus routes, a bus rapid transit from Newbridge to the city centre and increased park and ride capacity, including a fourth site on the east of the city. If this goes ahead it is likely to result in a reduction in parking in the City Centre in the medium term.

2.3 Population

In 2001 the resident population of B&NES was estimated at 169,000 half of whom live in Bath. The 2008 population is estimated to be 179,000². Bristol is larger with a population of 380,000 and the population of the West of England sub-region is 1m.

The B&NES population is not dissimilar to the national average. In terms of age structure the population is marginally older with a higher proportion of the over 45s. In general it appears marginally more affluent, better educated and healthier than the national average. B&NES comes in the bottom quartile (ie least deprived) of English districts in terms of deprivation

Table 2.1 .. Socio economic indicators

	B&NES	SW region	E&W
% hh with access to a car	78%	80%	73%
% hh owner occupied	71%	72%	68%
% pop from BME groups	3%	2%	14%
% population with no qualifications	16%	19%	21%
% in good/fairly good health	93%	91%	91%
% population actively employed	38%	38%	38%

Source: 2001 census

The population grew by 8% 1981-2001 and is expected to grow at a faster rate in future. The ONS projects a growth to 191,000 by 2016 and 206,000 by 2026. This represents an increase of 17% over twenty years. The RSS sets a target for additional housing to be accommodated in Bath and North East Somerset of 21,300 new dwellings by 2026. (see table 2.3 for distribution) This could result in a larger increase of population.

A growing population will increase the demand for additional visitor accommodation through visits by friends and relatives and associated social activities such as weddings.

2.4 Local economy

B&NES has a relatively buoyant economy and the SW region as a whole has consistently shown higher than average growth in GDP and employment. There are 82,100 jobs in B&NES³ and the distribution of jobs between sectors is not dissimilar to the national average although it has higher proportion of service sector

² 2006 based projections ONS

³ Annual Business Inquiry. Excludes self employed.

employment. Employment increased by 10% in the period 1995-2005 and unemployment (3.6%)⁴ is below the national average

There are two universities in the district Bath University and Bath Spa with a student population of 20,000. Bath University is one of the top universities in the UK with a strong research base and a particular strength in sports. Bath Spa is smaller but is a National Centre of Excellence for the creative industries.

Bath is the major centre of employment with over 6000 businesses providing 65% of jobs. It is an important retail and service centre, with the majority of employment in the service sector. Important sectors are education and health (30k), retail, tourism, leisure (14k), business/prof services (10k) and growing employment sectors include information and communication technologies and creative and cultural industries. The City has 400 retail shops half of which are independent retailers, and around 100 cafes/restaurants. Major employers include Future Publishing, MOD, Bath NHS Trust, Helphire Group, University of Bath.

Other significant concentrations of economic activity are at Midsomer Norton / Radstock and Keynsham. Norton Radstock was part of the Somerset Coalfield and has a history of mining. It now accounts for c15% of the jobs in B&NES and a high proportion of these (28%) are in manufacturing, significantly above the national average. Printing and packaging are significant sectors. There are some small industrial estates at Westfield and the Bath Business Park. Larger companies include Mardon Flexible, Welton Bibby and Baron, Coates and Communisis BBF.

Keynsham, a small town 7 miles west of Bath, looks more towards Bristol than Bath. It accounts for 8% of total employment in B&NES with some small industrial sites around the town. Major employers include the Council and Cadbury Trebor Bassett (due to close in 2010).

Total commercial floorspace in B&NES is c9m sq metres of which 70% is industrial. Industrial floorspace is concentrated along the Avon Valley west of Bath and in Norton Radstock. 80% of office floorspace is concentrated in Bath. A recent report⁵ estimates that B&NES will require up to 21 ha of land by 2026 to meet the employment requirements set out in the RSS.

2.5 Tourism

Bath is a long established tourist destination with an international reputation. Its key attractions lie in its intact Georgian heritage and setting, its architecture and distinctive character, the Roman Baths and Spa, and the quality of its museums, shops and attractions. Whilst tourism is largely concentrated in the City of Bath there is a strong relationship with the surrounding area with people staying in the countryside and visiting Bath and vice versa.

In 2007 B&NES attracted just under 1m staying visitors and 3.5m day visits. Overseas visitors account for about a third of visits. About half of all staying visitors are on holiday and just over a quarter are on business. In general, Bath's visitors tend to be older, less likely to be accompanied by children, short stay and relatively upmarket. The general trend over the past few years is that visitor volumes and

⁴ 2008 figure. cf GB 5.7%

⁵ Employment land study. Roger Tym and Partners.

spend have been broadly static. Overseas visitor volumes have not yet returned to their pre Foot and Mouth Disease MD levels.

Table 2.2 Tourism statistics B&NES 2007

	Trips '000	Nights '000	Spend £m
UK	575	1431	91
Overseas	270	1815	77
Total	846	3246	168
Day visits	3579		166

Source: South West Tourism

Both the RSS and the Local Plan recognise the importance of tourism to Bath and the significance of Bath to the regional tourism economy. A Destination Management Plan was prepared for Bath in 2007 which sets out a strategy for sustaining and reinvigorating tourism in Bath in the light of the overall aims for the City. This envisages some growth in volume but more emphasis on growing value. The target is to grow staying visits by 10% (2007-2016) and staying visitor spend by 20%. It places a strong emphasis on maintaining the quality of the experience but also suggests a need to diversify the market. This study highlighted the need to increase accommodation capacity and choice in the City and also highlighted the potential for small scale accommodation development in the rural areas.

2.6 Planning policies

The strategic planning context for B&NES is set by the Regional Spatial Strategy (RSS), the final version of which may be adopted towards the end of 2009. The RSS sets out the broad strategic framework to guide the future development of the SW region and provides employment and housing allocations which have to be planned for in B&NES. It identifies Bath as one of 21 Strategically Important Towns and Cities which are to be the drivers of and main focus for economic growth in the region over the next twenty years and highlights the continuing importance of the city as a cultural, service and tourism centre.

Planning policies in the district are currently determined by the B&NES Local Plan, adopted in 2007. This will be replaced by the component parts of the Local Development Framework (LDF), the Core Strategy of which is currently in preparation but its provisions are likely to remain in force until 2011.

The Local Plan does not have a lot to say about tourism although it is generally supportive and recognises the importance of Bath as a centre for business. It also sees tourism as having potential for supporting the rural economy.

Planning policies which are particularly relevant to the accommodation sector are:

- § Scope for change of use from residential to hotel and guest house use, providing some private residential accommodation is retained.
- § A presumption against non-office use in key employment areas and loss of prime retail frontages.
- § Significant design constraints on new developments in the WHS, reflecting the sensitivity of the area.

- § Presumption against accommodation development in the open countryside and greenbelt.
- § Scope to encourage small scale, purpose-built visitor accommodation in rural settlements including self-catering, pub accommodation and caravan and camping facilities.
- § Support for farm diversification.

There is no retention policy for visitor accommodation at present or sites allocated for hotel development.

In terms of the LDF, a Core Strategy Issues Paper was published for public consultation in 2007 and an Option Consultation options is currently being prepared and will be published for consultation later I toward the end of 2009. Regeneration Delivery Plans plans for the centre of Bath and other town centres will supplement the Core Strategy

The Core Strategy is a high level document – key themes are how to accommodate growth whilst retaining environmental quality and how to ensure the continuing economic prosperity of Bath and the smaller urban centres. Maintaining a viable visitor economy and increasing the stock and variety of visitor accommodation is singled out as one of the spatial objectives. The document goes on to explore various spatial options for growth in the different parts of B&NES district.

The RSS (proposed modifications) seek to direct an additional 20,200 jobs (equivalent to 3.2% GVA) and 21,300 dwellings to BANES in the period 2006-2026, distributed as shown in the table 2.3. Bath and North East Somerset Council has expressed concern as to whether this level and dispersal of growth represents a deliverable strategy that is best for the district. Key points of contention include environmental impact and the parallel delivery of social and physical infrastructure As a result the Core Strategy Options consultation will explore two alternative strategies that are based on draft RSS level of development (table2.3), though with different geographical distributions. The options are shown in table 2.4.

The current economic recession makes it less likely that the ambitious targets of the Proposes Modification will be realised, particularly in the short term. Achieving draft RSS level of development alongside the infrastructure will still be very challenging. We discuss current economic projections in chapter 6.

Table 2.3 RSS distribution of development

	Draft RSS	Proposed Mods	Jobs
	Dwellings	Dwellings	
Bath	6000	6000	To be determined locally
SW Bath urban extension	1500	2000	
SE Bristol extension but in B&NES	6000	8000*	
Keynsham	2000	3000	
Norton Radstock / other B&NES		2,300	
	15500	21,300	20,200

* plus another 1500 in Bristol

Table 2.4 Core Strategy Options

	Option 1		Option 2	
	Dwellings	Jobs	Dwellings	Jobs
Bath	6000	12250	5000	10,440
SW Bath urban extension	2000		2000	
SE Bristol extension but in B&NES	3650	1500	3300	1500
Keynsham	1350	1400	1600	2100
Norton Radstock / other B&NES	2500	1650	3600	2590
	15500	17000	15500	17000

2.7 Areas of change and development potential

Key areas where major development and change is likely to take place over the next twenty years include:

Southgate. A redevelopment of the southern part of the main shopping centre now almost complete which will provide 37,000m² of retail space with leisure and restaurants and a new bus station. This will strengthen and complement Bath's retail offer and improve the look of this part of the City Centre.

Bath Western Riverside. This is an extensive former commercial and industrial area stretching along the river to the west of Bath. A high-level master plan was adopted to guide the development of the site in 2007 to support its allocation the Local Plan . Further consideration of the future of this area will be undertaken as part of the LDF process. Much of the site is allocated to housing but the area adjoining the City centre is earmarked for commercial activity which could include a hotel and leisure/cultural uses. The eastern part of the site is unlikely to be delivered wholly or in part before 2015.

Sites in the City centre. A number of key sites are likely to become available in the city centre over the next five years or so with potential for commercial and hotel development. These are documented and explored more fully in chapter 7 of this report.

Urban extension to the south west of Bath. Earmarked for up to 2,000 dwellings but could also be developed to include a 'local centre' and commercial space

Keynsham / SE Bristol. The RSS identifies significant housing expansion in this area for up to 5000 new homes which may result in the need for supporting commercial development and infrastructure.

Midsomer Norton and Radstock 18 acres of derelict railway land in centre of Radstock. This is to be developed for housing, retail space and small workspace units. Other opportunities for small scale developments in the centre of each town which cumulatively could help regenerate these areas

2.8 Key Points

- § Good access to a large catchment area in a prosperous and dynamic region.
- § Highly attractive city and surrounding countryside.

- § Significant development constraints in terms of land availability, high land value and environmental constraints.
- § Planning policies are generally supportive of tourism. Local development framework in preparation.
- § A relatively buoyant local economy, driven by the service sector.
- § Bath's economy overshadowed by Bristol to an extent.
- § Established tourism destination with national and international profile.
- § Proposals to accommodate significant growth in people and jobs over the next twenty years.
- § Some major areas of change planned and envisaged in the City.

3. VISITOR ACCOMMODATION OVERVIEW

This chapter of the report provides an overview of the scale and nature of the current accommodation stock in B&NES and its performance. It draws on existing information held by Bath tourism Plus (BTP) and South West Tourism (SWT), a survey of the accommodation stock undertaken for this project and discussions with a number of individual enterprises and organisations.

We look at all aspects of accommodation across the district as a whole here but in the next chapter look in more detail at the hotel sector with particular reference to Bath.

3.1 B&NES accommodation stock

There is no comprehensive, up to date list of visitor accommodation in B&NES. To compile a database for this analysis we have taken the records held by BTP and SWT, added to these by reference to the yellow pages and various accommodation websites, and filled in the gaps in information by phone. The resulting database includes both quality assessed and non-assessed stock and we believe provides a more or less comprehensive picture of the current bedstock in the district.

Information on occupancy and performance has been drawn from a variety of sources including SWT, the accommodation survey undertaken for this study and discussions with individual enterprises.

To distinguish between different types of accommodation we have used the definitions adopted by the AA and VB in the national quality assessment scheme. However, these categories are less clear on the ground and the dividing line between hotels, guest accommodation and B&Bs is often blurred and less apparent to consumers. For example, the Ayrlington in Pultney Road was a hotel but now chooses to be classified as 5 star guest accommodation. Further information on hotel classification is given in an appendix.

Table 3.1 Accommodation classification

Hotels	Minimum of 6 rooms, all rooms ensuite, offering dinner. We have included budget hotel chains in this group
Guest accommodation	Guesthouses, B&Bs, Inns and farmhouse accommodation.
Hostels	Ungraded hotels. Bunkhouses, camping barns, backpacker hostels and youth hostels
Campus	University halls of residence
Self catering	Cottages, apartments., holiday villages
Caravan / camp sites	Tourism caravan sites, caravan holiday homes, camp sites
Boat hire	Narrow boats, cruisers.

Source: The Tourism Company

Table 3.2 summarises the accommodation stock in the District. The bedstock in B&NES is dominated by serviced accommodation with 197 businesses providing 2547 rooms. This comes in variety of forms from 5 star luxury hotels through to

hostels and farmhouse accommodation. Self catering cottages and apartments are a significant sector both within Bath and the rural area and there are also a handful of caravan and camp sites and boat hire operators. University student accommodation is also available during the summer vacation. The figures in Table 3.2 over estimate the significance of caravans and University accommodation as they have a lower intensity of utilisation and occupancy compared to serviced accommodation.

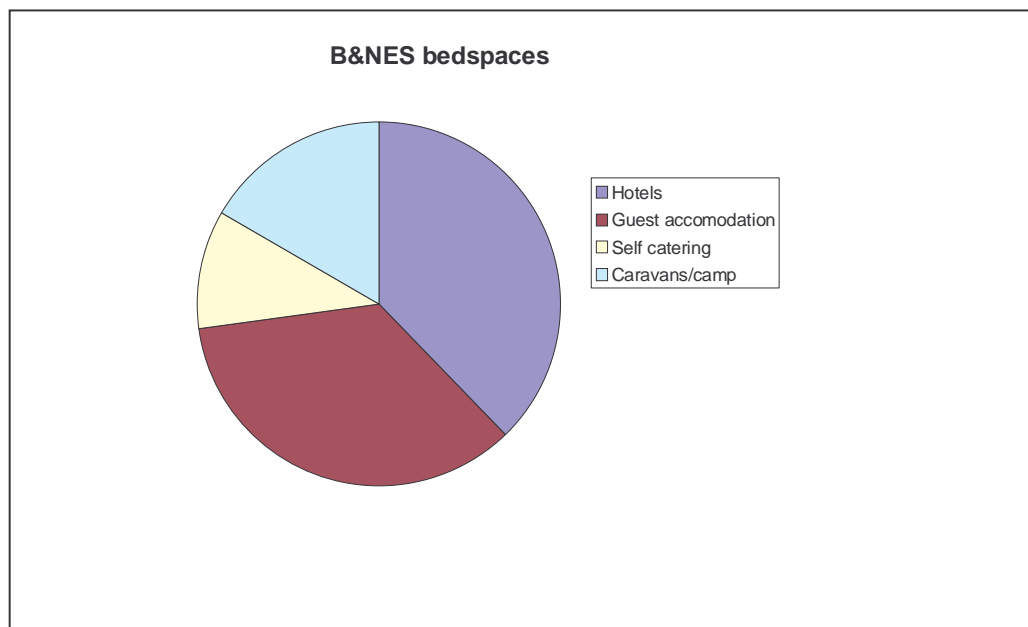
Table 3.2 Accommodation bedstock in B&NES

Type	Estabs	Rooms	Units/ pitches	Bedspaces
Hotels	32	1492	-	2951
Guest accommodation	160	939	-	1984
Hostels	5	116	-	456
Self catering	122	-	216 ⁽¹⁾	812
Caravan/camping	4	-	307	1228 ⁽²⁾
Boat hire	4	-	-	-
University accom.	1	-	-	2429 ⁽³⁾

Source: The Tourism Copmany

⁽¹⁾ Includes 43 apts SACO ⁽²⁾ Assumes 4 b/s per pitch. ⁽³⁾ Majority only available in summer vacation

Fig 3.3



These figures are somewhat lower than the estimates of bedstock given in the DMP. This doesn't necessarily mean, however, that there has necessarily been a significant change in the accommodation stock in the intervening period. The earlier figures were based on an accommodation database which was acknowledged to be

badly out of date and unverified and we believe the above figures to be more representative of the true picture.

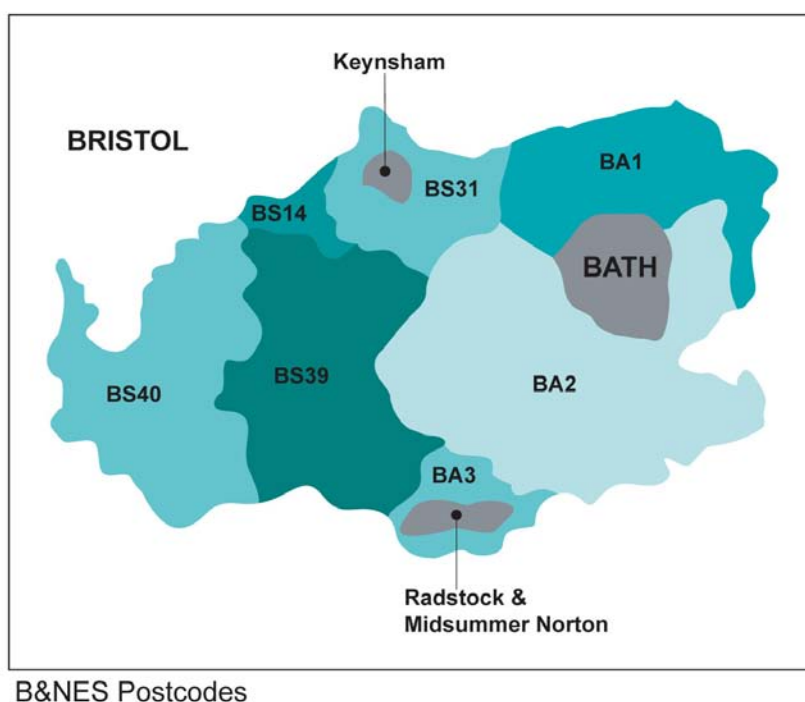
3.2 Spatial distribution

The majority of bedspaces (75%) are located in the built-up area of Bath and this is true for all types of accommodation. Half of the bedspaces within Bath are located in the City centre and even more of the serviced accommodation. Table 3.4 below shows the distribution of bedspaces by first level post codes. Note that there is very little visitor accommodation outside the post codes of BA1 and BA2.

