# TENDRING COASTAL RESORTS

## HOTEL & GUESTHOUSE RETENTION STUDY

**Final Report**

Prepared for:
Tendring District Council

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hotel solutions
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# EXECUTIVE SUMMARY

## The Purpose Of The Study

- The Tendring Coastal Resorts Hotel & Guesthouse Retention Study has been undertaken for Tendring District Council to assist the Council in deciding whether to roll forward into its Local Development Framework its current Local Plan policy to resist the change of use of hotels and guesthouses in the centres of the Tendring resorts (Clacton-on-Sea, Frinton-on-Sea, Walton-on-the-Naze and Harwich/ Dovercourt). The study will specifically inform this issue in the Core Strategy & Development Control Policies DPD and the Clacton Town Centre Area Action Plan. The study also identifies what else the District Council and its partners could be doing to support the future development of the hotel and guesthouse sectors in the resorts.

## Current Hotel & Guesthouse Supply

- While Clacton-on-Sea has lost a lot of the hotel and guesthouse stock that it once had it still has a core of hotels and guesthouses, primarily in the centre of the resort. Hotel Solutions identified a total of 24 hotels and guesthouses in Clacton, with 380 letting bedrooms between them. Two thirds of this stock is located in the Local Plan Hotel & Guesthouse Protection Zone. Standards are highly variable: there are some good quality establishments that are fully en-suite and have seen recent investment but others that have few or no rooms en-suite and have not seen any recent investment. A number of properties are currently operating as HMOs in many cases without planning permission for this use. Clacton is however seeing renewed investment in its accommodation stock. A number of properties have new owners and operators that have invested in upgrading their facilities. A new Travelodge budget hotel opened in the resort in July 2009. Work is currently progressing on the redevelopment of The Royal Hotel on the seafront to provide a new quality hotel. Plans have also been put forward for the redevelopment of the Comfort Hotel to include hotel, conferencing and leisure facilities.

- Frinton-on-Sea and Walton-on-the-Naze have lost most of their hotel and guesthouse stock, including some fairly recent losses in Frinton-on-Sea to residential redevelopment. Both resorts only have a few small guesthouses remaining.

- Harwich has 18 hotels, guesthouses and pub accommodation establishments with a total of 160 letting bedrooms, split between Old Harwich, Dovercourt and Parkeston. Old Harwich is the location of Milsom Hotels' The Pier at Harwich boutique hotel[1]. The supply here is otherwise primarily pub accommodation establishments of variable quality. Dovercourt has lost most of its hotel and guesthouse stock including a number of hotels that have been demolished in recent years for residential redevelopment. The few remaining hotels and guesthouses here are of varying quality. Only one has seen any significant investment recently. The Premier Inn Harwich opened at Parkeston in 2005. It looks likely that Harwich will attract a Travelodge budget hotel at some point in the near future. The plans for the development of Harwich Navyard include a proposal for a 60+ bedroom hotel.

### The Hotel & Guesthouse Property Market

- The market for buying and selling hotels and guesthouses in Clacton-on-Sea was very buoyant until the end of 2007 but has since dropped back significantly in 2008 and 2009 as a result of the recession and downturn in the residential property market. While there are some signs of recovery, the market remains very weak and it could be some time before it returns to pre-recession market conditions.

- Hotel property agents advise that it is usually difficult to sell hotels and guesthouses that have become very run down and require significant investment to bring them up to modern standards, especially if they are no longer trading or operating as HMOs.

[1] High quality hotels that feature contemporary design, a good, usually fairly informal food offer, high standards of service and high quality furnishings and bed linen. They are usually fairly small properties, primarily run by independent hoteliers or small boutique hotel chains such as Hotel du Vin, ABode, Bespoke or Milsoms. They are often developed through the conversion of existing hotels, pubs or historic buildings of architectural merit.

## Hotel & Guesthouse Performance

- The hotel and guesthouse market in the Tendring coastal resorts is highly seasonal and weather dependent. Occupancies are high in the summer months and there is evidence of shortages of hotel and guesthouse accommodation in the resorts at this time of year. Occupancies are very low in the winter however. Weekend demand is generally stronger and less seasonal than midweek demand.

- Most hotels and guesthouses in the Tendring resorts consistently fill and turn business away in July and August both on weekdays and at weekends, especially if the weather is good.

- Weekend demand is strong throughout the year for many hotels and guesthouses. Some consistently fill and turn business away on Friday and Saturday nights for most of the year. Others only usually fill on Saturday nights and achieve much lower Friday occupancies. Some hotels and guesthouses achieve relatively low weekend occupancies outside the peak summer months. Sunday occupancies are low for all establishments throughout the year.

- All hotels and guesthouses achieve high midweek occupancies in the peak summer months. Some also achieve reasonably good occupancies in the shoulder season months, although not usually to the point where they are filling and turning business away. Midweek occupancies are low outside the peak summer season. Midweek occupancies are generally low in the winter for all hotels and guesthouses. The lower-priced hotels and pub accommodation establishments in Harwich are currently attracting high levels of midweek demand from contractors working on current wind farm projects, which they expect to continue for at least the next 18 months.

- Room rates for hotels and guesthouses in the Tendring resorts are generally relatively low. Very few establishments achieve higher rates.

- Occupancy performance varies significantly between hotels and guesthouses in the resorts depending on the quality of accommodation, food and service they provide and how effectively marketed they are, particularly in terms of marketing through Internet booking sites. Lower quality establishments that rely primarily on walk-in trade generally achieve much lower occupancies, certainly outside the peak summer season.

- A number of hotel and guesthouse operators in Clacton expect to see a drop in their occupancy levels in 2009 as a result of the recession affecting contractor demand and the impact of the Travelodge, particularly in terms of competing for contractor business in the winter. Others expect occupancy levels to remain the same or in some cases to increase as a result of new business through Internet booking sites and repeat business following investment.

- Established independent hotels in Dovercourt reported a significant fall in their occupancy levels following the opening of the Premier Inn at Parkeston in 2005. Their occupancies appear not to have recovered much since and remain very low.