Table 3.4 Distribution of bedspaces in B&NES

Postal area	Hotels %	Guest accom. %	Self catering %	Caravans Camping %
Bath	69	76	56	83
Rural BA1,BA2	21	14	34	6
BS31	3	3	0	0
BS39, BS14	2	5	8	11
BA3	5	-	-	0
BS40	0	1	1	0
Total	2951	2440 ⁽¹⁾	812	1228

Source: The Tourism Company ⁽¹⁾ Includes hostels



We discuss the different sectors of accommodation and their characteristics in more detail below

3.3 Hotels

Hotels are discussed in detail in the next chapter so we simply provide an overview here. There are 32 hotels in B&NES⁶ ranging from 5 star properties such as the Royal Crescent Hotel down to budget hotels such as the Travelodge.

These are relatively small hotels with an average size of 47 rooms and most are older properties, traditional in style. Just under a third of the hotel rooms are graded 4 & 5 star. Of the national branded chains only Hilton, Mercure, Travelodge and Holiday Inn Express are represented. 80% of the hotel rooms are located in the built-up area of Bath.

Occupancies are generally high with hotels in Bath performing better than those outside. The mainstay for virtually all the hotels is leisure business which accounts on average for c65% of room nights.

3.4 Guest accommodation

Guest accommodation covers a wide spectrum of accommodation ranging from farmhouse B&B to small hotels. The differentiation between these accommodation types is not always clear cut; some B&Bs might call themselves guesthouses and vice versa. In general, B&B accommodation tends to be in private houses and relatively small scale in nature (average size 3.7 rooms) whereas guesthouses tend to be somewhat larger (average size 9.9 rooms) and in some cases are indistinguishable from small hotels.

Farm B&B is provided on working farms and often operated in combination with self catering units in converted farm buildings. This is relatively limited in B&NES but there are much larger numbers over the boundary in Wiltshire and into Somerset in the Norton Radstock area. Pub and inn accommodation is relatively limited in B&NES but can provide good quality rooms and makes use of the existing facilities of the pub. Similarly with restaurants with rooms. Both these are robust business models and offer a route for expanding the accommodation base in the rural areas.

Guest accommodation is an idiosyncratic, non-standardised product, far removed from the uniform offer of the modern budget hotel. Some are lifestyle businesses and smaller B&Bs may come and go depending on the owners' circumstances. Quality is highly variable although at best these offer good value for money and a more distinctive and intimate experience than a hotel. Indeed some boutique B&Bs and guesthouses offer superior accommodation to many hotels. Some small hotels have opted to be classified as guest accommodation in order to benefit from a higher star rating or because they have stopped providing an evening meal.

⁶ This inflates the total as it includes 5 hotels which are technically outside B&NES (eg Limpley Stoke) but very close to the boundary

Table 3.5 Guest accommodation B&NES

	Establishments	Rooms	Bedspaces
B&B	88	330	690
Farm B&B	11	45	87
Guesthouses	52	514	1098
Inns	9	50	109
Total guest accommodation	160	939	1984

Source: The Tourism Company

We estimate there are 160 establishments in B&NES classified as guest accommodation providing a total of 939 rooms. This is just under two thirds of the hotel capacity. 65% are graded and inspected by the AA or VB (three quarters are graded 4 or 5 star). These are virtually all independently owned and most are managed and operated by the owners themselves. 90% of guest accommodation bedspaces are located in BA1/BA2 postcodes and 76% are located in the built-up area of Bath.

Rates vary considerably according to the type of room and numbers of occupants and are generally higher at weekends. Average quoted rates⁷ are £57-£68 (single occupancy) and £77-£116 (double occupancy) but superior rooms are being offered at £100 for single occupancy and in excess of £150 for double occupancy. These are relatively high prices for guest accommodation⁸ although achieved room rates will clearly be below these figures. Average price paid per person for bookings in guest accommodation through BTP in 2008 was £42.28 implying a rate of £85 for double occupancy. (This includes commission/booking charge)

Returns from the survey give the following picture:

- § Few have conference (7%) or leisure facilities (5%). Not surprisingly, hardly any reported hosting business meetings.
- § The market is more leisure orientated than hotels. 80% of lettings are leisure driven, primarily by short breaks. Nevertheless, business visits are still important to many and provide mid week trade. 38% of visitors are estimated to be from overseas although it is difficult to know how reliable this latter figure is.
- § Average room occupancies in 2008 were estimated to be 65%, and marginally above 2007. Weekend occupancies are higher (82%) and weekdays average out at 51%. These are averages, however, and it is clear that a number of the higher graded and centrally placed guesthouses are achieving annual occupancies in the high 70s. The average for 4 star guesthouses was 72%.
- § Accommodation in Bath achieves higher occupancies than that in the rural areas. For comparison average regional occupancy figures⁹ are 47% for B&Bs, 55% for guesthouses. Bath guest accommodation is performing better than the regional average.

⁷ Based on an analysis of entries in 2009 BTP accommodation guide. Survey gives identical results.

⁸ In Oxford, also a relatively expensive destination, quoted room prices (2009) for guest accommodation including breakfast average £61-£97 per night.

⁹ South West Tourism 2008

- § Feedback from guesthouses suggests room rates have softened in 2009.
- § Confidence is reasonably good. Of those that responded, two thirds said business had increased over the past 5 years and the same proportion were quite or very optimistic about future prospects.
- § The main barrier to increasing business is lack of physical capacity followed by the recession. 20% are not interested in expansion.

BIGHA undertook a survey amongst their membership in 2009. This was based on a smaller sample, with a higher preponderance of guesthouses than the Tourism Company survey quoted above but shows very similar results.

- Average occupancies were 70% 2008/9 (cf 65%).
- Average achieved room rates were estimated at £74. These are high for the guest accommodation sector and compare favourably with rates achieved by hotels (see Table 4.2).
- Business trends over the past 5 years were very similar to those in the TC survey. Business trends 2008-2009 were broadly static.

3.4.1 Hostels

There are 5 hostels providing budget accommodation, geared largely to the youth market. These include a youth hostel (Bathwick Hill), YMCA and three backpacker hostels, all in Bath. Together these provide some 456 bedspaces, some in dormitory style accommodation.

This is a small but buoyant sector of provision.

- § It provides cheap and cheerful accommodation closely geared to the expectations of its market. It fulfils a definite market niche and attracts young people.
- § Occupancy rates on average are in excess of 70% and they are busy throughout the year. Weekends and school holidays are the busiest periods. 2009 is up on 2008.
- § Market profile varies but key markets are stag and hen parties, schools/youth groups, younger people and price conscious families. They attract a high proportion of overseas visitors c 50% on average).
- § Average length of stay is quite short, 2-3 days but some school groups stay longer.
- § They would all like to expand but are restricted by physical and planning constraints.
- § There is market pressure to improve and upgrade facilities. Although this is budget accommodation people appear to be seeking better quality.

3.5 Self catering

There are 122 self catering businesses in B&NES providing a total of 216 units with 812 bedspaces. The majority consist of privately owned flats and cottages with one or two units per owner. There are no large self catering complexes other than a

SACO serviced apartments development in central Bath with 43 units. The latter has more in common with a hotel than the average self catering property. Bath is unusual in having such a large stock of self catering apartments within the City Centre. 41% of B&NES self catering properties are inspected and graded and of these 70% are 4 and 5 star properties.

This is an important sector of provision providing some high quality accommodation but it is dominated by individual, small scale suppliers driven by a range of motivations. These include people letting second homes or inherited property, some looking for a commercial investment and farmers seeking to make the most of their assets through farm diversification. Holiday letting at this scale is rarely a sound commercial investment in its own right. The Government is currently proposing to enact legislation which will affect tax allowances on self catering lets to bring the UK into line with Europe. This could reduce the supply of self catering accommodation in the longer term if it goes through.

Half of all the self catering bedspaces are in central Bath and just under half (44%) are located outside Bath largely within the BA1/BA2 post codes. In addition there are significant numbers outside the B&NES boundary in West Wiltshire and in Somerset. Units on farms often combine self catering and B&B using the units as additional bedroom accommodation according to demand.

Many self catering owners let the properties via letting agencies using national agencies such as English Country Cottages or local/regional agencies. There are three agencies based in Bath and dealing exclusively with Bath properties. These focus on urban properties, primarily in the City Centre. Bath Holiday Homes, the oldest has 18 owners on its books and Bath Holiday Rentals has 35.

Self catering units primarily cater for leisure visitors on week-long lets, although a number benefit from longer lets to business people and contractors who are working in the area on a temporary basis. More self catering units are now available on a short break basis, usually outside the main summer holiday period, reflecting the trend to shorter breaks. Respondents to the survey said 60% of bookings were for short breaks, 33% for long holidays and 6% for business lets.

Self catering units in the centre of Bath attract a higher proportion of business visitors (up to 25%) whilst the SACO apartments have a very similar market profile to a 3 star hotel. On average respondents estimated that 30% of visitors were from overseas. Self catering units in the countryside are more geared to family holidays and adult groups with peaks in occupancy in the summer, half terms and at Christmas/New year.

The survey indicates average year round occupancies of 33 weeks (63%) with 2008 being up on 2007. The agencies report higher slightly occupancies than this of up to 70% (ie 36 weeks) and this is borne out by the survey which indicates that self catering in the City achieves higher occupancies than rural properties. Respondent to the survey were full in August and July but had capacity at other times of the year.

Three quarters of the self-catering respondents reported that business has increased over the past five years and 60% were optimistic about future growth. The agencies report a similar picture. Barriers to future growth vary, reflecting the idiosyncratic nature of the market. Some owners have no desire to grow the business (26%) whilst others are restricted by site constraints or the recession.

3.6 Caravans and camp sites

We have identified four caravan and camp sites in B&NES. Two are located on the edge of the built-up area (Bath Marina and Newton Mill) whilst the others (Bury Mill and Chew Valley) are located further out. All the sites are touring caravan parks and most have pitches for tents.

Table 3.6 Caravan and camp sites

	location	Pitches		Rating	Facilities
		Caravan	tents		
Newton Mill HP	Bath	85	105	4s DB	Bar, rest. shop
Bath Chew valley CP	Bishop Sutton	27	8	5s DB	No
Bath Marina and CP	Bath	64	0	U	No
Bury View Farm campsite	Corston	12	6	U	No

Source: The Tourism Company. DB David Bellamy Award

The sites are small in size and only one has any ancillary facilities over and above showers and toilets. Two are graded and have David Bellamy Gold awards for environmental management. Two are privately owned and operated, one is managed by BW and the other owned by a private investment house. Site fees range from £12-£25 for tents and £16-333 for caravans and motor homes per night. Campers are in the minority.

Most sites attract a mature customer base, although this is partly because two of the sites don't position themselves as family sites. The tourism caravan market tends to be relatively well off and drawn from social classes ABC1. Guests come from all over the UK as Bath has a high profile. Overseas customers are estimated at c20% with interest from Holland and Germany. Length of stay tends to be 3-4 days with some week long stays.

Occupancy levels are running at 90% in the peak season and 50-60% outside this. All the sites are optimistic about business prospects and report increased demand this year. They would like to expand their operations but are aware of the planning constraints.

3.7 Other visitor accommodation

3.7.1 Campus accommodation

Bath University has 56 ensuite rooms available all year round and 2373 rooms (931 ensuite) in halls of residence which are available over the summer vacation only. These are available to individuals and attract some stag and hen groups but are used by groups and summer schools for much of July and August and for conferences in September. Occupancies are estimated to be 70-80% over the summer period. Bath Spa University no longer lets accommodation.

3.7.2 Boat hire

There are four boatyards hiring out narrowboats and canal cruisers on the Kennet and Avon Canal. These are mostly concerned with taking visitors out of the District although the canal and river in B&NES will accommodate visiting boats on overnight moorings. We have been unable to find any estimates of this.

3.8 Changes in the accommodation stock

It is difficult to assess how the accommodation stock has changed over time because there is no reliable benchmark against which to measure this.

The last new hotel to be built in the area was the Holiday Inn Express in 2002 (126 rooms) whilst the SACO apartments (43 rooms) opened in 2007. Future proposals are discussed in more detail in the next chapter. They have been no major closures although the Lansdowne Grove has been acquired by SAGA and the County Hotel converted to time share apartments.

There is a view that there has been a long term trend for a loss of guest accommodation with some of the smaller guesthouses and B&Bs closing and converting back to residential use. An analysis of previous accommodation statistics set out in the Destination Management Plan (DMP) appears to support this. However, it is not clear that these figures were based on reliable and consistent information and there is little hard evidence either way.

BIGHA, suggests that there has been a gain of 76 rooms and a loss of 141 rooms in the guest accommodation sector over the past ten years but we have been unable to substantiate these figures. BTP knows of 8 closures of hotels and guest accommodation since 2007 amounting to a loss of 109 rooms, of which 58 are still in hotel use and managed by Shearings. The rest (29) are small guesthouses/B&Bs which have stopped trading and Seasons Hotel (22) which is now timeshare apartments. In the same period, however 19 B&B establishments with 44 rooms and 11 s/c properties are known to have come on stream and some hotels have also added rooms.

Without further research it is difficult to reach a firm conclusion as to whether there has been a long term net loss or gain in the accommodation stock.

3.9 National trends and developments

Some recent trends and developments in accommodation provision which might be relevant to B&NES in future are highlighted below. Many of these are picking up on a general trend for more sophisticated experiences and presenting familiar products with a new twist.

- Hotel development trends are discussed in detail later in this report but notable trends include the continuing expansion of the budget sector, the growth of the small boutique hotel and emergence of boutique brands and the increasing dominance of branded hotels in the 3-5 star market.
- The growth of hostels tailored specifically to the backpacker and young singles market, offering a friendly, laid back, value for money experience. There is a strong international network of these, with a high profile in guidebooks. Boutique hostels offering something special and out of the ordinary are now beginning to emerge.

- The development of accommodation attached to pubs and restaurants with rooms, both of which open up new possibilities in areas where a full blown hotel would not be feasible. This is a development opportunity for independents but pub companies are also interested as they look for new revenue streams in the wake of the smoking ban.
- The development of the designer B&B. From being the cheap alternative some B&Bs have moved up-market and are offering a sophisticated, distinctive and high-end product. This is partly a reaction to the increasing competition from the budget hotel sector and a way of differentiating the product. Bath has a number of examples of this product.
- More sophisticated self catering accommodation. Self catering cottages have proved a resilient product and have become more sophisticated and better appointed over time. There are now designer cottages on the market offering a quality of accommodation on a par with 5 star hotels with a range of services on offer from personal trainers to haute cuisine chefs.
- Luxury camping. There has been a renewed interest in camping which has become cool but with a new twist. The trend is for camping in semi-permanent, often quirky structures, from surf pods, to yurts to tipis and wigwams. Examples include Feather Down Farms with accommodation on working farms which includes toilet and wood-burning stove, to Pot-a-Doodle Do in Northumberland which has 12 wooden wigwams and 4 canvas tipis.

3.10 Key points

- B&NES has a range of visitor accommodation with three quarters of bedspaces in the serviced sector.
- The majority of bedspaces are located in the built up area of Bath and there is very little accommodation outside the BA1/2 postcodes.
- There are 32 hotels in B&NES ranging from 5 star down to budget accommodation.
- The guest accommodation sector is quite diverse with 160 enterprises providing just under 1000 rooms. Average occupancy levels are c65%.
- There is a significant self catering sector with a mix of apartments and cottages. In all there are 216 units and no large complexes. Average occupancy is c.33 weeks.
- There are 4 caravan and camp sites, primarily for tourism caravans and tents.
- Other accommodation consist of the University and people on hire boats.
- In general the accommodation sector is performing well, is buoyant and reasonably confident about future prospects.
- There is no hard evidence suggesting there has been a major shift in the accommodation stock in recent years.

4. HOTELS IN BATH

This chapter looks in more detail at the hotel sector in Bath. We begin by discussing the hotel sector in general and then go on to review the situation in Bath looking at the current supply of hotels, market positioning and performance. This information is based on discussion with hotel managers and responses to the accommodation survey. As part of this work we have visited or contacted almost all the hotels in Bath and the surrounding area.

4.1 The hotel sector – an overview

4.1.1 Definitions

Hotels vary quite considerably in their size, quality and market positioning. The national grading scheme operated by the AA and VisitBritain separates hotels into different categories according to their size/style and then grades them according to quality on a 1-5 star basis. Budget hotels are a separate category.

In this report we broadly follow this system and have used the following categories to distinguish between hotels. (Table 4.1) However, these are by no means rigid divisions and there is some overlap between them. A boutique hotel brand, for example, may well be graded as a 3 star hotel. This is also something of a shifting pattern as new products come on stream; the budget sector in particular has diversified from its original starting point.

Table 4.1 Hotel categories

Type	Description	Brand example
5 star	5 star AA/VB rated hotel. Luxury full service hotel with high quality dining and facilities	Radisson
4 star	4 star AA/VB rated hotel. Full service hotel with range of facilities, high quality 24 hour service. Tend to be large 150-250 rooms.	Hilton
3 star	3 star AA/VB rated hotel. Full service hotel with restaurant and often conference or leisure facilities. 120 -150 rooms but independents can be smaller	Jury's Inn
Boutique	Often graded 3 or 4 star but are smaller hotels, distinguished by distinctive character, contemporary design and good food offer. Many independent but brands now developing foothold.	Malmaison
Boutique budget	Hotel with similar qualities to traditional boutique hotel but pitched at the mid market with less emphasis on service.	Hoxton Urban Lodge
2 star	2 star AA/VB rated. Generally smaller, lower quality hotel often independently run.	
Upper tier budget	Limited service hotel offering a higher specification room and environment (similar to 3 star). 80-100 rooms.	Express by Holiday Inn
Budget hotel	Limited service hotel often in form of bedroom block attached to pub/trestaurant but also now in urban locations. Functional but good quality bedroom but no other facilities	Premier Inn

Source: The Tourism Company, Hotel Solutions.

4.1.2 Recent trends

The fortunes of the UK hotel industry closely mirror trends in the national economy and international marketplace. The UK hotel sector was at a 20 year performance high at the beginning of the noughties; a combination of events – 9/11, foot and mouth, war on Iraq and economic instability – caused some fragility between 2001 and 2003, but the market recovered well between 2004 and 2007 to achieve record highs for 3 and 4 star hotels of 75.4% occupancy and achieved room rates of £88. These are UK averages, provincial hotels achieve lower figures than these.