- Budget hotel performance in Tendring is relatively weak compared to how such hotels typically trade in other parts of the country. The seasonal nature of demand and lack of midweek corporate business are the key factors behind this.

### Hotel & Guesthouse Markets

- Key weekend markets for hotels and guesthouses in the Tendring resorts are people attending weddings and family parties and people visiting friends and relatives. Weekend breaks are a strong market in Clacton, Frinton and Walton, but not really a market for hotels in Harwich. Hotels here attract strong weekend trade from ferry and cruise passengers in the summer months. These are also minor weekend markets for hotels and guesthouses in Clacton, Frinton and Walton.

- Key midweek markets in Clacton, Frinton and Walton in the summer months are short breaks and one and two week holidays. While demand is strongest for short breaks, hotels and guesthouses in the resorts still have a core clientele of regular guests for longer holidays. While many of these customers are now getting quite elderly, some hotels and guesthouses have started to attract a new generation of people in their 50s and 60s for one and two week holidays.

- The Clacton Air Show attracts strong demand for hotel and guesthouse accommodation in August, which spills over into the Bank Holiday weekend. The tennis and cricket tournaments and Mission Week in Frinton in July and August generate good demand for accommodation. There are otherwise no events that generate business for the hotels and guesthouses in the Tendring resorts.

- Coach holidays and breaks are an important market for one hotel in Clacton. The other hotels here that are large enough to cater for coach holidays do not take this business as they see it as being too low rated.

- The primary source of midweek demand for hotels and guesthouses in Clacton in the winter is contractors. Business visitors are a minor source of weekday trade. Other midweek markets are people visiting friends and relatives in the care homes and people attending funerals. These are the main midweek markets in the winter for guesthouses in Frinton and Walton. Hotels and guesthouses in Clacton and Walton also attract demand from people coming off the holiday parks in these areas during their winter closure.

- Hotels in Harwich attract a mix of contractors, business visitors and ships crews during the week, together with some midweek demand from ferry and cruise passengers in the summer. Low priced hotels and pub accommodation establishments here are currently attracting significant midweek demand from contractors working on the wind farm developments.

### Future Market Prospects

- There would appear to be good potential for growth in demand for short breaks and holidays in Clacton-on-Sea, Frinton-on-Sea and Walton-on-the-Naze given:
    - The planned regeneration of Clacton and Walton and their improving leisure tourism product;
    - The potential development of further events and festivals;
    - Effective marketing of the resorts as short break and holiday destinations;
    - Effective use by hotels and guesthouses of Internet marketing;
    - Further improvement and expansion of the resorts' hotel and guesthouse product.

- Demand from people attending weddings and family parties and visiting friends and relatives should increase as the District's population grows and new function venues are developed e.g. as part of the redevelopment of the Royal and Comfort hotels in Clacton.

- There could be scope for growth in coach holidays and breaks if further hotels in Clacton were to target this market to help boost off-peak demand, albeit that this can be low-rated business.

- There could be scope for growth in demand from ferry passengers, particularly European tourists travelling to the UK via Harwich while sterling remains weak against the euro. The longer-term prospects in the European tourist market are likely to depend on future exchange rate fluctuations.

- There could be scope for Harwich to retain more of the demand from cruise passengers given the development of further high quality hotels in the port. Cruise-related demand would not be sufficient in itself however to support the development of such hotels or the upgrading of existing hotels. Strong growth in high-rated corporate business would also be needed.

- The London 2012 Olympic and Paralympic Games could provide a significant increase in demand for hotel and guesthouse accommodation in the Tendring resorts in the summer of 2012 from Games spectators.

- The redeveloped Royal and Comfort hotels in Clacton, upgraded and expanded Kingscliff Hotel in Holland-on-Sea (if plans for the hotel are progressed) and a new quality hotel in Harwich (if developed) may be able to attract some demand for residential conferences. This is likely to be a very small market for them however. Clacton and Harwich are not well located to attract residential conferences. This is a market that is also generally declining as companies and organisations cut back on their meetings and training budgets and develop their own in-house conference facilities.

- There may be scope for the new Royal Hotel and a redeveloped Comfort Hotel to attract small association conferences to use their function and conference facilities, which could also generate demand for other hotels and guesthouses in the resort.

- Demand from the contractors market is likely to increase again as the area comes out of the recession and as the regeneration plans are progressed in Clacton, Walton and Harwich and major construction projects get underway. The wind farm projects should continue to generate significant contractor demand in Harwich for at least the next 18 months.

- Demand from business visitors should grow in Harwich as new companies and industries are attracted here as a result of the planned office, business park and industrial developments, depending on the types of uses and companies that they attract. There could also be some growth in business demand in Clacton-on-Sea. The growth in business demand here is unlikely to be substantial however.

**Sector Development Potential**

- In terms of the potential future development of the hotel and guesthouse sector in the Tendring resorts, Hotel Solutions' research suggests the following:

    - A strong future for good quality, well-run and effectively marketed hotels and guesthouses in all four of the Tendring resorts.

    - Market potential and need for hotels and guesthouses in the resorts to continue to invest in improving and developing their facilities.

    - A much less positive future for hotels and guesthouses that have become very run down, that require substantial investment to bring them up to modern standards, or that are now operating as HMOs. It is likely to be difficult to find new buyers for such properties that will be prepared to make the necessary investment in their upgrading and development, certainly in the current property market. There may however be scope to find buyers for some of these hotels and guesthouses once the property market picks up and as the resort is regenerated and demand for accommodation increases.

    - Scope to encourage the opening of new B&Bs in the resorts by encouraging owners of residential properties to start providing such accommodation.

    - Potential for the development of good quality pub accommodation, particularly in Walton-on-the-Naze, where a number of pubs used to offer accommodation.

- Possible scope for further budget hotels in Clacton-on-Sea. The seasonal nature of the market here and lack of midweek business demand may limit this potential however, particularly as the country's two leading budget hotel brands are already represented in the Clacton area.

- Possible scope for some of the hotels and guesthouses in Clacton to reposition as boutique offers, depending on how the rest of the resort's tourism product develops.

- Possible scope for the development of an aparthotel or serviced apartment operation in Clacton.

- The likely development of a Travelodge budget hotel in Harwich in the next few years. Such a hotel is likely to further erode the demand for the remaining independent hotels in Dovercourt unless the hotel market grows strongly in Harwich and they are able to invest in significantly upgrading their facilities.

- Possible scope for a further small boutique hotel in Harwich, potentially as part of the development of the Navyard.

- The possible development of a hotel as part of the redevelopment of the Martello Caravan Park in Walton-on-the-Naze.

- Scope potentially for the development of hotels on golf courses along the Tendring coast e.g. at Frinton or Clacton.

## The Current Local Plan Hotel & Guesthouse Retention Policy

- The current Tendring Local Plan (adopted in 2007) includes a specific policy (ER24) that does not permit the change of use of existing hotels and guesthouses in the centres of the coastal resorts unless it can be proven that the current use is no longer viable. The rationale for this policy is the steady decline in the hotel and guesthouse accommodation stock in the resorts over the last 25 years and the Council's recognition of the importance of retaining and upgrading the remaining stock to ensure a wide choice of accommodation for tourists.

- The criteria used to assess viability are set out in a separate appendix to the Local Plan. These are general criteria that relate to assessing the viability of employment uses in general. They are not tailored specifically to assessing the viability of hotel and guesthouse operations.

- The hotel and guesthouse retention policy applies to the centres of all of the Tendring resorts. The Proposals Map for Clacton-on-Sea defines a core zone in the centre of the resort where the retention policy applies. The retention policy makes no reference to this zone however. No hotel and guesthouse protection zones have been defined for the other resorts and the policy does not define the centres of the resorts.

- The retention policy has been successfully used in Clacton in recent years to ensure that hotel accommodation has been retained in the redevelopment of the Royal and Comfort hotels, albeit a reduced number of hotel bedrooms in the case of the Royal, with partial conversion of the hotel to residential apartments. The policy was not used to seek to retain a number of hotels in Dovercourt, Harwich and Frinton-on-Sea that have been lost in the past 5-6 years to residential redevelopment. In these cases however there were extenuating circumstances relating to the condition of these properties which prevented them from being retaining in accommodation use.

- While the policy was successfully used in Clacton in relation to the Royal and Comfort hotels it has not been enforced in relation to a number of hotels and guesthouses within the protection zone that are now operating as HMOs.

### The Case for Tourist Accommodation Retention Policies

- Tourist accommodation retention policies only need to be put in place where there is an identified or potential problem with accommodation loss and therefore a need for some level of protection for the sector. Policies are particularly required where there is pressure for alternative uses yet still a current and potential future market demand for tourist accommodation. In recent years the pressure for alternative uses has been primarily in terms of residential redevelopment while the housing market has been so buoyant.

- The main reason that local authorities in resorts wish to retain visitor accommodation is to ensure that the resort retains a critical mass of accommodation to ensure a viable future as tourist destination. Much of this argument is based on a concern to maintain a balance between economic activity and a resort's residential role and recognition of the crucial role that visitor accommodation plays in the resort's economy. A further benefit of a robust accommodation retention policy is that it can facilitate investment in visitor accommodation properties by removing the higher 'hope' value from properties that developers see as possible residential redevelopment opportunities. Retention policies are also used to protect hotels of scale and character in key locations in a resort that would be difficult to replace if lost to an alternative use and that are seen as making a particular contribution to the resort.

- Retention policies are not intended to act as a straightjacket for the tourist accommodation industry, but are intended as a tool to both protect stock for which there is a viable future and manage loss where there is not. Circumstances when it may be appropriate to allow change of use include where:

    - Visitor accommodation properties are outside a defined core area where visitor facilities are concentrated;
    - Properties are judged to be making little contribution to the destination;
    - The individual circumstances of the property do not justify the investment required to bring it up to modern standards;
    - There is evidence of oversupply;
    - There is evidence of accommodation losses and gains balancing one another out, implying new hotel and guesthouse development activity in the destination, possibly at the expense of outdated stock that can no longer compete.

- Often it will be a combination of these factors that leads to a property being released from tourist accommodation use.

## The Future Need for a Hotel & Guesthouse Retention Policy in the Tendring Resorts

- Our research suggests that there is a good case for retaining a hotel and guesthouse retention policy in Clacton-on-Sea, particularly given the planned regeneration of the resort. Our research suggests a strong future for the hotel and guesthouse sector in the resort and potential for further hotels and guesthouses to upgrade. There is however also evidence of pressure for the conversion of hotels and guesthouses to alternative uses such as care homes, residential apartments, offices and HMOs. Our research suggests only limited potential to attract new hotel development to Clacton. The greater potential lies in securing investment in the existing hotels and guesthouses in the resort.

- Having said this there are a few poor quality hotels and guesthouses in Clacton that are in need of significant investment to bring them up to modern standards, some of which are now operating as HMOs. Hotel property agents indicated that it likely to be difficult to find new buyers for such properties. There seems little value in seeking to retain many of these hotels and guesthouses, although there may be some that could have a future, particularly as the resort is regenerated and demand for accommodation increases.

- We would suggest that there will be an ongoing need for the District Council to have a hotel and guesthouse retention policy in Clacton-on-Sea in order to effectively manage the loss of poorer quality stock and resist the loss of better quality properties and those capable of upgrading. Without a clearly articulated retention policy it will be difficult for the District Council to refuse change of use applications that may come forward for hotels and guesthouses that it may wish to retain.

- We see no particular need to redefine the current Hotel & Guesthouse Protection Zone in Clacton. This area has been in place for many years, albeit that it was slightly reduced in the 2007 Local Plan and covers most of the hotels and guesthouses that it would be worth seeking to retain. This may need to be reviewed in light of the definition of the areas to be covered by the Seafront Quarter in the emerging Clacton Town Centre Area Action Plan.