The Credit Crunch has impacted on hotel performance during the latter part of 2008, with end of year figures at 74.1% - a drop of 1.3 percentage points, and room rate growth slowing, though still showing a slight increase over 2007 at £90. The first half of 2009 has seen a further drop in performance compared to the same period last year with a drop of 3 percentage points in occupancy and average room rates down by over £6.

Table 4.2 National hotel performance trends

Year	UK		Provincial	
	Occ %	Average room rate	Occupancy %	Average room rate
2001	71.8	£70.05	70.4	£62.12
2002	72.2	£68.38	70.2	£62.50
2003	71.1	£67.86	69.8	£62.16
2004	73.5	£70.87	70.8	£63.72
2005	72.5	£76.45	70.4	£66.95
2006	75.1	£81.72	71.4	£70.02
2007	75.4	£88.20	71.3	£72.28
2008	74.1	£90.00	70.2	£72.91

Source: TRO Hot stats

In terms of development trends, the UK has seen 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 has continued to see the fastest rate of expansion in the UK, with a continuing trend towards differentiation in the sector – from hostels and economy brands to upper tier budgets and budget boutique offers. New entrants to the market include Easyhotel and Accor's Etap brand, plus at the boutique end Hoxton Urban Lodge, Sleeperz, Yotel and Nite Nite.

Hilton is also fast introducing its mid-market brands Hampton by Hilton and Hilton Garden Inn to the UK. There are still some 4 star players active in the market, including Hilton with Doubletree, Millennium & Copthorne, Radisson, Jurys and City Inn.

The boutique hotel has been a significant innovation in hotel offering with brands like Malmaison, Hotel du Vin, Myhotel, Bespoke and Apex leading the way. This type of product has had a significant impact on the market as a whole and has raised people's expectations in terms of design and presentation.

Quality pub accommodation is seeing a new lease of life as operators seek new revenue streams in the light of the smoking ban. Leisure operators diversifying into

the hotel sector has been a further trend, with hotels being developed alongside sporting venues and visitor attractions. In addition, the serviced apartment sector has finally made it to the UK, with international brands like Staybridge Suites now active in the market alongside smaller groups such as Base2Stay, The Chambers and Roomzzz.

The recession has inevitably had an impact on reining in the development plans of hotel companies. However, whilst it is more difficult for hotel developers to raise finance, some development activity is continuing albeit at a slower pace and with more aversion to what might be perceived as higher risk or unproven locations.. The lack of available funding means that many hotel companies are now focusing their development strategies on management agreements. Some further information on hotel development trends is given in Appendix 1.

4.2 Hotels in and around Bath

We now turn to the situation in Bath, concentrating on hotels located in Bath and the immediate surrounding area. We do not look in detail at the guest accommodation sector although we recognise that the two sectors overlap and compete at the margins. Bath is unusual in having a large number of 5 star guesthouses, some of which formerly traded as hotels. Because of this we have added these rooms to the hotel stock for the purposes of assessing future demand and comparing Bath with other places.¹⁰

Although we focus primarily on Bath we have taken into account hotels in the surrounding area whose business is largely driven by Bath. Once you move outside a 5 mile radius of the City, however, the influence of other places such as Trowbridge and Bristol become more dominant. The main hotels in the area are listed in table 3.2 and their location is shown on maps xxx. We have excluded the Lansdowne Hotel from this list because it is now owned and largely used by SAGA groups. We have included the SACO serviced apartments in the list because they are in much the same market as hotels and compete directly with those in the City centre.

4.2.1 Hotels in Bath

There are 22 hotels¹¹ within the built-up area of Bath approximating to a 2 mile radius from the city centre. Together these hotels provide some 1255 rooms ranging from budget hotels through to five star accommodation. The eight 5 star guesthouses add another 124 rooms to this total.

About two thirds of the hotels and hotel rooms are located in and adjoining the City centre within 5 minutes walk of the Abbey. The Bath Spa, Bath Priory and Holiday Inn Express are situated slightly further out and the Wentworth, Bailbrook House and Combe Grove Manor are on the edge of Bath or some distance away.

Points worth noting about the Bath hotels are:

- There are few large hotels – only four have more than 100 rooms, the biggest being the Hilton with 150 rooms. The others are Bath Spa, Holiday Inn Express and Travelodge.

¹⁰ We have chosen 5 star GA as a convenient cut-off point as we are primarily focusing on hotel demand here. The interaction with hotels becomes less as you move down the GA quality chain.

¹¹ This includes the SACO serviced apartments

Table 4.3 Main hotels in and around Bath

Hotel	Location	Grade	Rooms	Brand	Room rate ⁽¹⁾
Bath hotels					
Royal Crescent	Central	5	52	Von Essen	£195-300
Bath Spa	Bath	5	129	Macdonald	£99-£400
Hilton Bath City	Central	4	156	Hilton	£113-213
Bath Priory	Bath	4	31		£260-410
Abbey	Central	3	62	BW	£80-160
Dukes	Central	3	17		£152-189
Haringtons	Central	3	13		£89-160
Mercure Francis	Central	3	95	Mercure	£80-150
Pratts	Central	3	46	Forestdale	£135-145
Queensbury	Central	3	29		£145-425
Royal	Central	3	31		£110-170
Milsoms	Central	3	9	Loch Fyne	£85
Travelodge waterside	Central	budget	125	Travelodge	£9-95
Travelodge central	Central	budget	65	Travelodge	£9-95
Holiday Inn Express	Bath	budget	126	Holiday Inn	£79-159
Georges	Central	(U)2	18		£75-95
Wentworth House	Bath	(U)2	19		£85-£115
Redcar	Central	(U)2	40		na
5 star GA	Central	5GA	124		£60-£110
SACO	Central	4 (apts)	43	SACO	£63-278
Combe Grove Manor	Bath fringe	4	42	Barcelo	£103-183
Bailbrook House	Bath fringe	3	80		£85
The Old Mill	Bath fringe	3	27		£60-80
Cliffe Hotel	L Stoke	3	11	BW	£137-148
Homewood	L Stoke	3	19	Von Essen	£155-345
Limpley Stoke	L Stoke	3	67	Latona BW	£75-105
			1476		
Outside Bath					
Old Manor House	Keynsham	2	20		£75-95
Grange Hotel	Keynsham	U	29		£71-105
Ston Easton Park	MSN	4	22	Von Essen	£175-545
Centurion	MSN	3	41	BW	£108-120
Old Priory	MSN	3	6		£100-135
Leigh Park	Bradford	3	22	Latona BW	£120-175
Woolley Grange	Bradford	3	26	Von Essen	£200-425
Swan	Bradford	?	12		
Widbrook Grange	Bradford	3	20		£125-145
Old Manor	Bradford	2	19		£95-115
Lucknam Park		5	41		£245-840
The park	Wick	3	24		£129-319
Hunstrete House	Farnboro'	3	25	Von Essen	£185-180
Old Malthouse	Paulton	2	11		£79

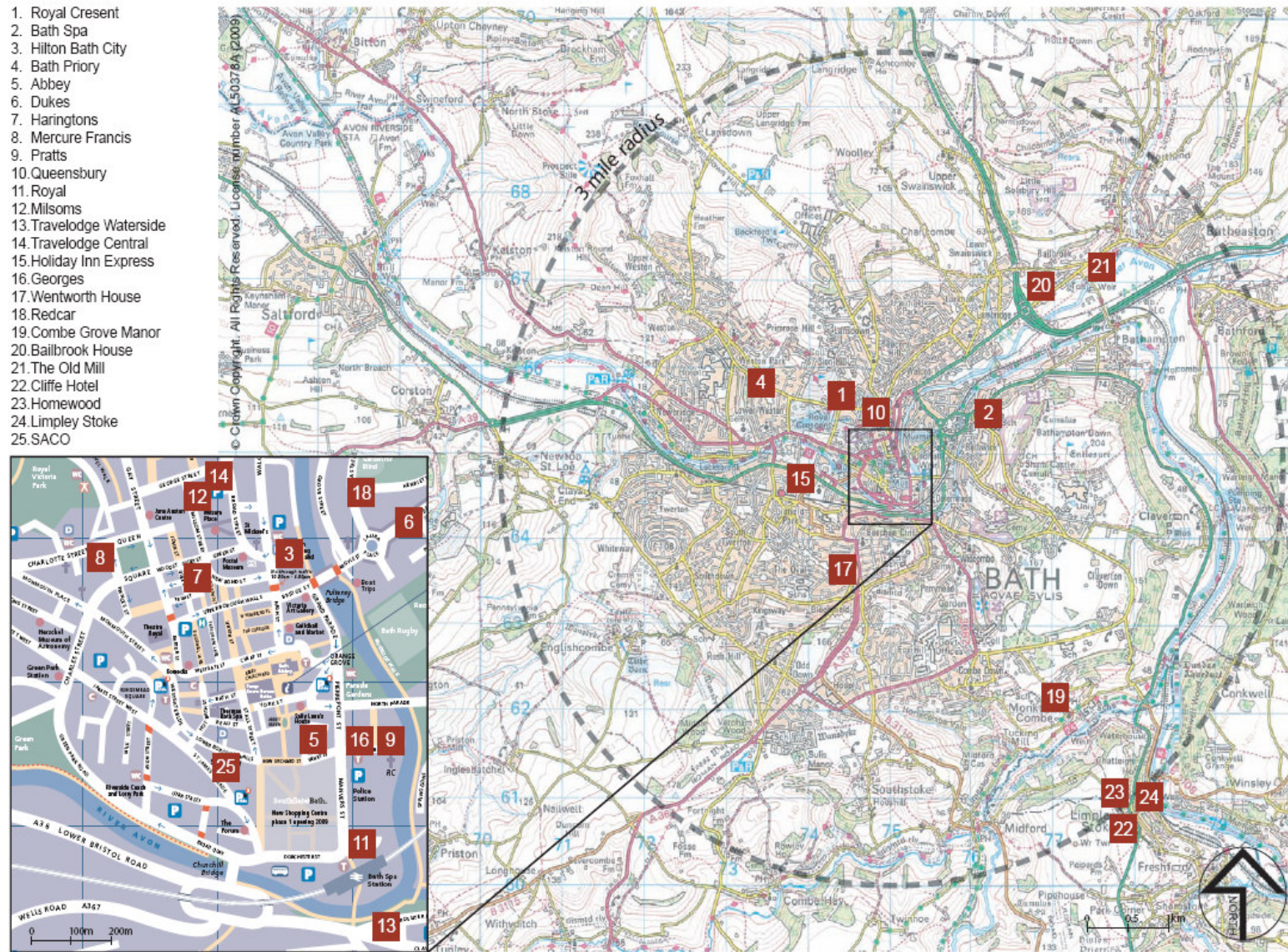
Source: The Tourism Company

⁽¹⁾ Standard room rates B&B . Midweek, single occupancy. * ex breakfast

⁽²⁾ Includes dinner

5GA comprise the following properties : Carfax, Windsor, Ayrlington, Tasburgh, Dorian House, Cheriton House, Villa Magdala, Bath Paradise House.

1. Royal Cresent
2. Bath Spa
3. Hilton Bath City
4. Bath Priory
5. Abbey
6. Dukes
7. Haringtons
8. Mercure Francis
9. Pratts
10. Queensbury
11. Royal
12. Milsoms
13. Travelodge Waterside
14. Travelodge Central
15. Holiday Inn Express
16. Georges
17. Wentworth House
18. Redcar
19. Combe Grove Manor
20. Bailbrook House
21. The Old Mill
22. Cliffe Hotel
23. Homewood
24. Limpley Stoke
25. SACO



Map 1. Main Hotels in Bath

- The major national brands are not well represented. Mercure (Accor), Hilton and the budget brands are the only national chains. There are, however, some smaller hotel groups in the shape of Macdonald and Von Essen.
- There has been little new development. The most recent additions are the Holiday Inn Express (2002) and Travelodge Waterside (formerly Menzies) and the Hilton. The rest of the hotels are located in converted Georgian houses of varying sizes which often have a great deal of character and charm but also constrain capacity and internal layout. Most are fairly traditionally furnished and decorated and with the exception of the Queensberry and there are no leading designer or boutique offers.

4.2.2 Hotels outside Bath

Most of the hotels outside Bath are small (average size 25 rooms) independent country house style hotels, generally in old buildings. There are the following clusters:

- **Limpley Stoke.** There are 3 main hotels here, Homewood Hotel , Cliffe Hotel and Limpley Stoke Hotel providing some 147 3 star rooms. Limpley Stoke hotel is the biggest of the three. These are traditional, country house style hotels in a rural setting but are relatively close to Bath and fall within its ambit. We have therefore included them in the Bath list.
- **Bradford-on-Avon.** We have identified 5 small hotels in this area providing a total of 99 2 & 3 star rooms and there may be more. The Swan is an old coaching Inn in the town centre whilst then others are country house style hotels in rural settings. There are no major brands represented. These hotels benefit from the proximity of Bath but are not necessarily in direct competition with them. Bradford on Avon, Wiltshire and Longleat generate visitor interest in their own right and they look more towards Trowbridge for corporate business.
- **Midsomer Norton/ Radstock.** There are 3 rather different hotels in this area. The Old Priory is a restaurant with rooms located in Midsomer Norton. The Centurion is a 1970s 3 star hotel with a 9 golf course and Ston Easton park is a 4 star hotel in a county house setting to the west of Midsomer Norton. These hotels are too far away to be direct competitors to the Bath hotels.
- **Keynsham .** There is very limited hotel accommodation in Keynsham comprising the 2 star Old Manor Hotel and the ungraded (but 2 star standard) Grange Hotel. Both are small and traditional in style. Demand in Keynsham is locally generated and more influenced by Bristol than Bath.

Other hotels in the surrounding area but all outside a 5 mile radius of Bath include:

- The Park at Wick in S Gloucestershire , an attractive 3 star hotel on a golf and country club.
- Hunstrete House, a 3 star country house hotel, part of the Von Essen group in a rural setting near Farnborough in B&NES.
- Lucknam Park a 5 star hotel set in a Palladian Mansion, north east of Bath in Wiltshire and a destination in its own right

In the following analysis we concentrate chiefly on the hotels in Bath but refer where relevant to hotels in the surrounding area. Our research suggests that Bristol has relatively little impact in terms of generating business for Bath hotels.

4.3 Hotel facilities and quality

Table 4.4 Grade of hotel

	Hotels	Rooms
5 star	2	181
4 star	3	229
3 star	13	506
2 star	2	77
Budget	3	316
Total		1309

Source: The Tourism Company

Hotel rooms in Bath are fairly evenly spread across the quality range with a third of rooms in the 4/5 star category, just over a third 3 star and a third in the 2 star/budget sector. The quality of the accommodation is reasonably good although some of the 3 star and 2 star hotels are in need of refurbishment. In general the offer tends to be traditional and conservative rather than sophisticated and cosmopolitan.

All the hotels apart from the budget sector provide restaurants (Table 4.3) and some make a feature of them. 6 of the hotels have AA rosettes with the Royal Crescent and Bath Priory achieving 3 rosettes. In places such as Bath where there is a huge choice of restaurants there is less requirement for lavish in-house restaurants as many guests prefer to eat out.

Leisure facilities are quite limited in the central hotels, partly due to a lack of space. These are mainly located in the 4/5 star hotels which all have a spa with a range of facilities and treatments on offer. The exception is the Hilton which just has a Gym.

Conference and meeting room facilities are limited. The best provided hotels are the Hilton which can take up to 200, and Bailbrook house which specialises in conferences and has 29 rooms with a maximum capacity of 160. Most of the hotels are only equipped to handle a limited number of small meetings.

Parking is limited or non-existent at most of the central hotels, few have dedicated parking and those that do tend to charge extra for it. Some of the higher rated hotels get over this by providing valet parking. Feedback suggests that problems of parking and unloading do deter some visitors from staying in central hotels and can be an irritation for both operators and visitors. Those hotels that do have on-site parking have an advantage. However, not all visitors come by car and some are prepared to trade off the advantages of being within walking distance of the centre against the parking problems. There is a similar issue in most historic cities and many city centres.

4.4 Business mix

The business mix at Bath hotels is very different to major urban centres such as Bristol and indeed places such as Exeter where corporate demand is the main driver

Table 4.5 Bath Hotels – facilities

Hotel	Restaurant	Leisure	Conference	Parking	Comments
Royal Crescent	yes 3R	Spa	(50)	Valet parking	Elegant luxury hotel in Royal Crescent with gardens
Bath City	Yes	Gym	12 rooms. (200)	no	1970s 4 storey hotel centrally located.
Abbey	Yes	No	no	no	Converted Georgian terrace, centrally located.
Dukes	yes 2R	No	2 rooms (30)	no	Converted Georgian terrace. Well appointed. Edge of centre.
Haringtons	Yes	No	no	yes	Small boutique style hotel in converted building in centre
Mercure Francis	Yes	No	2 roms(80)	yes	Converted Georgian house in Queens Square. Central.
Pratts	Yes	no	1 room(25)	no	Converted Georgian terrace. In need of refurbishment. Central.
Queensbury	yes 2R	no	1 room (28)	Valet parking	Boutique style hotel in converted Georgian terrace. Edge of centre
Royal	Yes	no	no	no	Old purpose built hotel adjoining station. Refurbished.
Georges	no	no	no	no	Traditional 2 star hotel in Georgian terrace
Travelodge waterside	Yes	no	no	yes	1970s purpose-built hotel built around canal basin close to station.
Travelodge central	No	no	no	no	Budget hotel in converted Georgian terrace. Central location.
SACO	No	no	1 room (16)	no	Serviced apartments in converted Georgian terrace. Centrally located.
Bath Spa	yes 2R	Spa	6 rooms (130)	yes	Large hotel in converted Georgian mansion in landscaped grounds. Edge of centre.
Combe Grove Manor	yes 1R	Spa, golf, tennis	? rooms (120)	yes	Georgian Manor hotel set in extensive grounds with country club and 5 hole golf course. Edge of Bath.
Bath Priory	yes 3R	Spa	5 rooms (60)	yes	Elegant luxury hotel in Georgian house with gardens. Edge of centre
Bailbrook House	Yes	Gym, sauna	29 rooms(160)	yes	Conference centre/hotel in extended Georgian house on outskirts of Bath
Wentworth House	Yes	no	no	yes	Small hotel on outskirts of Bath
Holiday Inn Express	No	no	1 room (30)	yes	Modern budget hotel on edge of centre.

of business. In Bath virtually all the hotels are more heavily dependent on leisure tourism. Based on figures supplied by hotels we estimate that on average 65% of room lettings are leisure driven and 35% is business related. The figure is the same for hotels outside Bath. The main exceptions to this are Bailbrook House which is primarily a conference centre and the Centurion hotel which appears to generate a lot of corporate business. There is no appreciable difference between the different grades of hotel, although the guest accommodation is even more reliant on leisure tourism accounting for nearly 80% of rooms sold. Overseas visitors account for 14% of room lets on average and again there is very little variation between hotels.