- The District Council will need to decide whether to take enforcement action against those hotels and guesthouses in the protection zone that are currently operating as HMOs without planning permission for this change of use. Much will depend on the likely impact that enforcement could have. Failure to enforce the hotel & guesthouse retention policy in respect of such properties could undermine the Council's ability to apply the policy to change of use applications that may come forward from other currently operating hotels and guesthouses that the Council may wish to see retained. On the other hand enforcement may result such properties being boarded up and allowed to fall into a state of disrepair or in change of use applications coming forward that the Council may have difficulty in refusing, resulting in such properties being lost to potentially being brought back into tourist accommodation use at some point in the future as the resort is regenerated. The impact that use of such properties as HMOs is having on the resort and adjacent hotels and guesthouses in terms of antisocial behaviour may be a further factor in the Council's decisions about whether to take enforcement action.

- There is much less of a case for a retention policy for hotels and guesthouses in Frinton-on-Sea and Walton-on-the-Naze as there are so few hotels and guesthouses remaining in the two resorts and so many hotels and guesthouses have been allowed change of use permission in the past. Serviced accommodation now plays only a very minor role in the resorts' economies.

- The plans for the regeneration of Walton may strengthen the demand for serviced accommodation in the resort to some extent. There could be a case therefore for seeking to retain the few remaining guesthouses here. We are uncertain however whether a guesthouse retention policy here would stand up to scrutiny given that so many of the resort's hotels and guesthouses have been allowed to convert to alternative uses in the past and the Local Plan retention policy has not been applied in the resort to date. A more appropriate policy in the two resorts, we feel, would be to positively encourage the upgrading of the existing guesthouses and to encourage the opening of new hotels, guesthouses and pub accommodation.

- We would also suggest that there is no clear case for a policy in Harwich and Dovercourt to retain the remaining independent hotels and guesthouses here as so many establishments have already been lost here and the Local Plan retention policy has not been applied in this part of the District to date. There are very few independent hotels and guesthouses left in Harwich and Dovercourt. Those that remain claim to have lost a lot of business to the Premier Inn since it opened in 2005 and are now trading at very low levels of occupancy and very low room rates. While there is scope for growth in demand for hotel and guesthouse accommodation in the area as its economy develops, it is likely that Harwich will attract a Travelodge budget hotel at some point in the near future and that such a hotel could further erode the trade for the remaining independent hotels. Under these circumstances it is difficult to make a strong case for a hotel and guesthouse retention policy here when new, more modern stock looks likely to be developed.

### Improving the Current Policy

- While we recommend the continued use of a hotel and guesthouse retention policy in Clacton-on-Sea and the maintenance of the current Hotel & Guesthouse Protection Zone, the current Local Plan retention policy could benefit from tightening up by making it clear under what circumstances change of use might be allowed and what alternative uses can be considered; clearly setting out what evidence applicants must provide if they wish to make a case for change of use; and tailoring the requirements for proof of non-viability specifically to hotel and guesthouse operation rather than more general employment uses. All of this should ideally be set out in a separate SPD covering hotel and guesthouse retention in Clacton, and the other resorts if the Council decides that they should also be covered.

- Section 5.5. of our main report provides detailed guidance on the evidence that the Council could require from applicants in relation to two key tests for determining change of use applications for hotels and guesthouses – proof of marketing for sale and evidence on non-viability.

- The Council may also wish to set out other possible options for retaining hotels and guesthouses in tourist use that it would be prepared to consider including:
    - Conversion to aparthotels, serviced apartments or luxury holiday apartments for sale or rental;
    - Splitting hotels into smaller hotels and guesthouses;
    - Partial conversion of large hotels to residential use in exchange for investment in upgrading the remaining accommodation use, secured by legal agreement.

- The cases presented for change of use can be very difficult to assess, certainly without some expertise in the hotel and guesthouse sector. We would ideally advocate a proactive approach to working with hotel and guesthouse owners that may be considering change of use, through the use of industry experts to work with owners to look at all of their options, develop alternative business strategies, or make objective recommendations to the Council's Planning Department where change of use is deemed to be the best option.

- The Council may also wish to consider whether to require successful hotel and guesthouse change of use applicants to pay an exit tariff or commuted sum as a condition of approval, possibly to be put back into the regeneration of the resort, destination marketing or events and festival development. The basis on which such a tariff/ sum would be calculated should be clearly stated in the retention policy SPD.

- Account will also need to be taken of the bigger picture of how the accommodation supply and market is changing when assessing change of use applications. This will require ongoing monitoring of hotel and guesthouse supply and performance.

- In considering alternative uses for hotels and guesthouses that want to exit the market the District Council should have a clearly stated policy regarding what would be considered as acceptable alternative uses. In particular there may be a need for the Council to have (and enforce) a policy to resist conversion to HMOs, DSS hostels or supported housing projects in streets where other hotels and guesthouses are still operating as such uses alongside operating hotels and guesthouses may undermine their continued operation and deter investment in their upgrading. Conversion to care homes could also be considered to be an inappropriate alternative use for hotels in the core seafront area.

### Other Requirements for Public Sector Support

- In order to fully justify a hotel and guesthouse retention policy for Clacton-on-Sea and to more positively support the development of the serviced accommodation sector in the Tendring resorts there are a number of other actions that we suggest the District Council and its partners need to take or consider taking. These include:

    - Establishing a clear vision and strategy for tourism in the resorts;
    - Adequate resources and political backing for tourism;
    - The development of the visitor product in the resorts;
    - The attraction and development of events and festivals;
    - Effective destination marketing to raise awareness of the resorts as short break and holiday destinations as they are regenerated;
    - Possible joint work with the new Royal Hotel and redeveloped Comfort Hotel in Clacton to attract association conferences, Rotary Club and Masonic lodge weekends and religious and charity conferences to the resort;
    - The provision of marketing skills training for hotel and guesthouse operators, particularly in relation to Internet marketing;
    - The possible provision of financial assistance for the upgrading of hotels and guesthouses in the Tendring resort in order to accelerate the pace of improvements.
    - The development of industry and commerce to help develop business demand for hotel and guesthouse accommodation and conference facilities.
    - Planning policies that support hotel and guesthouse development and upgrading.
    - Proactive promotion of the opportunities for developing the serviced accommodation product in the resorts.
    - Ongoing monitoring of serviced accommodation development and performance.

# 1. INTRODUCTION

## 1.1 Background to the Study

- Tendring District Council is currently in the process of preparing its Core Strategy & Development Control Policies DPD and the Clacton Town Centre Area Action Plan as part of its Local Development Framework Programme. To help inform the preparation of these documents the Council has identified a need for research into the future for the hotel and guesthouse sector in Clacton-on-Sea and the other Tendring resorts to assist it in deciding whether it needs to roll forward its current Local Plan policy to resist the change of use of existing hotels and guesthouses in the centres of the resorts and to identify what the Council could do to support the future development of the hotel and guesthouse sectors in the resorts. The District Council has thus commissioned Hotel Solutions to undertake a study of the current and potential future demand for hotel and guesthouse accommodation in Clacton-on-Sea and the Tendring coastal resorts to advise the Council on these issues.

## 1.2 Scope of the Study

- The study has covered the following resorts in Tendring:
    - Clacton-on-Sea
    - Holland-on-Sea
    - Frinton-on-Sea
    - Walton-on-the-Naze
    - Dovercourt/Harwich

## 1.3 Study Methodology

- The study has involved the following modules of research and consultation:

  - An **audit of the current supply of hotels and guesthouses** in the Tendring resorts, including an assessment of any recent and planned changes in terms of investment, new openings and closures/ changes of use. The audit has relied primarily on the information provided by Tendring District Council, supplemented by our own Internet searches and site visits to the area. Where discrepancies have been identified establishments have been contacted by telephone to check information.

  - An assessment of current hotel and guesthouse performance and markets and the future investment plans of existing hotel and guesthouse owners. This has been undertaken through a **survey of current hotel and guesthouse proprietors** involving a combination of face-to-face and telephone interviews. The hotels and guesthouses interviewed are listed at Appendix 1.

  - A **review of relevant strategy and masterplan documents** for Clacton-on-Sea, Walton-on-the Naze and Harwich.

  - **Consultations with the District Council's Development Control team** to establish how well the current serviced accommodation protection policy is working and their views on whether it needs to be amended.

  - **Consultations with relevant officers of the District Council and INTend** to gather views on the future requirements for hotel and guesthouse accommodation in the coastal resorts as they are regenerated, the need to retain existing serviced accommodation in the resorts and appropriate alternative uses for hotels and guesthouses that exit the market.

  - A telephone **survey of hotel property agents** (John V Story & Co, Fleurets and Christie & Co) to obtain information about the current and potential future demand for buying and selling hotels and guesthouses in the Tendring resorts.

# 2. TENDRING COAST HOTEL & GUESTHOUSE SUPPLY

## 2.1. Current Supply

### 2.1.1. Current Supply of Hotels & Guesthouses

- Our research has identified 52 hotels, guesthouses and pub accommodation businesses in Tendring's coastal resorts with a total of 586 letting bedrooms (listed at Appendix 2 and analysed by standard and location in the tables that follow). Clacton-on-Sea has the most significant stock of serviced accommodation, followed by Harwich. Frinton-on-Sea and Walton-on-the-Naze have very little serviced accommodation.

- We have identified 24 hotels and guesthouses in **Clacton-on-Sea** with a total of 380 letting bedrooms. Two thirds of this supply (15 establishments/ 258 bedrooms) is located in the Hotel & Guesthouse Protection Zone in the centre of the resort. There are 9 serviced accommodation establishments in other parts of the resort with a total of 122 bedrooms, including the newly opened Travelodge on Jackson Road (57 bedrooms). Outside the resort the Premier Inn Clacton-on-Sea budget hotel at Weeley (62 bedrooms) also trades in the Clacton-on-Sea hotel market.

- Three quarters of the hotels and guesthouses in Clacton-on-Sea are not currently inspected under the National Accommodation Quality Assurance (Star Rating) Scheme. The resort has one 2 star hotel (The Esplanade), two 4 star guesthouses and two 3 star guesthouses. It also has two nationally branded hotels – the Comfort Hotel and the newly opened Travelodge. None of the other hotels and guesthouses in the resort are officially inspected.

- While our study has not involved any sort of quality assessment of the resort's hotels and guesthouses, from the research that we have undertaken it would appear that standards of décor and furnishings and the quality of service and food can vary quite substantially between hotels and guesthouses. While there appear to be some good quality establishments that are fully en-suite, have seen recent investment and have received good customer reviews, there are others than have few or no bedrooms with en-suite facilities, have not seen much recent investment and have received poor customer reviews. The location of establishments within or outside the Hotel & Guesthouse Protection Zone does not appear to be a key factor that influences the quality of the resort's hotels and guesthouses. There are some good quality establishments that have seen recent investment outside the zone and equally some fairly poor quality establishments that have not seen investment within the zone.

- A number of the hotels in Clacton-on-Sea (e.g. The Langtry, The Pier, The Lemon Tree) are operated on a leasehold basis.

- There is very little serviced accommodation in Frinton-on-Sea and Walton-on-the Naze. **Frinton-on-Sea** has one small 2 star hotel and two small 3 star guesthouses. **Walton-on-the-Naze** has 7 small guesthouses only one of which is inspected, with a 4 star rating.

- Harwich has 18 hotels and guesthouses with a total of 160 letting bedrooms, split between Old Harwich, Dovercourt and Parkeston. **Old Harwich** is the location of Milsom Hotels' The Pier at Harwich boutique hotel[1]. This part of Harwich also has a number of small pub accommodation operations of variable quality. **Dovercourt** has one small 3 star hotel (The Tower), a 2 star hotel (The Cliff Hotel), the Hotel Continental (graded as 3 star guest accommodation) and a number of small guesthouses and B&Bs. These establishments appear to be of varying quality. Only one (The Tower Hotel) appears to have seen any significant recent investment. The Premier Inn Harwich is located at **Parkeston.** This part of Harwich also has a pub accommodation business and two small B&Bs.

[1] High quality hotels that feature contemporary design, a good, usually fairly informal food offer, high standards of service and high quality furnishings and bed linen. They are usually fairly small properties, primarily run by independent hoteliers or small boutique hotel chains such as Hotel du Vin, ABode, Bespoke or Milsoms. They are often developed through the conversion of existing hotels, pubs or historic buildings of architectural merit.