At the time we visited hotels (May 2009) the overall impression was that corporate demand was slightly down in 2009 but that leisure business was holding up well, possibly fuelled by a beneficial exchange rate for overseas visitors and a tendency for the domestic market to take more holidays at home. Overseas tourism in Bath has never quite returned to the high point of the late 1990s.

Key market segments for Bath hotels are;

- § Short breaks and holidays. These account for the lion's share of the leisure market, with the bulk of demand for weekends and comprising 1-2 night stays, often booked at short notice. Bath tends to attract an adult market rather than families. Some of the chain hotels benefit from national short break marketing programmes. Overall we estimate this accounts for c.50% of room nights.
- § Coach and group travel. This is a relatively small element of the total as group rates are low and many of the Bath hotels are too small to take coach groups. Nevertheless, several of the Bath hotels do take some group tour business because it can help raise midweek and low season occupancy. Bath is particularly attractive to overseas tour groups which tend to give better rates than domestic groups. Some hotels estimate 20% of their room nights come from this source, but for most it is much less significant. The budget hotels, in particular, attract hen and stag groups. Overall, we estimate this accounts for perhaps c.5% of room nights
- § Social and VFR related business. This is generated by people visiting friends and family in Bath and attending social functions such as weddings, degree days and dinners. Function business is an important income generator for hotels and will spin-off overnight stays. Overall, we estimate this accounts for c.10% of room nights.
- § Business meetings and events. In general, this is not a significant element for Bath hotels. Some have no meeting facilities to speak of and most are only hosting a few meetings a week. Those hotels which responded were hosting an average of 10 meetings a month, but most of these were day meetings. The exceptions to this are The Hilton which has a more extensive meeting facilities, Bailbrook House (primarily a conference hotel) and the Centurion. Interestingly, two hotels are considering converting conference space to bedrooms Overall, we estimate this accounts for c.5% of room nights.

- § Business generated by local companies. This is the main driver of business stays and is often quite locally generated. Hotels in Bath draw mainly on Bath based companies – the MOD and University are significant generators of bednights. Hotels in Norton Radstock draw on the local industrial estates and local companies whilst Hotels in Limpley Stoke and Bradford-on-Avon draw business from Trowbridge. Most hotels will have negotiated special rates for frequent clients. Bristol companies generate relatively little business in Bath, less than 5%. Overall, we estimate this accounts for 20-25% of total room nights.
- § Other sources of business traffic. Bath hotels are not well placed to draw on casual passing trade as they are off the main through routes. Some hotels host longer business stays and contractors but much of this probably benefits self catering and the guest accommodation sector. Overall, we estimate this accounts for c.10% of total room nights.

4.5 Occupancy and patterns of demand

Based on information from hotel managers we estimate annual average occupancies of the Bath hotels in 2008 to be 75%. (Table 4.6) Occupancies were highest for 4/5 star hotels and 3 star hotels in the City centre. These are average figures and there is some variation from the norm, though not much. The budget hotels were achieving occupancies in excess of 80% although these results are not out of the ordinary for that sector. Occupancies for hotels outside Bath were generally slightly lower with an average of 62%.

Table 4.6 2008 estimated room occupancies – Bath hotels

	Avge room occupancy %	Range %
4/5 star	76	70-79
3 star central	77	62-89
3 star edge	62	50-72
2 star	68	60-70
Budget	82	80-85
All hotels	75	

Source: The Tourism Company

For comparison, figures produced by STR Global (a benchmarking agency) are shown below in Table 4.7. These are based on a small sample of upper end hotels in Bath so need to be treated with caution. Full figures are only available to subscribers. These appear, however, to be consistent with the figures we have obtained.

Table 4.7 Hotel performance in Bath

	Room occupancy	Average room rate
2009 (to end July)	73.1%	£83.57
2008	73.3%	£87.60
2007	75.8%	£89.56

Source: STR Global Ltd. © 2009

Occupancy throughout the year follow a typical leisure destination pattern with lower occupancies in the winter and highest occupancies in the summer. However occupancies are fairly consistent from April through to October running in excess of 75%.

The weekends are the busiest period. Occupancies average 85-90% at weekends and many hotels are achieving 90% plus. Saturday night is usually oversubscribed. Occupancies in the week are lower averaging out at 65%. This was true across all grades of accommodation, the only exception to this pattern being the Centurion which has a stronger corporate base and does better business midweek.

It is quite common for Bath hotels to turn away business at weekends because they are full or in some cases because they will only take a two night booking at the weekend. This is largely an issue on Saturday nights, particularly from Easter to October, or when there are special events such as graduation which generate a surge of demand. This varies considerably between hotels. We estimate that individual hotels may be turning away up to 500 room nights a year and this is hardly surprising given weekend occupancies exceeding 90%. Very little business is being declined during the week, however, when almost all hotels have spare capacity.

Most hotels interviewed experienced an increase in occupancies from 2007 to 2008 and there were no obvious signs of a downturn from the recession which began in the final quarter of 2008. Most also appear to be doing good business in 2009 with a number reporting an increase over 2008. In this respect hotels in Bath appear to be doing better than hotels UK-wide. Leisure related business appears to be holding up much better than corporate demand although it is likely that rates have softened slightly and this is supported by the latest figures from the STR survey.

4.6 Room rates

Advertised room rates for double occupancy are shown in table 4.6. These vary enormously according to the category of room and unlike most city destinations room rates increase at weekends. In line with current practice, most Bath hotels vary their rates according to demand to maximise yield and it is often possible to get lower rates than those quoted on internet sites such as Late Rooms.

Table 4.8 Advertised room rates 2008

	Avg quoted room rates (2)	Achieved room rates
4/5 star	£154-301	(1)
3 star	£113-200	£94
2 star/budget	£32-116	(1)
All 3-5 star hotels		£99

(2) double occupancy. (1) sample too small

Based on feedback from hotel managers we estimate the average achieved room rates (ARR) for all 3-5 star hotels in Bath was £96 in 2008 and £94 for the 3 star hotels. Figures for 4/5 star and 2 star /budget are not available because we don't have enough data. This is rather higher than the STR Global figure quoted earlier of £88 (table 4.7) although we do not know what hotels are included in the STR sample.

An analysis of 2008 hotel bookings through BTP gives an average price paid per person per night of £62.60. Assuming an average 1.5 persons per room (possibly conservative) this would imply an average room rate of £93.

Some figures for national hotel performance are given in Table 4.2¹². In 2008, average achieved room rates were £73 for provincial hotels (3/ 4 star) and £90 for the UK as a whole (including London). Table 4.9 shows the situation in other UK cities. Whilst these figures are not necessarily directly comparable as they come from different sources, they do suggest that Bath hotels are performing well above the national average.

Table 4.9 Achieved room rates

	Achieved room rates 2008
Birmingham	£70.79
Brighton	94.25
Bristol	£77.82
Edinburgh	£92.51
Leeds	£74.54
Manchester	£80.44
York	£73.42
Regional UK	£75.99

Source:PKF Hotel Britain 2009.

4.7 Business trends and confidence

At the time of the survey there was a level of optimism about past experiences and the future amongst Bath hotel managers. Of those that responded, 60% said their business had increased significantly over the past 5 years and 30% said it had increased a little. Respondents were also positive about future prospects notwithstanding the recession with almost three quarters saying they were very or quite optimistic about future prospects for growing their business. These results suggest that the hotels sector in Bath was not under stress at that time.

¹² TRI Hot Stats

4.8 Recent and proposed changes to the hotel stock

The most recent additions to the hotel stock in Bath have been the Holiday Inn Express (126) a new build in 2002, the Milsom hotel (9) rooms attached to the Loch Fyne restaurant in 2003 and the SACO serviced apartments (43), a conversion of a residential building in 2007. Other recent significant additions have included Bath Spa (21 additional rooms plus spa facilities), Leigh Park in Wiltshire (16 additional rooms). Most hotels have continued to invest in ongoing refurbishment and updating of decoration.

There have been some changes to ownership; Menzies Waterside hotel was bought by Travelodge (2009) and Francis Hotel acquired by Accor and branded as Mercure in 2008. In addition the Lansdowne Grove Hotel (58) has been sold to Shearings and County Hotel (22 rooms) sold to a timeshare company.

Future plans for additions to hotel accommodation in Bath and the surrounding area include the following. These will not all necessarily happen, especially in the current economic climate.

- § The Park (Wick) 18 additional rooms under construction. Plans for spa.
- § Gainsborough Hotel. 114 rooms under construction in the centre of Bath, possible opening in 2011/12.
- § Bailbrook House. Planning permission for additional 61 bedrooms but no plans to pursue at present.
- § Bath City Hilton. Proposal to add 11 rooms via conversion of existing conference space.
- § Mercure Francis discussing possible extension to add 32 rooms.
- § Homewood Park has plans for 2 additional rooms and spa
- § Old Manor Hotel (Bradford on Avon). Plans for 2 additional rooms and 10 self catering units.
- § Widbrook Grange, planning permission for 7 additional rooms, but no plans to pursue at present.

In addition there has been interest expressed in a number of sites in Bath by prospective hotel developers, discussed more fully in Chapter7.

Recent and proposed changes in the surrounding area include:

- § A significant increase in bedstock in Bristol with yet more in the pipeline. The number of hotel rooms has increased by 66% since 2000 and Bristol is now widely seen to be over-provided with hotel accommodation. In the next 12 months Radisson (168) and Future Inns (130) are due to open in the City centre.
- § In South Gloucestershire there have been applications for budget accommodation associated with pubs.
- § In Somerset, new budget hotels have opened at Frome and Glastonbury in the past 4 years with another to open at Wookey Hole in 2009.
- § In Wiltshire, a couple of country house hotels allied to golf courses are in the pipeline – The Bowood Hotel 43 rooms (Chippenham) opened in 2009 and the Savernake Club 292 rooms (Marlborough) is due to open in 2011.

4.9 How Bath compares to other places

We have carried out a benchmarking exercise comparing the hotel sector in Bath to five other historic cities in England of similar size and character. The comparator cities were Chester, York, Oxford, Cambridge and Exeter. These were chosen because they:

- Are commonly used to benchmark Bath in existing visitor surveys.
- Are of a similar character and size.
- Are recognised visitor destinations with an established visitor economy.
- Have a similar economic footprint.

Some key indicators for these places is given in table 4.8. The cities are similar but not identical.

The geographical areas covered vary but all are dominated by their respective city which accounts for the lion's share of accommodation and activity. Population size is broadly similar as is the number of jobs, a proxy for economic activity. Tourism volumes are lower in York and Exeter although these statistics are not necessarily comparable. Business tourism is relatively less important in bath than the other places.

Full results of the benchmarking exercise are given in Appendix 2. A summary of the key findings is set out below.

Table 4.10 Benchmark cities

	B&NES	Chester	York	Oxford	Camb.	Exeter
Population ('000) ¹	169	118	181	134	109	111
Area ('000ha)	35	45	27	4	4	5
Jobs ('000) ²	95	78	112	115	97	93
Staying visitors (m) ³	0.8	1.0	0.5	1.0	1.0	0.4
Business /Leisure ⁴	35:65	40:60	55:45	50:50	65:35	65:35

Source: The Tourism Company/Hotel Solutions

⁽¹⁾ 2001 Census, ⁽²⁾ NOMIS 2008, ⁽³⁾ Estimates from destinations ⁽⁴⁾ Hotel business/ leisure split.

Table 4.11 compares the hotel stock in each of these cities looking at the hotels that are located in the city and the immediate surrounding area. In terms of the total supply of accommodation, Bath has less hotel stock than Oxford and Cambridge and significantly less than Chester and York.

Table 4.11 Hotel rooms in benchmark cities

	Bath	Chester	York	Oxford	Camb.	Exeter
5 star	181	80	0	151	0	0
4 star	187	681	550	407	433	298
3 star	360	400	942	524	416	449
2 star	77	219	451	93	78	71
5 GA	124	0	13	11	0	10
Budget	316	433	607	502	400	334
Serviced appts	43	0	0	34	40	0
Total City	1288	1813	2410	1722	1367	1162
Total outskirts	246	271	232	82	366	215
TOTAL	1534	2084	2642	1804	1733	1377

Source: The Tourism Company/Hotel Solutions

Bath is well off for 5 star hotel rooms and has more than any of the other cities, but has far less 4 star hotel rooms. The amount of 3 star accommodation is comparable but Bath has less boutique hotel rooms than these other places with no boutique brands. 2 star accommodation is comparable to other places although York has much more of this. Bath is unusual in having a large amount of 5 star guest accommodation which doesn't occur in other cities. Bath has less budget accommodation than other cities and is particularly light on the middle tier budget sector represented by Travelodge and Premier Inn. This is much more prevalent in other places.

National brands represented in these other cities but not in Bath include: Marriott, Thistle, Novotel, Crowne Plaza, Ramada, De Vere, Holiday Inn, Jurys, Hotel du Vin, Malmaison, Abode, Alias, Comfort Inn, Innkeepers Lodge.

Table 4.12 Recent and proposed changes in hotel stock in benchmark cities

	Bath	Chester	York	Oxford	Camb.	Exeter
Rooms added 2000-09	277	526	716	973	527	316
Planned increases 2009- onwards	203	893	622		340	246

Source: The Tourism Company/Hotel Solutions

All six cities have seen an increase in supply of hotel accommodation in the past decade (Table 4.12) but Bath has shown the lowest increase of all and has been significantly overtaken by Chester, York, Oxford and Cambridge. It has actually shown a net loss in 3 & 4 star accommodation in this period due to the Menzies rebranding whereas almost all of the other cities have shown an increase in this sector. Most of the other cities have shown a larger increase in the middle tier budget sector and boutique products such as Malmaison, Hotel du Vin, Abode etc

All the cities with the exception of Oxford have plans in the pipeline for hotel extensions or new build. Current proposals in Bath are in line with Cambridge and Exeter but

significantly less than the expansion planned in Chester and York although some of these may not come to fruition. Proposals in Bath will increase its offer of 5 star accommodation. Chester is expecting to increase the budget and boutique sector, York is planning to add a 5 star hotel and more budget accommodation. Other proposals are less developed.

This the analysis does suggest that Bath is under-hotelled compared to these other places and that on the surface there appear to be gaps in the 4 star offer, the boutique sector and budget offer. The national brands are also relatively under-represented in Bath.

These are indications not absolute proof. Comparing places is not an exact science because nowhere is identical and there are sometimes other factors at work which explain differences. The relatively weak business tourism component in Bath, for example, may explain why there has been less recent hotel development. High development costs and lack of sites may be another explanation although it is difficult to think that the situation is much different in these other places.

4.10 Key points

- There are 24 hotels within the built-up area of Bath (including those in Limpley Stoke). Including the SACO apartments these provide some 1352 rooms.
- There are few large, purpose-built hotels and limited representation of the branded chains.
- Leisure bookings predominate accounting on average for 65% of room nights.
- Average occupancy rates were 75% in 2008, with weekend occupancies exceeding weekday.
- Many hotels are turning business away at weekends, primarily on Saturday nights.
- Occupancies generally increased in 2008 and are holding up in 2009, although there has probably been a softening of achieved room rates.
- We estimate average achieved room rates were c£96 for 3-5 star hotels although there are considerable variations from this. Figures from the STR survey (not the same sample) suggest AAR for Bath of £84. Average price paid for accommodation bookings made through BTP was £63 per person.
- Bath hotels are performing well above the national average.
- Hotels were relatively confident about future prospects.
- There have been relatively limited recent additions to the hotel stock in Bath.
- Compared to other similar cities Bath appears to have less hotel bedrooms. The main deficiencies appear to be in 4 star, budget and boutique accommodation.
- Other places have seen a large increase in hotel stock over the past decade and have more hotel rooms in the pipeline than Bath.

5. FEEDBACK FROM USERS

This chapter looks at what current users have to say about visitor accommodation in Bath. This information is based on a survey of local companies representing business users and a survey of consumers who have previously expressed an interest in Bath, primarily leisure visitors. A more detailed report of both surveys is included in the appendices but the main findings are summarised below.

5.1 What local businesses think

A significant source of demand for overnight accommodation is corporate demand generated primarily by local companies and the business traffic they generate. We estimate this accounts for 20-25% of room nights in Bath hotels, overall. To explore the views of these users and their level of satisfaction with the hotel offer we contacted 23 of the larger local employers in and around Bath of whom 17 claimed to book and use hotel accommodation in the area. This included companies in Trowbridge, Keynsham and Midsomer Norton as well as Bath.

This type of survey can be useful in highlighting particular problem areas but it is becoming harder to find individuals within companies who are responsible for booking accommodation. The internet has made it easier for individuals to book their own accommodation and many companies have now outsourced this activity to agencies. The feedback obtained is therefore a partial picture and needs to be considered in that context. Full results are provided in Appendix 3, the main findings are summarised below.

- Local companies are generating a demand for stays of 1-3 nights, mid week for visiting staff and customers. This covers a range of personnel from senior executives to junior staff and contractors. Demand fluctuates and is influenced by factors such as company expansion, re-organisation, product launches and training programmes. Most companies expected overall demand to stay about the same.
- Hotels are the main choice but a significant minority of companies also use guesthouses and B&Bs. Three and four star accommodation accounts for the lion's share of bookings but some company VIPs (clients and senior staff) are put up at five star properties. The majority of companies also utilise hotels in the budget sector for more junior staff.
- The most popular hotels were the Mercure Francis (mentioned by half of respondents), followed by Express by Holiday Inn, Travelodge Bath Waterside (Menzies) and the Hilton. Altogether 31 different accommodation establishments were mentioned. This partly reflected the distribution of companies interviewed.
- Most companies have negotiated corporate rates. There is considerable fluctuation in what companies expect to pay depending on the type of personnel,

however the average price paid was around £90 with the majority paying between £80 - £100. The latter figure is seen as a cut-off for many.