## TENDRING COASTAL RESORTS – CURRENT HOTEL& GUESTHOUSE SUPPLY – BY STANDARD – SEPTEMBER 2009

| Resort | Hotels[1] | | | | | | | | Guest Accommodation | | | | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3 Star | | 2 Star | | Not Inspected | | Budget | | 4 Star | | 3 star | | Not Inspected | | | |
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Estabs | Rooms | Estabs | Rooms | Estabs | Rooms | Estabs | Rooms |
| Clacton-on-Sea | | | 1 | 30 | 7 | 165 | 1 | 57 | 2 | 19 | 2 | 16 | 11 | 93 | 24 | 380 |
| Frinton-on-Sea | | | 1 | 7 | | | | | | | 2 | 11 | | | 3 | 18 |
| Walton-on-the-Naze | | | | | | | | | 1 | 3 | | | 6 | 25 | 7 | 28 |
| Harwich | 2 | 27 | 1 | 27 | | | 1 | 45 | 1 | 1 | 1 | 14 | 12 | 46 | 18 | 160 |
| **Total Hotels** | **2** | **27** | **3** | **64** | **7** | **165** | **2** | **102** | **4** | **23** | **5** | **41** | **29** | **164** | **52** | **586** |

Notes:

1. Star-rated hotels and serviced accommodation establishments with over 15 bedrooms that use the term 'hotel' in their trading name. If they were to be inspected under the National Accommodation Quality Assessment (Star Rating) Scheme some of these establishments may well be graded as guest accommodation rather than as hotels.

## TENDRING COASTAL RESORTS – CURRENT HOTEL & GUESTHOUSE SUPPLY – BY LOCATION - SEPTEMBER 2009

| Standard | Clacton-on-Sea | | | | Frinton-on-Sea | | Walton-on-the-Naze | | Harwich | | | | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Within Protection Zone | | Outside Protection Zone | | | | | | Old Harwich | | Dovercourt | | Parkeston | | | |
| | Estabs | Rooms | Estabs | Rooms | Estabs | Rooms | Estabs | Rooms | Estabs | Rooms | Estabs | Rooms | Estabs | Rooms | Estabs | Rooms |
| **Hotels[1]** | | | | | | | | | | | | | | | | |
| 3 Star | | | | | | | | | 1 | 14 | 1 | 13 | | | 2 | 27 |
| 2 Star | 1 | 30 | | | 1 | 7 | | | | | 1 | 27 | | | 3 | 64 |
| Not Inspcted | 6 | 150 | 1 | 15 | | | | | | | | | | | 7 | 165 |
| Budget | | | 1 | 57 | | | | | | | | | 1 | 45 | 2 | 102 |
| **Total Hotels** | **7** | **180** | **2** | **72** | **1** | **7** | | | **1** | **14** | **2** | **40** | **1** | **45** | **14** | **358** |
| **Guest Accom** | | | | | | | | | | | | | | | | |
| 4 Star | 2 | 19 | | | | | 1 | 3 | | | | | 1 | 1 | 4 | 23 |
| 3 Star | | | 2 | 16 | 2 | 11 | | | | | 1 | 14 | | | 5 | 41 |
| Not Inspcted | 6 | 59 | 5 | 34 | | | 6 | 25 | 4 | 19 | 6 | 15 | 2 | 12 | 29 | 164 |
| Total Guest Acc. | **8** | **78** | **7** | **50** | **2** | **11** | **7** | **28** | **4** | **19** | **7** | **29** | **3** | **13** | **38** | **228** |
| **TOTAL** | **15** | **258** | **9** | **122** | **3** | **18** | **7** | **28** | **5** | **33** | **9** | **69** | **4** | **58** | **52** | **586** |

Notes:

1. Star-rated hotels and serviced accommodation establishments with over 15 bedrooms that use the term 'hotel' in their trading name. If they were to be inspected under the National Accommodation Quality Assessment (Star Rating) Scheme some of these establishments may well be graded as guest accommodation rather than as hotels.

## 2.2. Recent and Planned Changes in Supply

### 2.2.1. Recent Changes of Ownership/ Investment in Existing Hotels

- Our research has identified a number of recent changes in the ownership/ management of hotels and guesthouses in the Tendring resorts and subsequent investment in their upgrading. These changes are summarised in the table below.

**TENDRING COAST RESORTS - RECENT CHANGES IN HOTEL & GUESTHOUSE OWNERSHIP/ MANAGEMENT AND RECENT INVESTMENT 2005-2009**

| Hotel | Location | Change in Ownership/ Investment |
|---|---|---|
| **Clacton-on-Sea** | | |
| The Langtry Hotel (formerly Lyndale Lodge Hotel) | Colne Road | New tenants February 2009. Refurbishment of public areas. Partial bedroom refurbishment. |
| The Geisha Hotel | Marine Parade East | New owners 2007. Fully refurbished and upgraded by new owners. |
| Ocean Club Hotel | Marine Parade East | New tenants 2008. Bedrooms upgraded. |
| The Pier Hotel | Orwell Road | New tenants October 2008. Redecoration and gradual upgrading. |
| The Lemon Tree Hotel | Orwell Road | New tenants August 2009. |
| The Kingscliff Hotel | Holland-on-Sea | New owners 2009. Fully refurbished and upgraded inside and out. |
| The Beeches | Ellis Road | New owners 2006. Fully refurbished and upgraded by new owners. |
| **Walton-on-the Naze** | | |
| St Anne's Guest House | Portobello Road | New owners 2006. Fully refurbished and upgraded by new owners. |
| Maple Leaf Guest House | Saville Street | New owners 2006. Fully refurbished and upgraded by new owners. |
| **Harwich** | | |
| The Tower Hotel | Main Road, Dovercourt | Bedroom refurbishment 2008. |
| Samuel Pepys Hotel | Church Street, Old Harwich | Fully refurbished 2008-2009. |

Source: Hotel Solutions

- A number of the guesthouse owners that we spoke to in the resorts reported ongoing annual investment in redecoration and replacement of fixtures, fittings, furniture and bed linen in order to maintain and improve the quality of their product. Other owners reported that they do not generate sufficient profits to allow reinvestment in upgrading their product.

### 2.2.2. New Hotels

- The Travelodge Clacton-on-Sea Central budget hotel (57 bedrooms) opened on Jackson Road in the centre of Clacton-on-Sea on 30 July 2009.

- The Premier Inn Harwich budget hotel (45 bedrooms) opened at the Stanton Euro Park at Parkeston in Harwich in 2005.

### 2.2.3. Planned/Potential Future Hotel Development

- Our research has identified the following plans for the redevelopment of existing hotels in Clacton-on-Sea and possible new hotels at Harwich.

**TENDRING COAST RESORTS – PLANNED / POTENTIAL FUTURE HOTEL DEVELOPMENT**

| Hotel | Planned Development/ Current Status |
|---|---|
| **Clacton-on-Sea** | |
| The Royal Hotel | The hotel is currently being redeveloped following a long period of dereliction. The plans include the conversion of the building to provide a new 25-bedroom hotel with a large function room (capable of taking up to 300 people) and 13 residential apartments on the top floor. The hotel will feature contemporary design and aims to be the highest quality hotel in the resort. Building work has ceased temporarily while the developers complete a care home project. Construction is due to restart in early 2010 with an expected opening in Summer 2010. |
| Comfort Hotel | Planning permission has been granted for the demolition of the hotel and development of a new 61-bedroom hotel with multi-purpose conference and function rooms and a ten-pin bowling alley. We understand that the project is currently on hold as the funding for the scheme has been withdrawn following the recession. |
| Kingscliff Hotel | The new owners of the hotel have undertaken a full refurbishment of the hotel and are considering a possible bedroom extension. |
| **Harwich** | |
| Travelodge | Travelodge identifies a requirement for a site for a budget hotel of 45-60 bedrooms in Harwich on its UK hotel development website. We understand that Tendring District Council have been in discussions with the company with a view to identifying a suitable site for such a hotel in Harwich. |
| Harwich Navyard | The design brief for the Harwich Navyard includes a proposal for a 60+ bedroom hotel. |

Source: Hotel Solutions

### 2.2.4. Hotel & Guesthouse Closures/Change of Use

- We understand that the Tendring Coast resorts lost a lot of hotels and guesthouses in the 1980s and 1990s to conversion into care homes and residential redevelopment.

- From our research we have identified a number of hotels and guesthouses in Clacton-on-Sea that appear to have ceased trading and/or that are currently operating as HMOs. We have no information on how many bedrooms these establishments had, when they ceased trading and/or converted to HMOs and whether they have received change of use permission for their current uses. There may well also be other hotels and guesthouses in the resort that have ceased trading or that are operating as HMOs that our research has not identified.

**CLACTON-ON-SEA – RECENT HOTEL & GUESTHOUSE CLOSURES**

| Hotel | Location | Comment |
|---|---|---|
| **Clacton-on-Sea** | | |
| Shannon Guest House | Agate Road | Ceased trading due to retirement |
| Bedford Lodge Guest House | Carnarvon Road | No longer operating |
| Adare Guest House | Carnarvon Road | No longer operating |
| Devonia | Holland-on-Sea | No longer operating |
| Avondale Guest House | Hayes Road | Does not appear to be operating any longer |
| Normanhurst Guest House | Edith Road | No longer operating |
| The Dingle Dolphin Guest House | Wellesley Road | Does not appear to be operating any longer |
| Carlton Hotel | Rosemary Road | No longer provides accommodation |

Source: Hotel Solutions

**CLACTON-ON-SEA – HOTELS & GUESTHOUSES OPERATING AS HMOs**

| Hotel/ Guesthouse | Location |
|---|---|
| The Lodge Hotel | Edith Road |
| Seahorses Guest House | Edith Road |
| Bloom's Guest House | Edith Road |
| The Sandpiper | Edith Road |
| Marine View Guest House | Edith Road |
| Frandon Hotel | Beach Road |
| Beach House Hotel | Beach Road |
| Warners Guest House | Penfold Road |
| Hamelin Hotel | Penfold Road |

Source: Hotel Solutions

- The majority of these establishments are outside the Hotel & Guesthouse Protection Zone in Clacton-on-Sea. A few are within it however.

- We understand that a number of the remaining hotels in Frinton-on-Sea and Dovercourt have been demolished and some have been redeveloped as residential apartments in the last 10 years. These include the Maplin and Glencoe Hotels in Frinton-on-Sea and the Park, Victoria, Phoenix and Anchor Hotels in Dovercourt some of which have not yet been given permission for redevelopment. We understand that a number of these properties had fallen into a bad state of repair before their demolition and change of use. A number of the pubs in Old Harwich that used to provide bed and breakfast accommodation, e.g. The British Flag and The Mariners, have stopped doing so. The St Christopher's Place guesthouse is due to close here in December 2009.

### 2.2.5. The Market for Buying and Selling Hotels & Guesthouses in the Tendring Coast Resorts

- Our research has identified the following hotels and guesthouses in the Tendring coastal resorts that are currently up for sale

**TENDRING COAST RESORTS – HOTELS & GUESTHOUSES CURRENTLY UP FOR SALE**

| Hotel / Guesthouse | Location | Agent |
|---|---|---|
| **Clacton-on-Sea** | | |
| The Sandrock | Penfold Road | John V Story & Co |
| Grosvenor House Hotel | Carnarvon Road | John V Story & Co |
| Marine View Guest House[1] | Edith Road | John V Story & Co |
| Hertford House Hotel[2] | Parkway | John V Story & Co |
| **Walton-on-the-Naze** | | |
| St Anne's Guest House | Portobello Road | Not known |

Source: Hotel Solutions

Notes:

1. Currently operating as an HMO
2. Not currently trading. Previously operated as a hotel for disabled people. Granted permission for change of use to a residential care home in 2008.