- Close proximity and price are the key factors in accommodation choice. Companies generally want to place their people close to where the office or plant is located (eg Trowbridge companies use Trowbridge / Bradford on Avon hotels). Some companies favoured central Bath because of its proximity to restaurants and entertainment. The existence of hotel leisure facilities played little part in selection. Parking was raised an issue by some.
- The feedback on existing hotels was overwhelmingly positive with comments about quality and customers service being particularly favourable. There were few negative comments.
- Few companies have difficulty in obtaining hotel accommodation in the area. There was no indication that hotels are generally full, although our respondents were not booking for large numbers of people. Some raised concerns about price and felt that hotels in Bath were relatively expensive.
- There is modest demand for more hotels aimed specifically at the business sector. The preference is for mid budget accommodation rather than new developments aimed at the top or bottom ends of the market. There was no consensus as to whether there was a need for more branded hotels.
- Just under half of the respondents used meeting facilities in local hotels although most have their own facilities on site. Generally there was no great demand for hotel meeting facilities and no problem in securing them when needed.
- None of the companies (bar one) were interested in using hotel restaurant facilities for entertaining preferring to use other restaurants in Bath.

5.2 What leisure consumers think

Some evidence on leisure visitor attitudes is provided by the successive Bath Visitor Surveys where visitors were asked to rate various aspects of their visit. Of those who had used accommodation, 75% had stayed in serviced accommodation. Most of these were leisure visitors.

In the 2008 survey, 87% said the quality of their accommodation was good or very good and 74% said that value for money was good or very good. In fact the overall score for value for money increased marginally in 2008 and quality of service declined. These figures indicate high levels of satisfaction although the Bath figures are lower than the average for all destinations and for other historic towns in the UK.

Table 5.1 Visitors' opinions on accommodation

	Value for money	Quality of service
2008	4.06	4.27
2006	3.93	4.43
2004	4.01	4.25
2001	4.12	4.42

Source: Bath Visitor Survey.

Scoring: 5= v good, 4 = good, 3= average.

To explore this further it was decided that we should undertake some additional research amongst leisure consumers to examine attitudes to the current accommodation offer. This took the form of an email survey of people on the BTP marketing database. By definition, this includes people who have shown some interest in visiting Bath and therefore know something about the place. In all we received 725 responses, some of whom had stayed in Bath whilst others had considered Bath but not actually visited. Full results of the survey are given in Appendix 4 and the key findings are summarised below.

It should be noted that these results relate to people who are by definition already positively disposed to Bath. They do not necessarily reflect the views of the wider population.

5.2.1 People who had stayed in Bath

Just under half (40%) of respondents had stayed in Bath, the majority within the past two years. 84% had stayed for 3 nights or less with an average stay of 2.2 nights and two thirds at the weekend. Visits were spread right across the year.

72% were on a short break or holiday, 8% were attending a festival or events, and 6% visiting friends or relatives. Very few were on business. Most were visiting as couples, only 8% had children with them.

51% had stayed in hotels and a further 38% in guest accommodation or hostels. Only 6% had used self catering.

Respondents were positive about the accommodation used, scoring all aspects good or above. Location was rated more highly than other aspects and there was little difference between types of accommodation. (Table 5.2)

Table 5.2 Rating of accommodation

	Type of accommodation stayed in			
	Hotel	GH / B&B	Other	All
Location	4.54	4.45	4.46	4.50
Price / value for money	4.13	4.06	4.04	4.12
Style / Quality / Comfort	4.03	4.03	3.96	4.06

Source: Consumer survey

People found it relatively easy to find suitable accommodation in Bath with only 8% saying it was difficult or very difficult. Guest accommodation had a slightly lower score than hotels.

Compared to other places people had stayed, Bath compared reasonably favourably. Just under half thought it the same whilst a similar proportion thought it was better. Relatively few people thought it was worse. On this measure, Bath scored better in terms of location and quality than it did on price, where opinions were more divided. (Table 5.3)

Table 5.3 How does Bath compare to other places

	Type of accommodation stayed in			
	Hotel	GH / B&B	Other	All
Choice of accommodation	3.54	3.67	3.54	3.59
Quality of accommodation	3.47	3.61	3.58	3.52
Price / value for money of accommodation	3.14	3.23	3.23	3.18

Source: Consumer survey

Overall, respondents rated their stay in Bath very highly. 94% said their experience was good or very good and less than 1% said it was poor. This is in line with previous research findings. 47% said their experience of accommodation in Bath would make it more likely they would return and 23% said a bit more likely. Only 3% were less likely to return as a result of their experiences.

5.2.2 People who considered staying but didn't

38% of respondents had considered visiting Bath but hadn't stayed overnight. We were interested to see whether the accommodation offer had played a part in this.

As with the previous group, the majority were considering a short break or holiday with smaller numbers looking to visit friends and family or attend an event. Three quarters had actually looked at places to stay with roughly equal numbers looking for hotels and guest accommodation.

Overall, the impression of Bath's accommodation was positive (Table 5.4) but the scores were lower than for the sample which had stayed in Bath. Location was seen as the best feature but price was rated much lower, as not much better than average. Guest accommodation scored less slightly well than hotels in this respect.

Table 5.4 Impression of Bath accommodation

	Hotel	GH / B&B	Other	All
Location	4.41	4.31	4.47	4.36
Choice	4.20	3.94	4.16	4.09
Price / value for money	3.60	3.38	3.47	3.49
Style / Quality / Comfort	4.21	3.90	3.89	4.02

Source: Consumer Survey

Compared to other places Bath scored reasonably well with a majority in each case saying it was the same or better than other places. Again Bath scored worse on price than other factors with 25% (of those who had a view) saying it was worse than other places.

Interestingly, issues to do with accommodation did not play a major part in the decision not to visit. 64% of respondents saying it did not play a part although a quarter (27%) said accommodation had something to do with their decision. Despite this 90% of respondents said they were likely or quite likely to visit Bath in future.

Table 5.5 Influence of accommodation on decision not to visit

	Type of accommodation looked at			
	Hotel	GH / B&B	Other	All
A lot	23.2%	13.6%	10.5%	14.9%
A little	11.6%	14.8%	26.3%	11.7%
None	57.9%	66.7%	47.9%	64.4%
Don't know	7.4%	4.9%	15.8%	9.0%

Source: Consumer survey

5.3 Key points

- Local businesses are generally quite positive about existing hotel provision in Bath and the surrounding area.
- They appear to have little problem in booking accommodation and are happy with level of service and quality.
- There is some concern about price and some interest in additional hotel accommodation to serve the business market.
- Leisure visitors who have stayed in Bath exhibit high levels of satisfaction with their accommodation.
- Bath is seen to compare favourably with other destinations in terms of the accommodation offer, few thought it worse.
- Bath accommodation scores less well in terms of price/value for money than other factors.
- However, there is no indication that this is deterring visitors.
- For those who decided not to visit, a quarter said that accommodation (largely price) was a factor. However 90% said they expected to visit at sometime in the future.

6. PROJECTING FUTURE DEMAND

This section of the report draws on the previous sections of the report to quantify the current demand for hotel accommodation in Bath and project future demand up to 2026.

6.1 Base demand assessment

Table 6.1 sets out our estimate of the current demand for hotel accommodation in the Bath expressed in terms of room nights. This is calculated by applying known 2008 occupancy levels for each hotel to the 2008 bedroom stock. We have disaggregated this by market sector and category of hotel to refine our projections of demand.

Table 6.1 Estimated room nights 2008

	4/5 star	3 star	3 star fringe	2 star 5 GA	Budget	TOTAL
Total business	36460	32861	16877	13164	39581	138942
Total leisure	77577	64072	29120	36922	54991	262682
Total room nights	114037	96933	45997	50085	94572	401624

The Tourism Company.

The above estimates include all the known hotels within the built-up area of Bath (see map and table table). These are all located within a 3 mile radius of the City Centre which our research suggests is the primary market area. Whilst there are hotels outside this radius, all are more than 5 miles distant, and as you move out of Bath the influence of the city declines and other factors come into play.

For the purposes of the projections we have grouped hotel demand by the above broad categories. Boutique hotels (of which there are virtually no examples in Bath) are subsumed into the 3 and 4 star categories. The 3 star fringe groups refers to hotels on the outskirts of Bath which achieve lower occupancies than those in the centre. In addition to hotels we have also added the 5 star guest accommodation¹³ to the 2 star category. Bath is unusual in having such a strong grouping of up-market guesthouses and we believe that there is an interaction between these and the bottom end of the hotel supply. We haven't included 4 star guest accommodation in the projection because we are primarily focusing on hotel demand and the line has to be drawn somewhere.

Bath hotels have high occupancy rates and there is evidence of frustrated demand at peak periods. This primarily occurs at weekends and is largely restricted to Saturday nights from Easter to October. There will also be other occasions such as the Christmas

¹³ Accommodation with more than 10 rooms

market, festivals and graduation weeks when there is an undersupply of hotel beds. Some of this business will be transferred to other hotels in Bath or outside but some may be lost to the city. To give a more realistic picture of actual demand we have adjusted the figures in Table 6.1 to allow for an element of frustrated demand. This adjustment has been based on our discussions with hotels and our experience elsewhere and varies according to the grade of hotel. The factors used and the adjusted figures are shown in Table 6.2.

Table 6.2 Adjusted demand for room nights 2006

	4/5 star	3 star	3star fringe	2 star 5GA	Budget	TOTAL
Total business	36460	32861	16877	13164	39581	138942
Total leisure	79904	65994	29994	38029	57740	271662
Total room nights	116314	98855	46871	51193	97321	410604
Declined business ⁽¹⁾	1.05	1.05	1.05	1.05	1.10	

The Tourism Company ⁽¹⁾ applied to leisure nights only

6.2 Growth assumptions

Future demand for hotel accommodation will depend upon a range of factors which will impact in different ways on the various market segments. The key drivers for future demand in Bath will be:

- Growth in the local and national economy and business activity
- Growth in the resident population
- Changing patterns of tourism and holidays
- Improvements to communications and access
- Major developments which will affect the attractiveness of Bath as a business and leisure destination

Strong and recognisable brands can also play a part by generating supply-led demand through brand identity, customer loyalty and the efficiency of central reservation systems and marketing. Bath is relatively poorly represented in terms of the major national brands at present.

We go on to examine how these factors will impinge on both leisure and business demand for hotel accommodation and set out the growth assumptions used. We have looked at the periods 2008-2016 and 2017-2026 to accord with the time horizon of the RSS. However, we must stress that projections much beyond 5 years need to be treated with some caution as they do little more than show the impact of continuing present trends. Major economic or political disruptions, as we have seen over the past year, can quickly and unexpectedly change the landscape and outlook

6.2.1 Business tourism

Business tourism demand has a number of components, the relative importance of which varies by type of hotel and destination. The lion's share of this in Bath is generated by local companies which create a demand for overnight accommodation from visiting staff, customers and sales people. Our research suggests that this demand is quite locally based. In other words Bath hotels benefit relatively little from people doing business in Bristol or Trowbridge.

Other elements of business demand include overnights generated by meetings, training and conferences and transit traffic. With one or two exceptions, residential conferences are not a major source of business for Bath and neither is Bath well placed to exploit casual or transit traffic using Bath as a convenient stop-over.

Business tourism is strongly linked to the vitality of the national and local economy. An expanding local economy and more commercial activity will, all things being equal, tend to result in an increased demand for hotel bedrooms, although ease of communication can counter the need for overnight stays. This is not just generated by local businesses; the University, health authorities and other public sector organisations will all generate meetings and work-related visits.

After a long period of sustained economic growth the UK economy entered into a deep recession in 2008. From average annual growth rates of 2-3% the economy shrank by 1.6% in the last quarter of 2008 and recent forecasts¹⁴ expect real GDP to shrink by 3.7% in 2009 with an upturn of 0.3% growth in 2010. This has had a noticeable impact on corporate demand for hotel accommodation and achieved room rates across the UK. Bath hotels with their strong reliance on leisure tourism have been protected from this to an extent.

Whilst the SW economy has been growing faster than the UK economy as a whole in the recent past (3.5%pa 1997-2005), current projections by the SW Observatory¹⁵ suggest the Region may be worse hit than the UK as a whole. Real GVA fell by 1% in 2008, is projected to fall by a further 4.5% in 2009 and is not expected to recover to 2008 levels until after 2012. Average annual rates of growth are projected to be zero (2008-2012) and 2.25% (2012-2020). This compares with the original targets in the RES of 3.2% pa. over the plan period. B&NES is expected to perform slightly better than the regional average but employment is likely to fall marginally between 2008 and 2014 (cf RSS targets of 1.25%pa growth in employment over the plan period). All this suggests that prospects for business tourism growth will be limited in the short term and that the economic growth envisaged in the RSS will take longer to secure.

One way in which business tourism demand could be boosted is through the development of a stronger conference and meetings product. This would be less dependent on locally generated demand and rely on business brought in from outside the area and captured from other destinations. To make an impact this would require the development of new meeting facilities which in turn are likely to require revenue and marketing support.

¹⁴ HM Treasury – Forecasts for the UK Economy April 2009

¹⁵ South West Economy Projections Spring 2009.

In the light of the above we have adopted the following growth assumptions. The low assumption assumes that business tourism demand follows but is lower than the revised projected growth rates in the economy. This will be effectively zero in the first few years but picks up as time goes on. The high assumption assumes that business tourism growth matches the forecast economic growth and that progress is made in establishing a conference venue which will generate additional demand midweek.

Table 6.3 Business tourism: Average annual growth rate assumptions

	2008-2016		2017-2026	
	Low	High	Low	High
Business tourism	0.75	1.5	1.75	2.75

Source: The Tourism Company

6.2.2 Leisure tourism

Leisure tourism demand is also has a number of components. These include people on short break holidays from the UK, overseas visitors generally on longer holiday trips but spending 1 or more nights in Bath, and coach groups on organised tours. The other main source of overnights is associated with social functions, weddings, events and visits to friends and family.

Overseas visitors are an important component of leisure stays in Bath hotels accounting for around 20% of overnights and possibly more in the guesthouse sector. Overseas holiday visits to the UK grew by 12% in the period 1999-2008 but there was considerable volatility in response to external events such as 9/11 and FMD. Volumes fell between 1998 and 2002 and are also down in the first half of 2009. Nevertheless, looking ahead we think the long term prospects for growth in overseas tourism are promising. We have assumed an annual growth rate of between 1.0 and 2.5%pa with the higher rate dependent on Bath attracting market share from other places.

In terms of the domestic market, short breaks in commercial accommodation grew by nearly 50% in terms of volume in the 1990s. Since 2000, however, due to statistical problems with the UK Tourism Survey it is difficult to draw any meaningful conclusions about recent past trends. Current figures suggest the market is static at best. Growth in domestic spending on holidays has tended to be channelled abroad rather than in the UK although short breaks have been more buoyant than longer holidays. It is not yet clear whether the current economic recession will constrain or boost domestic holidaytaking. In the light of this we are reasonably cautious about the potential for growth and have assumed an annual growth rate of 0.5%-1.5%. The higher limit assumes that Bath makes a significant effort to target more leisure business and can capture market share from other places. It also assumes that new, branded and high profile hotels will generate some additional business for Bath.

The third element is overnights associated with social functions, weddings and visits to friends and relatives. This is largely driven by the local resident population. The VFR market has shown significant growth in the past reflecting a more dispersed population whilst the weddings market has shown huge growth in recent years and is a life support for many hotels. The sizeable and changing University population is also an important driver of bednights from visiting friends and relatives as are specific activities and events

such as the rugby and Bath festivals. Increasing affluence is likely to fuel more of this activity and the resident population is projected to increase by 17-28% in the period up to 2026. In the light of this we have assumed an annual growth rate of 1.0-1.5% pa over the plan period.

Table 6.5 Leisure tourism: Average annual growth rate assumptions

	2008-2026	
	Low	High
Overseas holidays	1.0	2.5
Domestic holidays	0.5	1.5
Social /VFR	1.0	1.75
Combined leisure *	0.75	1.75

* assumes a weighting of 1:3:1

6.3 Demand projections

Table 6.6 Growth rate assumptions

	Growth assumptions					
	2008-16			2017-26		
	low	mid	high	low	mid	High
Business	0.75	1.12	1.50	1.75	2.25	2.75
Leisure	0.75	1.25	1.75	0.75	1.25	1.75

Source: The Tourism Company

Table 6.6 summarises the growth assumptions for each of the market segments. Applying these average growth rates to the base level demand in 2008 for each of the hotel categories provides an estimate of total room night demand in 2016 and 2026. (Table 6.7). This suggests a demand for an additional 56,245 room nights in 2016 rising to 128,623 room nights in total by 2026.

Table 6.7 Forecast of room nights - growth assumptions

Mid point growth	2016	2026
4/5 star	129343	149485
3 star	109822	127131
3 star fringe	52030	60373
2 star	56993	65552
Budget	109682	127706
TOTAL	457869	530247
Projected increase in room nights		
Mid growth	56245	128623
Low growth	40934	88854
High growth	71556	169924

Source: The Tourism Company

These projections are highly sensitive to the assumptions made about future growth rates in the different sectors and the degree of uncertainty increases as you move forward in time. Table 6.7 shows how the projection of demand varies with high and low growth assumptions. This sensitivity needs to be borne in mind when interpreting the projections.

6.4 Implications for additional hotel rooms

If we assume occupancies across all hotels is 70% (the generally accepted trigger for new development) then the projected demand (mid point assumption) would require 316 additional rooms in 2016 rising to 599 additional rooms in 2026. This is equivalent to a 21% and 40% increase in hotel bedrooms over the period. Table 5.5 shows the impact of the low and high growth assumptions on these demand projections. Note that 70% would represent a significant reduction in occupancy levels for many of the existing hotels.

Table 6.8 Forecast of additional rooms assuming 70% occupancy across the board

Growth assumptions	Additional rooms	
	2016	2026
Mid point growth	316	599
Low growth	256	444
High growth	376	761

Source: The Tourism Company

This demand will not be evenly distributed across the different accommodation sectors. Table 6.7 shows the additional demand by accommodation type assuming average occupancy levels of 70% in all sectors. This provides a guide to where demand is likely to be concentrated although in practice occupancy levels will not be a uniform 70% across the board: budget hotels work on higher occupancies and two star hotels tend to have lower occupancies.

These figures need to be treated with caution and are only a broad indication of where demand will fall. In practice, hotel categories are not watertight compartments and demand can be displaced upwards or downwards depending on economic circumstances and the nature of the hotels. These figures should not be seen as indicating a fixed and rigid demand for particular categories of hotel.

Table 6.9 Forecast of additional room required

Mid point growth	2016	2026
4/5 star	79-113	131-221
3 star	70-99	115-191
3 star fringe	-7-6	15-51
2 star	14-30	36-76
Budget	99-127	147-222
TOTAL	256-376	444-761

Source: The Tourism Company

6.5 Impact of hotel developments already in the pipeline

We know that increased capacity is already in the pipeline both from new hotels and the expansion of existing establishments. This will mop up demand and reduce the potential for new hotel development.

The most concrete proposal in Bath is the Gainsborough hotel with 114 rooms of 5 star quality. This is likely to come on stream within the next 2-3 years. There are other some other smaller extensions proposed or with planning permission in Bath at Bailbrook House, Mercure Francis, and Bath City Hilton, but it is not clear whether these will definitely happen so we have not taken account of them. Assuming the Gainsborough development goes ahead this leaves a projected demand for an additional 142-262 rooms by 2016 and 330-647 rooms by 2026.

A final point to note is that these projections have only examined the growth in demand for hotel accommodation. If these assumptions hold true then it is likely that the demand for other forms of accommodation will grow although not necessarily at the same rate. Some of this demand may overspill into the hotel sector or vice versa. In this respect the projections possibly err on the conservative side.

6.6 Key Points

- The demand for hotel accommodation in Bath will undoubtedly grow over the next twenty years fuelled by growth in economic activity, population and tourism.
- Applying a range of growth rates for business and leisure tourism gives an indication of the likely future demand for hotel bedrooms.
- The projections are for an additional 256-376 rooms by 2016 and 444-761 rooms by 2026. Rooms in the pipeline need to be subtracted from these figures.
- These assume occupancy rates of 70% across the board.
- If more rooms are provided and the assumptions still hold then occupancy rates in some hotels will fall further and may provoke closures.
- If less rooms are built and the assumptions hold, then occupancies might increase or business may be lost to Bath due to lack of availability.

7. HOTEL DEVELOPER INTEREST IN BATH

7.1 The requirements of hotel developers and operators

Hotel developers and operators work to a set of loose criteria when they are identifying sites and locations for their hotels. These include:

- Strategic locations with good access and visibility to passing traffic;
- Minimum population of 50,000-100,000 for smaller units and budget/ mid-market offers, 100,000-150,000+ for larger developments and products at the quality end of the market;
- Proximity to generators of demand:
 - Proximity to business drivers i.e. offices, business parks and other major employers who will give rise to corporate demand from their staff and visitors to the business. This is the mainstay of their trade midweek;
 - Proximity to leisure drivers i.e. attractions, events venues, major sports facilities, speciality shopping, plus support facilities such as cafes, bars and restaurants that make a destination attractive and interesting to visit. This is the mainstay of their weekend and holiday time trade;
 - Proximity to local community-related drivers e.g. demand generated by weddings, functions and visits to friends and relatives;
- City centre, edge of centre and out-of-town sites, depending upon the geography of the destination and the location of prime business drivers;
- Site areas of 0.2-2.4 ha (dependent upon range of offer and ability to develop vertically);
- Land values that reflect hotel economics (£5,000-£15,000 per room for budget and upper tier budget offers, rising to a maximum £30,000 per room for full service hotels in the very strongest of market locations);
- An attractive environment;
- The potential for associated development where land values are high;
- Redevelopment sites where opportunities are limited and competition for sites strong, including office conversions and development and branding of existing hotels.
- Potential also to develop as part of mixed-use schemes where site opportunities are limited e.g. above ground floor retail, or as part of an office/residential tower.

These criteria can vary slightly by type of hotel offer e.g.:

- Budget and limited service hotels generally have a smaller land take as they have fewer central facilities;
- Boutique hotels often require a character building and location and a strong catchment for their restaurant offer.

The criteria will also 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 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; 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 Express by Holiday Inn in Bath is an example, owned by franchisee Somerston Capital.

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.

A more detailed paper on hotel developer requirements can be found at Appendix 5.

7.2. The current climate for hotel investment

The fortunes of the hotel industry are closely aligned to the national and local economy and so the current recessionary climate has hit the sector in a number of ways. Clearly performance has fallen back and end values have dropped – in some cases to the point where it is costing more to build a hotel than its value, resulting in hotel investors holding back on schemes until yields improve. Funding is more difficult to come by, especially for small hotel companies and franchisees, and when available is often on less favourable terms.

In such a risk-averse climate, a number of hotel companies are now focusing their development strategies on management agreements. Some hotel schemes, especially those that are mixed use and residential-led, have been mothballed, although on the upside hotel groups are being offered good residential and other commercial sites that formerly would have been out of their price bracket. Those that have funding are being more selective about location and require extremely strong sites. Many are using this time to build out those sites they have secured and line up opportunities ready for when the up-turn in the market comes. The sector sees an opportunity in 2009 to benefit from increased levels of inbound tourism and a UK market staying in the UK rather than travelling abroad as a result of the weak pound.

Whilst the Credit Crunch has inevitably had an impact on reining in the development plans of hotel companies, there remains activity out there in the market, albeit that the approach is more cautious; development is slowing but not stopping.

7.3 Testing hotel developer interest in Bath

7.3.1 Sampling and approach

During the course of our research, the consultancy team contacted a sample of hotel companies to get feedback from them on:

- Current or potential interest in developing in Bath;
- Image of the city and surrounds as a hotel investment location;
- View of the hotel market here;
- Key issues influencing hotel investment decisions;
- The size and standard of hotel they would seek to develop;
- Preferred locations for hotel development;
- Progress with site acquisition or obstacles faced;
- Type of deal they would be interested in;
- Support required in furthering any interest;
- In the case of any companies not interested in investing in Bath, the identification of reasons behind this, and the conditions that would be required for this to change.

The sample was drawn from our own database of over 70 hotel developers, operators and investors, but also included brands known to have been looking for sites in and around the city as well as others for which an aspiration had been identified. The testing was not intended as a comprehensive trawl but as a taste of the market across the range of providers for which a demand or potential has been identified. Whilst the responses provide a useful basis for follow-up at a later date, a good deal of the value they offer currently is to provide a steer on some of the key issues surrounding potential sites and locations for development.

Over 35 hotel developers, operators, investors and agents were contacted, between them representing more than 50 hotel brands. Responses have been received from 25 companies to date.

7.3.2 Bath as a hotel investment location

The strong levels of interest established during our research amongst hotel developers, operators and investors is testament to the city's appeal as a hotel investment location. Several of the consultees we spoke to identified Bath as being in their top 3 UK target locations. As the European Vice-President of Development for one of the major international hotel groups put it:

'Bath is a 'wannabe' destination for hotel investors'.

What these developers and investors think about Bath is very important. They are property and leisure sector professionals who are evaluating destination potential in

cities across the UK and Europe on a daily basis. Many of these developers are informed by national sector performance surveys, and recent research conducted by one of these multiples put Bath first of 47 provincial towns and cities tracked by STR Global in their UK benchmarking survey of hotel performance.

Bath's strengths as a hotel investment location as articulated by consultees included:

- It has world reknown as a destination and a positive image as a historic city in terms of built environment;
- It trades year round;
- Rates are good;
- It appeals to a grey market which is expanding;
- It is widely uinderstood to have a dearth of supply at all levels, keeping performance in the supply that is there strong;
- Although a leisure dominated market, its appeal is to an affluent marketplace that includes a strong overseas segment, all of which helps push rates up.

On the down side, from a market perspective, there was some concern about the weakness of the corporate market in terms of generating mid-week business at good rates. In terms of the development process, the city is widely perceived to be 'difficult to get into' – a combination of site availability, value and difficulties negotiating planning. For these reasons, and in an effort to meet development targets, some hotel investors have chosen to concentrate their efforts in other locations where sites are more readily deliverable.

7.3.3 Interest by Brand and Standard

Of the 25 responses received to date, 21 of these expressed interest in hotel development in Bath. In table 7.1 we provide a summary of interest by brand, company and standard.

The interest expressed in hotel development and operation in Bath covered the widest range of standards – from luxury offers through to budget brands, taking in 4 star, up-scale boutique and lifestyle offers, 3 star brands, budget and upper tier budget offers, and budget boutiques. Aparthotels and hostel developers and operators also expressed interest in development here.

The city clearly appeals to many of the larger hotel groups with national and international representation. However, it also appeals to smaller, more niche offerings, with brands like Base2Stay and Hoxton targeting the city even though they have only 1 or 2 hotels in place currently – this demonstrates their confidence in the strength of this location to drive demand, rather than relying on a wider network of hotels to support it. Interestingly, a number of those international hotel groups with multiple brands were looking to introduce innovation brands in Bath, such as Hyatt with its Hyatt Place offer, just about to be launched in Europe. A number of these niche brands would have something different to offer Bath in terms of being at the forefront of modern industry trends, and a perception of being cool, funky and hi-tech.

Table 7.1 Hotel Developer Interest in Bath

HOTEL OFFER/ STANDARD	BRAND INTEREST	HOTEL DEVELOPER/ OPERATOR	AVERAGE ROOM NO.
5 STAR LUXURY/SPA	Danubius ¹	Danubius	90
	Hilwood ¹	Hilwood	150
4 STAR	Copthorne	Millennium & Copthorne	150
	Hotel La Tour	Hotel La Tour	150-200
	Marriott	Marriott	175-200
	Novotel	Accor ³	150
	Radisson Blu	SteelTower ³	200+
	Ramada Plaza	Wyndham	150+
	BOUTIQUE/LIFESTYLE	Bespoke	Bespoke ³
	Hotel du Vin ²	MWB	40+
	Hyatt Place	Hyatt	110-120
	MourHotel	MourHotel	100+
	Myhotel	Myhotel	70-80
3 STAR	Courtyard	Marriott	175-200
	Hilton Garden Inn	Parram Management	150-180
	Holiday Inn	Parram Management	120-150
	Jurys Inn	Jurys ³	200+
	Park Inn	Rezidor	160
BUDGET BOUTIQUE	Aloft	Starwood	110-115
	Big Sleep	Bedfactory Hotels ³	70
	Hoxton Urban Lodge	Hoxton Urban Lodge ³	150
UPPER TIER BUDGET	Hampton by Hilton	Parram Management	120-150
	Ramada Encore	Wyndham	100-120
BUDGET	Etap	Accor ³	80-100
	Ibis	Accor ³	100
	Premier Inn	Whitbread ³	200-220 ⁴
	Travelodge	Travelodge ³	100
	Days Inn	Wyndham	40-100
	Super 8	Wyndham	40-100
APARTHOTEL	Base2Stay	Base2Stay ³	100-120
HOSTELS	Smart City Hostels	Smart City Hostels	40-130
QUALITY PUB ROOMS	Old English Inn	Greene King	20-40

Notes:

¹ Current schemes with planning permission

² Interest established via local agent; known to have been looking at various opportunities in the city in the past

³ Known to be actively reviewing/negotiating on sites in Bath at the time of the study

⁴ On 2 separate sites

Several of the hotel companies interested in future investment in the city were looking to place multiple brands in Bath – both in terms of additional units of the same brand (Travelodge), and placing several brands targeting different levels of the market eg Wyndham with Ramada Plaza, Ramada Encore, Days Inn and Super 8.

Bath makes the 'hit lists' of many of the national and international branded hotel companies, pushing the right buttons at many levels. Bath appeals to hotel developers because of its size (most operators are looking for a minimum population of around 100,000) and its leisure appeal, particularly at the upper end of the market. There was a perception of quality and value in the market. There was a clear awareness of the difficulty of getting into the market, the strength of demand, and the perception that the city is under-hotelled.

A significant number of the consultees had been or were actively seeking sites in and around Bath and had considered a range of site opportunities in the recent past that had not come to fruition for a variety of reasons (see 'Barriers to Investment').

7.3.4 Interest by Location

Bath is a very tight city centre, constrained by both its historic fabric and its physical geography. The majority of hotel developers wanted to be in the city centre, but appreciated the difficulties of achieving this. There was no clear awareness of the definition of the city centre and edge of centre in planning terms – most were judging sites in terms of their 'walkability' to the shops and restaurants and other entertainment that the city has to offer. The Express by Holiday Inn was seen as being the limit to this.

In the city centre, proximity to 24-hour parking and the railway station was felt to be an advantage, and to the drivers of leisure and business demand; in reality however the city is very compact, so many locations could meet this requirement. Some types of offer will be looking for a character property e.g. boutique hotel offers which again may dictate location.

There was however also interest in developing outside Bath – the Hilwood Hotel site – Bailbrook House – being an example, seen to be a destination site but well-located in terms of traffic travelling into Bath from the A4 London.

Some of the budget hotel operators indicated that they may be prepared also to develop elsewhere in B&NES, with principal interest being along the A4 at Keynsham. These would likely be smaller units. There was no identified interest from hotel brands in Norton Radstock. There was however general interest in the development of quality inn accommodation in the market towns/rural area from a pub/hotel operator.

7.3.5 Other Requirements

In terms of **size of hotel**, most hotel brands have one or more standard models that they employ in different situations: boutique and town house hotels tend to be relatively small (30-70 rooms); core brand budgets are commonly 40-60 rooms; upper tier budgets 100-120 rooms, and 3 and 4 star hotels 120-200+ rooms. In Bath, most of the respondents wanted to develop their larger models, and if they have several models in terms of standard were often looking at the more up-market offer – or even developing more than

one offer. This is a function again of the difficulty of getting into the market here, and of making the most of any site that can be secured. There is an expectation of having to pay top end rates in terms of site deals and of high development costs due to the sensitivity of a heritage city. Making the most of the site in terms of volume and room rate charged therefore is a natural strategy to maximise returns and make the development and operation stack up. However, in Bath, the nature of the opportunities may not permit an optimum sized unit to be developed, and may limit large luxury offerings being delivered that have a substantially larger floorspace requirement per room.

The **type of deal** sought by consultees varies according to their interests. Whilst in some circumstances certain operators will only take freehold or long leasehold sites – and a number of those we spoke to did prefer this option – in Bath where opportunities are so few and far between most would look at the range of options including shorter leases, joint ventures and management contracts just to get representation here. A number of the multiples were only looking at management contract or franchise routes currently due to the availability of funding.

The availability of **parking** is recognised as an issue in Bath, but hotel operators were not put off by the lack of dedicated parking, provided this did not put them at a competitive disadvantage. Most like, if possible, to have a small allocation and potentially a drop-off facility, but feedback from the majority was that provided there was public parking within a reasonable walking distance, with 24 hour access, this would be workable. The more up-market offerings attached a greater importance to the availability of dedicated parking, bearing in mind the amount their guests will have spent on their stay, and the fact that the majority of the hotel market still arrives by car, they felt there was an expectation of on-site, secure parking being available.

Hotel developers and operators were looking for a mix of **conversion and new-build** opportunities. Some have more rigid brand standards that are difficult to deliver in a conversion, and appreciated the difficulty of adapting some of the sensitive buildings that might be on offer in Bath. In such cases new-build would be preferred. Where brand standards are softer, and where characterful properties are an integral part of the offer, conversion may be preferred. Most of those interested had the flexibility to accommodate either approach, especially given the limited availability of sites here. Cost however is clearly a factor here, as additional expense can push a marginal project over the edge in terms of viability. The opportunity to secure good room rates and occupancies in Bath however does give some scope for thinking ‘outside the box’ in terms of standard versus tailored designs.

7.3.6 Barriers to Investment

By far the biggest obstacle to investment identified by hotel developers, investors and operators was the difficulty of securing sites in Bath. All those we spoke to flagged this up, with the main problems being:

- Availability of land – a tight city centre with limited ability to develop to any significant height;
- A sensitive fabric, making conversion often difficult and expensive;
- Competition from other uses – particularly residential but also retail and office, albeit that demand has dropped back during the current downturn;

- Site values and expectations – particularly in the light of strong competition from other uses and the values these generate, which hotels often struggle to compete with;
- Timing in terms of when identified sites might come forward;
- The current aspect and wider environment of some of the sites coming forward on the fringes of the city centre.

In terms of looking at alternative sites for development, the fact that many Councils – Bath included - don't regard hotels as an employment use can often preclude them from being considered for development on protected employment land. Some Councils are however beginning to move on this, recognising that hotels themselves are employers and generate spend in surrounding businesses that supports additional jobs.

The table below provides information on the potential numbers of jobs that could be created by hotels of different standards. In general terms higher quality full service hotels employ much higher numbers of staff than budget and limited service hotels. Restaurants and pubs that are often developed alongside budget hotels may also create additional employment.

Table 7.2 Hotel employment ratios

Hotel	Number of jobs created by a 100 bedroom hotel
4 star hotel	80
3 star	33
Budget/ upper-tier budget	22
Economy	10

Source: Hotel Solutions

Hotel companies are increasingly prepared to consider being part of a mixed use city centre scheme, but recognise that there a number of pitfalls in terms of:

- A lack of control over ownership, development and operation;
- The length of time they take to come to fruition;
- The difficulty of keeping the vision and commitment together that means they can fall apart at any time;
- The complexity of development;
- The fact that the hotel at a lower value often gets pushed into a less favourable/visible location within the mix, or squeezed out of the development altogether.

Congestion in the city centre and availability of parking were recognised as difficulties in Bath but at this stage, and given the perceived strength of the market/under-supply of rooms, were not putting investors off – rather most felt this was something that could be overcome. Several quoted experiences of having found solutions in other tight city centres through e.g. shared parking with complementary users and negotiating space in public car parks.

Whilst there remains this strong level of interest in Bath, a number of developers and operators indicated that they were not spending any focused time and effort on the city

exploring opportunities because they were so well aware of the difficulties in securing something here. A lot of hotel development is opportunistic, and so their attention tends to get diverted to other strong locations where they can make something happen – and often where local authorities and regeneration agencies are aiding this process.

Although developers, operators and investors are still targeting Bath, getting schemes to fruition remains a challenge for many of the reasons identified above. During the course of our research, feedback from a number of consultees indicated that some of the schemes thought to be committed may be facing financial and technical difficulties - this could mean some of the schemes targeted for the short term may not be delivered as anticipated.

Despite the significant levels of interest in developing hotels in Bath, the difficulties being encountered suggest that if the Council wants to ensure delivery of specific hotel offers and/or secure hotel development on particular sites, there may be a need for greater pro-activity and closer working with the hotel development industry in order to make this happen.

7.4 Assessing sites for hotel development

The availability and deliverability of sites for hotel development has been identified as one of the key obstacles to investment by hotel developers. Any forward strategy will need to address this, and for this reason an element of sites assessment has been built into this study. Over 20 sites have been reviewed, a mixture of sites suggested by the B&NES client group, sites suggested by hotel developers and agents, and sites suggested by the consultancy team. The assessments have specifically focused on market potential and fit with operator requirements in each case, but where available information on planning status and suitability, likely timeframe to delivery and details of any specific site proposals have been built into the assessment framework. More detail on each of these locations can be found in Appendix 6.

We offer the following comments in overview:

- There are a lot of good potential sites suitable for hotel development in and around Bath city centre, in terms of site requirements specified by operators.
- The fact that so little has happened in terms of new hotel development in Bath, despite active interest, is testament to the difficulty of delivering these sites with the main obstacles being:
 - Availability, particularly in the short term;
 - Value, often pushing schemes to the limit of their commercial viability;
 - Competition from alternative/higher value uses;
 - Difficulty converting existing buildings whilst reflecting the needs of planning, a sensitive fabric, and adhering to brand standards;
 - Complexity of development, particularly in mixed use schemes and where there is joint ownership;
 - High development costs, also impacting on viability.

- Whilst in planning policy terms hotel is an acceptable town centre use, there are no sites specifically allocated for hotel, and therefore no certainty of a hotel being delivered.
- Hotel uses feature in a number of site proposals currently, most usually as part of mixed use schemes. To some extent this may be a sign of the times as demand for residential, retail and office use has weakened during the current economic downturn. A resurgence in these markets in the future could see hotel uses being squeezed out of these schemes on value.
- The combination of the current economic downturn and the preparation of the LDF presents a window of opportunity to identify and secure sites for hotel development.
- A laissez-faire approach on behalf of the Council could result in hotel schemes coming forward that might not be on the optimum sites from a destination perspective, or that might not deliver the hotel offers that could be of greatest benefit to the wider tourism and regeneration objectives of Bath as a visitor and business destination.
- The Council can influence this process to some extent through greater pro-activity, the main tools being:
 - Allocation - safeguarding a site or sites for hotel use;
 - Including hotel needs and potential in the development of forthcoming masterplans, development briefs and Area Action Plans, depending upon the routes chosen to progress the LDF;
 - Promoting sites in Council ownership for hotel development;
 - Working with developers/site owners to influence scheme content in line with the identified hotel potential;
 - Working with hotel operators, potentially even targeting those that best match destination aspirations, and putting them in touch with developers and site owners;
- Potentially a mixture of these approaches could be adopted. One recent Council the consultancy team have been working with have allocated 3 sites that would deliver the low growth number of rooms as identified in the forecasts, giving certainty that this at least would be delivered. They have refined a larger list of sites with potential for hotel development and amended their development management policies to accommodate this, then leaving it to the market which of these will come forward. At the same time their Regeneration Team are following up identified hotel developer interest, making sure that potential developers are aware of these sites and providing market information and other support to them as they further assess potential and negotiate on specific opportunities.
- If the Council is to attempt to steer hotel development in this way, it will need to have a clear strategy in terms of what it is trying to achieve. This study has identified market gaps and potential for budget hotels, mid-market hotels, large quality hotels with conferencing, boutique hotels, hostel accommodation, and innovative and 'hip' offers. Given that the market forecasts indicate a likely growth in the market to support up to 760 new rooms, the future strategy will need to attempt a prioritisation

of these offers alongside a prioritisation of site opportunities that will then shape future action and policy-making. In the concluding section of this report we look at the particular benefits that each type of hotel offer could bring to Bath, together with any potential downside in terms of impact, as the basis for debating these options further.

- At the same time it is important to bear in mind that the Council can only do so much; it will be difficult to restrict hotel development or prevent hotel development going ahead if the site is located in the city centre, does not contravene any other policies and the scheme is well-designed. Given current levels of activity and interest, time would seem to be of the essence.
- The table overleaf provides a brief summary of the strongest potential hotel sites in terms of timescale for coming forward and what type of offer they might best deliver.
- In the short term:
 - The sites that could come forward in the next 5 years are:
 - § Gainsborough
 - Bailbrook House
 - Southgate Centre
 - Saw Close
 - King Edwards School
 - Green Park House
 - Kingsmead House
 - Hygate
 - Between them they could deliver over 600 new rooms subject in some cases to resolving planning policy conflicts / constraints
 - Most have active interest currently and are in the city centre or an edge of centre location (with the exception of Hygate)
 - They could deliver a mixture of luxury/spa, boutique, budget and mid-market offers but not a large 4 star hotel.
- In terms of sites that could accommodate a large 4 star hotel with extensive conferencing, these include:
 - Manvers St/Royal Mail
 - Podium/Cattle Market/Hilton
 - Avon St Car/Coach Park
 - Green Park Station
 - The above sites could theoretically also accommodate other forms of hotel offer.
- Sites with particular potential for boutique hotel development¹⁶ because of their size include:
 - Guildhall
 - King Edwards School
 - Saw Close
 - Southgate Centre
 - Green Park House

¹⁶ As these hotels are small they could be accommodated on most of the other sites considered.

- Sites with potential for budget/mid-market hotel development include:
 - Bath Western Riverside
 - Hygate
 - Green Park House
 - Kingsmead House
 - Southgate Centre
 - Any of the large sites flagged up for 4 star development above.

Table 7.3 Potential hotel sites & what they might deliver

SITE	TIMEFRAME	SIZE OF HOTEL	HOTEL OFFER FIT
CITY CENTRE			
Gainsborough ⁶	Short Term ¹	Medium ⁴	Luxury spa
Southgate Centre ⁶	Short Term	Medium	Budget/mid-market/boutique
Manvers Street/Royal Mail	Medium/Long Term ²	Large ⁵	Any – potentially premium/4 star
Guildhall	Medium Term	Medium	Boutique
Podium/Cattle Market/Hilton	Medium/Long Term	Large	Any – potentially premium/4 star
King Edwards School	Short Term	Small	Boutique
Saw Close ⁶	Short Term	Small ³	Boutique
EDGE OF CENTRE			
Avon St Car/Coach Park	Medium Term	Large	Any – potentially premium/4 star
Green Park House ⁶	Short Term	Medium	Budget/mid-market/boutique
Kings Mead House ⁶	Short Term	Large	Mid-market/budget boutique
Charlotte St Car Park	Medium/Long Term	Large	
Green Park Station	Medium/Long Term	Large	Any – potentially premium/4 star
OUT OF TOWN			
Bath Western Riverside	Medium Term	Medium	Budget
Hygate, Lower Bristol Road	Short Term	Medium	Budget
Bailbrook House ⁶	Short Term	Large	Luxury/Spa
BEYOND BATH			
A4 Corridor, Keynsham	Medium/Long Term	Small	Budget

Notes:

- 1 Within the next 5 years
- 2 Post 2016
- 3 Typically up to 50 rooms
- 4 Typically around 100 rooms
- 5 Typically 150-200 rooms+
- 6 Current scheme/active interest

7.5 Key points

The research to date has clearly shown:

- Strong demand and growth potential in the Bath hotel market;
- Significant levels of interest in Bath and current site-finding activity from hotel developers, operators and investors;
- Some potentially strong hotel sites, a number of which could come forward in the short term;
- Some obstacles to deliverability of sites that have prevented hotel development being delivered in the city centre;
- An opportunity for the Council to manage hotel developer interest and prioritise sites to fit with the destination vision;

8. TOWARDS AN ACCOMMODATION STRATEGY

This chapter draws on the findings of our research and discusses the policy implications and the opportunities. In some areas, where the way forward seems clear, we have recommended a particular approach but in other places where there are more choices we have reviewed the various options. The final strategy to be adopted will depend on the weight which the Council decides to give to particular objectives and also the trade-off between the visitor economy and other considerations.

We begin by focussing on the City itself and then go on to look at accommodation needs in the wider District.

VISITOR ACCOMMODATION IN BATH

8.1 Key findings

The main conclusions findings from our research and analysis can be summarised as follows:

Bath accommodation is performing well by national standards and there is scope for attracting further hotel development. This is evidenced by occupancy levels and achieved room rates above the national average and is reflected in the high level of interest from hotel developers. Business is currently being turned away at weekends.

Further evidence for this comes from the benchmarking exercise which suggests that Bath has rather less hotel accommodation than other historic cities of comparable size and status and large, branded hotels appear less prevalent.

Demand in Bath is driven by leisure tourism which accounts on average for two thirds of room nights. This means higher occupancy rates at the weekends. Hotels are commonly turning business away on Saturday nights although all have spare capacity during the week when demand is less strong. The low corporate demand in the week does impact on the financial attractiveness of new development. Nevertheless, despite this imbalance hotels are managing to achieve high overall occupancies and room rates. The latter are helped by a significant amount of double occupancy.

There is positive feedback from existing business and leisure users about accommodation in Bath. There is no indication that this is putting people off visiting Bath although price/value for money comes in for more criticism than other aspects. We don't know, however, what people who don't come think.

Compared to other similar places there has been relatively little new development or expansion in the hotel stock over the past decade. This is surprising given the levels of performance. This suggests that Bath is a difficult place in which to develop a perception which is widely shared by developers. There are various factors operating including high cost of land, shortage of suitable sites, difficulties of converting listed buildings and the

planning constraints associated with a WHS. This may constrain future development potential.

Despite this, there is currently strong interest from developers and hotel operators in getting into Bath, at all levels from budgets through to 4/5 star. Bath is seen as a desirable destination to be in and a number of planning applications are being considered or likely to come forward. Developers are primarily interested in the City centre and are looking for hotels of 100+ rooms although boutique hotels can be smaller than this.

Bath is identified as one of 21 centres which will drive growth and prosperity in the SW region and over the next twenty years there will almost certainly be a significant increase in economic activity and new housing in the area. Whilst the recession will cause a temporary setback, over the longer term jobs and population could increase by 20-25% over the next 20 years in B&NES. There is also scope to expand leisure tourism in Bath which is a leading visitor destination with an international profile. These factors will fuel a demand for visitor accommodation.

This is a period of major change in Bath with significant opportunities for new development in and around the City centre. A major planning exercise (LDF) is underway to set the framework for the future. These periods of change and renewal come up relatively infrequently in a place like Bath, so it is important to get it right. There are a number of sites likely to come on-stream in the centre which could accommodate hotel development although hotels will have to compete against other uses both in terms of land value and potential benefit.

We estimate that projected growth in demand could support an additional 256-376 rooms by 2016 and 444-761 rooms by 2026. The higher figures represent an increase of 25% and 52% over and above the 2008 stock. This could mean somewhere between 4 and 8 hotels by 2026 depending on the mix.

This is unconstrained projection, it takes no account of land availability or the relative cost of developing in Bath. Neither does it imply the Council has to satisfy the demand if other policy considerations or competing uses are deemed to be more important.

Whilst we have largely focused on the hotel sector Bath has a strong, traditional guest accommodation sector which provides just over a third of all serviced rooms. It also has a significant self catering accommodation sector. Both of these sectors are providing a valuable resource, diversify the offer and should be retained whilst market demand continues to exist. The impact of expanding the hotel stock on these sectors needs to be monitored.

8.2 What happens if demand isn't met?

There are implications of not expanding supply in line with demand.

- The targets set down in the DMP are unlikely to be realised, unless there is a major increase in staying tourism midweek, as hotels are operating near capacity at weekends.

- It will constrain the growth of leisure tourism. Much of this is discretionary and if the right accommodation is not available at the right price then some of this will go to other places. Different or new hotels can help stimulate demand.
- People may still visit Bath but stay elsewhere, adding to congestion without bringing wider economic benefits.
- Hotels are part of the basic economic and social infrastructure of a place. Whilst people appear relatively satisfied at present a growing business community and population will demand a better range of facilities.
- An opportunity will be lost to create employment and jobs and add to economic diversity.
- It will project an image of Bath as a place which is a bit of a backwater, resistant to change and somewhat complacent. Sticking to traditional ways of doing things can be positive in terms of promoting distinctiveness but is probably not in line with the aspirations Bath has for its future.

In practice the room for manoeuvre in stopping new hotel development is limited. Whilst the Council could turn down applications for specific sites on various planning grounds, given the scale of demand and existing status of Bath some expansion of the hotel bedstock is inevitable. A more likely scenario is that high land values, planning constraints and competition from other uses (offices, residential, retail etc) will constrain new development. A more constructive approach would be to positively plan for new hotel provision.

8.3 Wider aims

The right strategy and development mix depends on what the Council ultimately wants to achieve although this clearly also has to be tempered by what is feasible. Bath is relatively fortunate compared to many other destinations in that there seems to be a strong demand from most sectors of accommodation. Bath has choices.

The Destination Management Plan and other policy statements point to the following aspirations for Bath:

- § To build on Bath's strengths and unique heritage as a basis for future prosperity - a city which celebrates its past but also looks to the future.
- § To enhance the standing and image of Bath as a desirable place in which to live work and visit. A living, vibrant city centre with a mix of uses.
- § A need to diversify and grow the economic base and create more jobs.
- § A strong emphasis on attracting the creative and cultural industries and retaining a distinctive, independent offer.
- § A high quality of design and public realm.

In terms of tourism, the objectives are to:

- § Maintain a thriving and sustainable tourism sector which brings real benefits to the wider area.
- § Achieve managed growth in tourism with an emphasis on increasing value rather than volume.
- § Diversify the tourism base and extend the season

- § Target adults, young and old, primarily on short stays, seeking an sophisticated, urban experience.

The target in the DMP is for an increase of c10% in volume by 2016. As a rough guide we estimate that an additional 100 hotel rooms equates to an increase of around 2% in overall bednights. The high projection of 376 rooms by 2016, therefore equates to about a 7% increase in bednights. This doesn't take account, however, of visitors who use other forms of accommodation, which account for about half of all staying visitors. Growth is likely to be lower as there is less scope for expansion but added to the 7% is likely to bring us pretty close to the 10% target. This suggests our projections are in line with the strategy set out in the DMP.

8.4 Development priorities and choices for Bath

In the light of our research and the above objectives we recommend that the Council encourages an increase in the supply of accommodation in Bath over the plan period to meet projected demand and enable tourism to expand. Our projections (mid point growth) suggest there is scope for around 300 additional rooms by 2016 and 600 extra rooms by 2026. These figures are only a guideline to potential and there is scope to adjust these up or down if growth proceeds at a slower or faster rate. We have provided a range of projections covering the most likely scenarios. These rooms are primarily required in an area within walking distance of the City centre.

The mix of accommodation type required is less set in stone and partly depends on what the Council wants to achieve although we have given some indication of how the demand may be distributed by accommodation grade. Influencing the mix is not easy. It is difficult to determine this through planning control alone as there is nothing to stop a hotel operator subsequently changing the grading of a hotel. If the Council wants to shape the style and type of accommodation it will have to act more proactively by acting as a broker for development or using its land holdings.

We discuss the pros and cons of the different development options below.

8.4.1 Budget hotels.

By budget hotels we mean the branded chains such as Travelodge, Holiday Inn Express offering modern, limited service accommodation. Budget hotels serve both the leisure and business market and offer a standardised and reliable product at a good price and we believe a range of branded budget hotel accommodation is an essential and expected component of local infrastructure. We think there is scope for some modest expansion in budget accommodation which is meeting a demand and will help address concerns about price. Budget chains will also help generate some additional supply-le demand through their centralised marketing and reservations systems.. It would be a mistake, however, if budgets were allowed to dominate the mix at the expense of other types of accommodation.

Developers are likely to be looking for sites which can accommodate up to 100 rooms. Ideally it would be in Bath's interest to attract a brand which isn't currently present or which adds a different flavour or twist. It would also make sense to steer budget accommodation to more peripheral sites.

<p><u>Pros</u></p> <ul style="list-style-type: none"> § Under-representation in Bath § Active interest from developers § Inclusive accommodation, provides good value for money and counters view that Bath is expensive § Satisfies leisure and business market, Expected part of infrastructure § Spin-off for local restaurants § Can generate own business through strong brand and referrals § Variation within sector 	<p><u>Cons</u></p> <ul style="list-style-type: none"> § Low employment generation § Expansion might undermine 3 star and GH sector § Achieving high quality design may be more difficult § Uniform standardised product, not distinctive to Bath § Attracts low value tourism
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8.4.2 Boutique hotels

Boutique hotels can be independent or part of branded chains. They generally compete in the 3 and 4 star market but offer a cool, design-led take on hotel accommodation, are often located in characterful buildings with a good food offer and tend to be smaller than the big chain hotels. They attract a younger, affluent segment of the market, can develop a high profile and generate their own following. There is a developing budget boutique sector which is offering a stylish product in a lower price bracket.

This product is under-represented in Bath, fits in well with the character of the place, can work on difficult and smaller sites and would add to the overall mix. We think this should be a priority for Bath and that there is scope for two or more boutique hotels in the short to medium term. This more than anything would help strengthen Bath's image and presence. Developers are looking for hotels of 50-100 rooms in size.

<p><u>Pros</u></p> <ul style="list-style-type: none"> § Bath is clearly under-represented in this sector at present § Cool and funky appealing to a design conscious, younger and affluent audience § Looking for smaller hotels (<100 rooms) and can do difficult sites / conversions § Distinctive and profile raising § Operator interests in Bath § Boutique brands can generate their own following § Often allied to good food offer 	<p><u>Cons</u></p> <ul style="list-style-type: none"> § Possibly more difficult to identify the right operator as more fragmented § Will compete with existing 3 and 4 star product and upper end of guesthouses § Fashion driven and fickle market
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8.4.3 3 star hotels

Bath is reasonably well off for 3 star accommodation and boutique hotels are broadly operating at this level. It does lack larger branded hotels, however. We have identified

some interest from 3 star chain hotels in developing in Bath, most of which would be looking for a hotel of 150-200 rooms. This would add hotel capacity and introduce another national brand which would generate some of its own demand. It could also bring in improved conference facilities. Faced between the choice of a 3 star and 4 star brand, however, we think the latter has certain advantages. It is unlikely Bath could accommodate both in the short to medium term.. Expansion of the existing 3 star hotels should be looked on favourably.

8.4.4 4/5 star hotels

Bath is already well-off for 5 star hotels and the proposed Gainsborough will add an additional 114 rooms. We don't think there is a case for trying to attract more capacity in this sector.

Bath has relatively few 4 star hotel rooms and also lacks a larger branded hotel with an international profile. 4/5 star hotels generate higher levels of employment (Table 7.2) and come with more facilities. We have identified some interest from 4 star hotels, generally looking for sites to accommodate 200 rooms.

Whilst this would be a large single addition to the hotel stock we think there is an argument for attracting an international 4 star brand to the City. This would be a positive asset in attracting overseas visitors and we think it offers potential to develop more extensive conference facilities which in turn would have spin-off for other accommodation establishments and help boost mid-week business. One of the hotel developers we have spoken to is interested in pursuing this. Such a hotel would need a larger, more prestigious site. We think this is an opportunity worth exploring and we discuss the conference centre idea in more detail later in this section.

<u>Pros</u>	<u>Cons</u>
<ul style="list-style-type: none"> § Bath has few large hotels. § Branded hotels will help generate market. Name recognition can be important for overseas market. § 4 star have extensive conference and leisure facilities § Big branded hotel necessary to support conference centre . § Higher design quality can be expected § 4/5 star generate higher employment 	<ul style="list-style-type: none"> § Larger hotels, 200 rooms need bigger sites § Big addition of rooms may depress occupancies § National brands are a standardised product, not very exciting § Lack of mid week corporate demand may be an issue

8.4.6 Hostels

Hostels are a special niche in the guest accommodation sector serving a younger, price conscious market with a strong international profile. There is a limited provision in Bath at present but a strong demand and we think this fits in well with the idea of attracting a more youthful, cosmopolitan market. We think there is scope for some modest expansion or additional developments.

8.4.7 Guesthouse sector

The guest accommodation in this sector is very diverse and largely consists of small independently owned and managed establishments. It is a strength for Bath, has its own market appeal and can offer good value accommodation, although rates are generally high in Bath. There is concern amongst the guest accommodation sector that new hotels, especially budget hotels, will impact on viability and cause a contraction of the sector.

Influencing the supply of accommodation in this sector is difficult as it largely depends on the availability of suitable properties and business decisions by individual owners. This is as much driven by residential values as anything else. Current planning policies are reasonably flexible about allowing change of use from residential to guest accommodation and vice versa. There is no hard evidence to suggest whether the sector is shrinking or expanding. Some places elsewhere in the UK have introduced planning policies to prevent loss of visitor accommodation and this is something that could be considered in future if the sector appeared to be eroding.

The aim should be to retain a viable guest accommodation sector in Bath. We recommend that planning policies should remain reasonably flexible to permit people to move in and out of the sector but there should be closer and more systematic monitoring of openings and closures to determine what is happening to the sector as a result of market changes and new hotel development. Policies may need to be reviewed if there appear to be major changes occurring in the stock.

8.4.8 Self catering

This is a useful addition to the offer in Bath. Like the guesthouse sector, supply is largely outside the Council's influence but a flexible approach in terms of planning should be maintained.

Aparthotels and larger serviced apartment complexes are a relatively new addition to the accommodation stock and compete with hotels. There is only one such complex in Bath at present but there is scope for further development. This needs to be evaluated against the scope for increased hotel rooms.

8.4.9 The case for a conference centre

Corporate demand for hotel accommodation is relatively weak in Bath resulting in lower occupancies in the week. One way of boosting this would be through attracting larger residential conferences and meetings to the City.

Existing hotel conference facilities can take up to a maximum of 200 people. Whilst there are other venues that can take more than this they are limited in terms of the standard and range of facilities they can offer and in practice Bath attracts very little conference activity from outside the immediate area. Even if Bath did attract a large conference to one of these venues there are no large hotels to accommodate the delegates. This limits the potential of Bath's conference marketing.

This has long been acknowledged as an issue and two previous studies¹⁷ have reviewed options. The earlier study favoured a 1000 capacity, flexible space conference centre, whilst the most recent study favoured a 450 seat multi-use facility. Both studies recognise that the majority of conferences are small (only c1% involve 500 delegates or more) and that successful modern centres require flexible spaces, breakout rooms, and space for catering and exhibitions. More recently a study has been undertaken looking at the feasibility of adapting and updating the Forum for conference and cultural use and is the subject of further on-going work. This would provide a rather larger capacity facility, capable of accommodating up to 1500.

We are of the view that developing some form of medium size conference facility makes a lot of sense in tourism terms for Bath and would help to diversify the tourism base and spread demand more evenly. A centre needs to offer larger and better facilities than those provided in the existing hotels but not as large as facilities in the major cities because Bath is unlikely to be able to compete with Birmingham, Manchester or Edinburgh. This suggests a centre with a capacity of c500 but capable of being split into smaller spaces and with a range of ancillary and support facilities such as catering, break out rooms and exhibition space. It is likely to have to be multi-use in nature.

The aim is to attract new, discretionary business to Bath from outside the immediate area. Simply duplicating facilities which rely on local businesses in the sub-region for patronage would be of no real benefit. If such a facility, backed up by a professional marketing team could be developed it could generate a significant amount of additional bednights for the City. It would also require some additional hotel accommodation in the form of a larger hotel of 200 rooms or more but there would also be spin-off for other accommodation.

We don't underestimate the difficulties of developing such a centre which will almost certainly require some form of support from the public sector and the identification of a suitable site; Avon Street and Bath Western Riverside are the front runners. The Forum proposal is an interesting idea, however, which is worth exploring further. If this goes ahead it would strengthen the case for a new 4 star hotel.

Another possibility referred to earlier is to attract a larger hotel operator which is interested in providing large conference facilities or working with the Council in some form of joint venture to create a new centre. This could be of advantage to both parties. One of the developers we have contacted is interested in exploring such an option and there may be others. There are proposals to do this in both Oxford and Cambridge.

8.4.10 The impact of a casino

Bath has been designated as a site for one of the new casinos and will be seeking proposals in 2010 from operators for a license to develop and run a small casino¹⁸. It is expected that Bath will be an attractive location to operators. Experience from other places suggests that a casino will primarily draw on a local catchment for the bulk of its users with visitors providing a valuable additional audience.

¹⁷ 2001. Conference Centre Study DTZ, Peda. 2007 Cultural Study. ABL consulting.

¹⁸ Gaming area of 750m²-1500m², plus 80 gaming machines.

A casino is unlikely to generate enough demand to underpin a new hotel development by itself but it could add to the viability and attractiveness of a mixed-use development in which a hotel may be one element. It will certainly add another dimension to the visitor offer in Bath (rather like the Thermae Spa), which will reinforce and strengthen Bath's appeal as a leisure break destination. It may also boost business visitors' interest in staying in City centre hotels as opposed to outside. The overall impact on accommodation is likely to be modest but positive.

8.4.11 Car parking issues

Car parking is an issue in the city centre. Whilst some hotels have dedicated parking many do not and this adds to operational difficulties and costs. The top end hotels tend to use valet parking but others rely on guests with cars finding spaces in existing car parks.

Prospective developers and operators appeared to be relatively relaxed about this as long as there are sufficient spaces in public car parks within easy walking distance. Many were prepared to trade off the advantage of a central location in a tight city centre for some inconvenience. 4/5 star hotels attached greater importance to having some on-site parking. Nevertheless, it will be important to consider the requirements of hotels for parking when reviewing parking provision and policies in the City centre as a lack of parking can cause significant operational difficulties.

There are no mandatory parking requirements for new hotels at present. The Council will consider hotels leasing dedicated spaces in car parks (current £2400pa) and hotels are able to purchase pre-paid day tickets in bulk to give to their guests which entitles them to park in designated car parks. Outside the centre, in controlled parking zones, hotels and guesthouses can purchase a certain number of permits for guest parking.

There is likely to be a reduction in the number of parking spaces in future in the City centre and with more hotels envisaged the parking situation will get worse. This could deter development and certainly increases operating costs. The current cost of a dedicated parking bay essentially adds £10 to the cost of providing an overnight stay.

The Council is currently reviewing its parking strategy as part of the work on the LDF and hotel parking requirements need to be taken into account as part of this. It is not realistic to assume that all hotel guests will arrive by public transport or can be induced to use park and ride. If this is a requirement then the strategy of locating new hotels in the City centre may need to be revisited.

Consideration should be given to the following:

- Undertaking a survey of central hotels and guesthouses to determine external parking requirements to get a better feel for the scale of the problem. This will vary across the week and year.
- Requiring new hotel developments to accommodate a percentage of parking on site where this is feasible.
- Ensuring that dedicated parking bays in car parks are available for those hotels wishing to lease them (number dependent on numbers of rooms). The length of lease and cost may need to be reviewed.

VISITOR ACCOMMODATION OUTSIDE BATH

We now turn to look at accommodation in the rest of the district.

8.5 Overview

Our research shows that:

- Visitor accommodation outside Bath is more limited in scale and is largely concentrated in the BA1 and BA2 postcodes. There is a broad range of accommodation comprising hotels, guest accommodation self catering cottages and caravan and camp sites.
- In general, this is achieving lower levels of occupancy than the accommodation in Bath itself, but nevertheless is still performing reasonably well for a rural area. Operators we have contacted are reasonably optimistic about past and future prospects.
- There is no evidence of any great development pressure or interest in this area. A significant area is designated as green belt or AONB so major development outside existing settlements is highly unlikely.

Aspirations for the rural areas and market towns as expressed in the DMP and other sources are to:

- § Accommodate projected growth in employment and population and ensure a balance between housing expansion and jobs.
- § Revitalise and regenerate the market towns of Keynsham and Midsomer Norton/Radstock and diversify the local / rural economy.
- § Protect and enhance the environment of the undeveloped rural areas and restrict development.
- § Spread the benefits of tourism more widely to benefit areas outside Bath and to ease the pressure on Bath.
- § Encourage linkages between city and surrounding area to extend the tourism offer.

In the light of the above we think the appropriate accommodation strategy for the rural areas and market towns should be one of small scale, incremental growth capitalising on the area as a base from which to visit Bath , the Cotswolds / Mendips and to enjoy activities and scenery in the surrounding countryside. There is little demand or opportunity for major accommodation development in this area but some limited expansion of activity will help to contribute to local economic vitality. We outline where we seen the main development priorities in more detail below.

8.6 Development priorities for the rural areas and market towns

8.6.1 Hotels

There are a relatively small number of hotels outside Bath, mostly quite limited in size, but varying in quality from quite luxurious 4 star country house hotels to 2 star town hotels. Some may have scope for adding rooms or new leisure or meeting room facilities and applications for these should be treated positively,

The main development opportunity for new hotel accommodation is likely to be in Keynsham. This area which looks more to Bristol than Bath, is poorly provided with hotel accommodation, is strategically located on the A4 corridor and there is likely to be growth in population and economic activity. There is also some developer interest here. We believe the main opportunity lies with a mid-range budget hotel of 50-100 rooms.

Outside this we have not identified any demand or interest in new hotel development and development constraints make this difficult. This doesn't mean that new projects might not come forward in future for country house style hotels or accommodation related to golf courses. We see no objection to such developments from a tourism point of view provided planning constraints can be overcome.

8.6.2 Other serviced accommodation

There is a small amount of guest accommodation (inns, B&Bs, guesthouses, etc) outside Bath, almost all provided by independent owner/managers, much of it in lifestyle businesses. This is a valuable addition to the accommodation stock but it is small scale and difficult to influence and stimulate the supply.

We think there is potential to expand this type of accommodation, particularly in small settlements where there are other services and in relation to recreation opportunities such as long distance footpaths, the national cycle network and Chew Valley Lake. Where relevant, planning policies should allow and encourage this type of activity.

There is also potential for the small scale addition of rooms to pubs and developing restaurants with rooms. These provide a robust business model, can offer a high quality and distinctive product and enable independent operators to break into the accommodation sector.

8.6.3 Self catering accommodation

Just under half of the self catering properties in Bath & North East Somerset are outside the built up area, largely consisting of single cottages or small groups of them. There are no large complexes. This has been a buoyant sector of demand for UK tourism and is generally a high quality product. Again, it is largely provided by individual owners, many letting second homes or inherited property, so it is difficult to influence supply. and this also falls outside planning control. Some are the product of farm diversification.

We think that this is a sector with some potential for further growth. Opportunities exist for small scale development, including redundant farm buildings, and outbuildings

associated with hotels, existing visitor attractions and activity centres. Planning policies are already generally favourable to this type of development.

There may be potential for hostel development and bunk barn accommodation aimed at walkers and the outdoor activity market. We are aware of a proposal to develop something along these lines in Midsomer Norton. Again, this type of development is highly appropriate in rural areas, especially in existing settlements and adjoining recreational routes.

A new development in self catering which may have some relevance to this area is the luxury camping product. This takes a variety of forms but essentially provides tents with added facilities, sometimes taking the form of simple wooden structures. These capitalise on the current increased interest in camping, are quirky, different and cool. Examples include Feather Down Farms where tents come complete with wood burning stoves, Mongolian yurts, wigwam villages with small wooden 'A' frame sleeping huts, surf pods, and Land Arks which offer a zero carbon footprint (see appendix). These are often located on working farms or as part of an existing self catering development.

We think this could be made to work in B&NES and would add something different to the product. There is no obvious site. Chew Lake would be a good location where there is land owned by Bristol Water who also manage recreational facilities. However, it is an AONB and SSSI so development is likely to be problematic. There may be possibilities closer to Chew Magna Chew Stoke or Stanton Drew, however. Other possibilities include land adjoining one of the existing caravan sites or on a working farm somewhere else in the District.

There are four caravan (touring) and camp sites in the District which appear to be well used. Some are keen to expand and extend their opening periods to enable new markets to be accommodated. (The Good Practice Guide on Planning for Tourism supports a flexible approach to this). There has been a growth of interest in this sector and attractive sites in areas of interest are hard to find. This can be an upmarket product with appeal to the overseas as well as the domestic market. The Caravan Club are actively looking for sites (50-300 pitches) and would be interested in this area. If a suitable site could be identified this would be a sensible addition to the accommodation stock.

8.7 From strategy to action

The next step is to review the information contained in this report, agree priorities and draw up the preferred strategy for visitor accommodation in the City of Bath and the wider District which can be fed into the development of planning policies and the ongoing work on the Core Strategy of the Local Development Framework and associated Regeneration Delivery Plans.

The study should also be used to inform decisions on current planning applications relating to accommodation development.

The findings of the Study indicate there are options and choices with regard to the expansion of the visitor accommodation offer each of which have pros and cons. These

options need to be considered in the light of the aspirations for the development of the tourism sector in the Bath & North East Somerset area.

In **Bath** we recommend that the Council plans for the expansion of the hotel stock in the City centre within the range indicated by our projections. These are consistent with the targets set in the DMP. We feel there is a case for prioritising :

- A new 3 or 4 star branded hotel with a preference for a 4 star international brand if it can help secure or support significantly enhanced conference facilities.
- Attracting two or more boutique hotels.
- Some modest expansion of budget chain provision which diversifies the existing budget offer

In addition we propose that the Council should :

- Seek to maintain a viable guest accommodation sector. The impact of new hotel development on this sector should be monitored and policies reviewed accordingly.
- Encourage some modest expansion of self catering and hostel accommodation.
- Prioritise the search for ways to create a conference facility to boost business tourism midweek,
- Review car parking policy and provisions for hotels
- Consider the potential for the inclusion of visitor accommodation land uses into employment land use policies .

Outside Bath in the rest of the District, visitor accommodation is more varied, limited in scale and performs less well. There is little indication of any great development pressure and in much of the rural area there is a presumption against development.

Aspirations are to accommodate some growth in population and employment, to revitalise the market towns and diversify the local economy, spread the benefits of tourism more widely capitalising on the presence of Bath, and protect the quality of the environment.

In the light of the above we think the appropriate accommodation strategy for the rural areas and market towns should be one of small scale, incremental growth capitalising on the area as a base from which to visit Bath and to enjoy activities and scenery in the surrounding countryside.

We suggest the main opportunities lie with:

- Modest extensions to existing hotels.
- A new hotel in Keynsham in the medium term, probably a mid market budget hotel.
- Small scale accommodation extensions to pubs and restaurants with rooms.
- Conversions of rural buildings to self catering accommodation in existing settlements and associated with attractions, activity centres and recreational routes.
- The development of new forms of camping, probably on farms or close to settlements.
- Extensions to existing caravan and camp sites.

Planning policies alone cannot be relied on as the sole means of determining the scale, shape and mix of accommodation development. The danger is that too much development may take place too soon or perhaps none at all if Bath proves too difficult and expensive a place in which to develop. Other land uses may squeeze out hotels and constrain expansion or the wrong sort of hotel mops up the growth in demand and prevents the development of a balanced accommodation offer.

If the Council wants to directly influence the shape and size of the accommodation offer it will need to take a more pro-active role. Areas of possible intervention include:

- Publicising the results of this study and making information available.
- Targeting selected hotel operators and developers through site visits, presentations and seminars to stimulate interest.
- Allocating certain sites within the City centre for hotel use to protect opportunities for expansion.
- Acting as an intermediary to bring together site owners and preferred developers and operators.
- Using the Council's landholdings to secure particular developments and outcomes.

In other areas we have helped local authorities prepare and implement a **Hotel Investment Plan**. An outline of what this entails is given on the following page.

A HOTEL INVESTMENT ACTION PLAN

One of the final outputs of this study is the preparation of a Hotel Investment Action Plan. The Plan can only be drafted once the future strategy is agreed, but here we provide an outline of its purpose, coverage and the shape we would expect it to take.

The purpose of the Hotel Investment Action Plan is to provide a succinct and focused summary of the actions required coming out of the Hotel & Visitor Accommodation Study which can be used to drive forward the agreed strategy and keep tabs on progress – or indeed pick up where there is a lack of it – at individual task level.

In other destinations we have worked with, the HIAP has been steered by a small hotel investment group – usually made up of planning policy, development control, regeneration, tourism, estates and pulling in other expertise and inputs as required from both within and outside the Council. Whilst individuals within this group have led on implementation, certain tasks have been more appropriately delivered by others though still co-ordinated by the group. In some cases there may be an existing group who could take this remit on also. It does, however, need to be led by someone, who will act as hotel ‘champion’, retain the big picture overview of the hotel/development sector, and ensure that the programme of action is moving forward and is on the agendas of all those individuals and bodies that need to play a part in its delivery.

The introduction to the plan would normally re-state objectives and targets – the quality and quantity of hotel development sought and why – then set out the strands of action required to deliver this, eg:

- Pro-active targeting of hotel developers
- Handling of development enquiries/preparation of hotel investment materials
- Bringing forward sites for hotel development
- Disseminating study findings
- Monitoring demand, supply and the impact of new hotel development
- Inputting to the LDF/site allocations/development management DPDs

There would be multiple tasks within each strand of action. The structure of the document – usually prepared in Excel – enables the group to allocate lead and associate responsibilities, identify required resources (time/funding), and prioritise actions alongside one another. The consultancy team would normally make a start on this document providing the client group with some initial suggested tasks in each area, but one of the benefits in terms of moving forward and gaining ownership of a future programme of work is for the delegated group to decide what additional tasks are needed to move the action forward.

Clearly our team will need to be guided by the client group initially on the agreed strategy and priorities and how active the Council wishes to be.