- As part of our research we interviewed three of the leading hotel property agents involved in selling hotels and guesthouses in Clacton-on-Sea (John V Story & Co, Fleurets and Christie & Co.). They advised us that the hotel and guesthouse property market had been very buoyant in the resort (and across the country as a whole) until the end of 2007 but has since dropped back significantly in 2008 and 2009 as a result of the recession and downturn in the residential property market. While there are still potential buyers for hotels and guesthouses in Clacton-on-Sea, most are unable to secure finance currently to enable them to purchase such businesses. Hotel and guesthouse values have dropped significantly in the current market, with the result that many current owners are not looking to sell at present, preferring to wait until prices increase.

- There are essentially two types of buyer for hotels and guesthouses. Smaller guesthouses are usually purchased by lifestyle buyers, frequently first time purchasers, often with no previous experience of running a guesthouse. They are often people in their early 50s that want to run a guesthouse in the run up to retirement or people that are looking for a lifestyle change, sometimes following redundancy from their current employment. These buyers will usually sell a private residence to raise the finance to purchase a guesthouse or will use a private residence as security for a mortgage on a guesthouse. This market has thus been affected by the downturn in the residential property market. There are still some cash buyers for guesthouses at this end of the market, including those that may have recently received redundancy payments.

- Larger hotels tend to be purchased either by experienced hotel operators and small hotel chains or by property developers and investors. These buyers are generally having difficulty in raising finance to buy hotels currently as a result of the recession.

- There are some signs that the hotel and guesthouse property market is beginning to pick up as finance starts to become more available and the residential property market begins to recover. The market remains very weak however and it could be some time before it returns to anything like the pre-recession market conditions.

- All of the agents that we spoke to reported that it is usually difficult to sell hotels and guesthouses that have become very run down, especially if they are no longer trading or operating as HMOs, as they have no goodwill or existing trade and the investment they will require is often significant. Run down hotels and guesthouses that are still trading may be able to find a buyer provided that the asking price reflects the scale of investment that will be needed. Hotels and guesthouses that have ceased trading are likely to attract stronger interest for alternative uses such as residential conversion or HMOs as the return on investment from these uses will usually be much greater than re-establishing such properties as hotel and guesthouse businesses. In some cases run down hotels and guesthouses are not capable of being upgraded to meet modern standards e.g. because their bedrooms are too small to allow the installation of en-suite facilities.

# 3. HOTEL & GUESTHOUSE PERFORMANCE & MARKETS

## 3.1. Clacton-on-Sea

### 3.1.1. Room Rates

- Room rates charged by hotels and guesthouses in Clacton-on-Sea are relatively low, most typically around £50-60 B&B for a double/twin en-suite room. Very few hotels and guesthouses charge much more than this. Some guesthouses charge around £75 for a double/twin room in the summer. Seafront hotels charge a premium for rooms with sea views.

- A number of hotels and guesthouses in the resort have dropped their prices in 2009 in order to maintain occupancy levels. Some guesthouses have however held their prices this year and a few have increased them slightly.

- Hotels and guesthouses that cater for contractors generally offer significantly reduced rates for contractors, typically around £20 per person per night.

### 3.1.2. Occupancy Levels and Seasonality

- Very few hotel and guesthouse operators in Clacton-on-Sea actually record their occupancy levels. Those that do reported wide variations in average annual room occupancy levels, ranging from 30% to 70%. The key factors that appear to determine occupancy performance are the quality of accommodation, food and service that hotels and guesthouses provide, levels of repeat business, and effective marketing activity, particularly in terms of marketing through Internet booking sites. Some hotels and guesthouses rely primarily on walk-in trade. These establishments generally achieve much lower occupancies, certainly outside the peak summer season.

- A number of the resort's hotel and guesthouse operators expect to see a drop in their occupancy levels in 2009 as a result of the recession affecting contractor demand and the impact of the Travelodge, particularly in terms of competing for contractor business in the winter. Other operators expect occupancy levels to remain the same and in some cases to increase as a result of new business through Internet booking sites and repeat business as a result of investment and an improving reputation.

- The Travelodge appears to have grown the Clacton hotel market in the summer and at weekends through meeting accommodation shortages at these times and attracting new leisure customers through its brand and special offer rates. It is less likely to attract new business in the winter, especially during the week however, and will thus be competing with the resort’s existing hotels and guesthouses for a share of the demand from contractors, business visitors and people visiting friends and relatives and attending funerals. Its modern product, brand strength and ability to offer very low room rates should give the Travelodge a strong competitive advantage in these markets.

- Demand for hotel and guesthouse accommodation in Clacton-on-Sea is highly seasonal. The season runs from May to September for most hotels and guesthouses, peaking in July and August and over Bank Holiday weekends. Occupancy levels are generally much lower between October and April, particularly during the week. Weekends are generally busier and less seasonal than midweek periods.

### 3.1.3. Weekend Demand and Markets

- Weekend demand for hotel and guesthouse accommodation in Clacton-on-Sea is generally strong for most of the year. A number of hotel and guesthouse operators in the resort reported that they are usually fully booked and turning business away on Friday and Saturday nights throughout the year. Weekend denials can be high if the weather is good. Other hotels and guesthouses reported more seasonal weekend demand, with very high Friday and Saturday night occupancies between May and September, slightly lower weekend occupancies in the shoulder season months and relatively low weekend occupancies in the winter. Some hotel and guesthouse operators reported strong demand only on Saturday nights but relatively low demand for Fridays. Sunday nights are generally quiet throughout the year.

- A number of hotel and guesthouse operators in the resort reported an increase in weekend demand in 2009 as a result of increased bookings through Internet booking sites, an improving reputation under new operators and following investment, and more people coming to Clacton-on-Sea this summer instead of taking holidays abroad. Some hotel and guesthouse operators reported a downturn in weekend demand in 2009 however, which they attributed to the recession.

- Key weekend markets are weekend breaks, people attending weddings, christenings and other family parties and people visiting friends and relatives.

- Weekend break customers are a mix of couples and families across all age ranges, coming particularly from East London, Essex, the Home Counties, the Midlands and Kent. Demand appears to be strongest for one-night breaks on a Saturday night. Such demand is often from people that have not booked in advance, usually people that have come to the resort for the day and then decide to stay overnight if the weather is good. Clacton hotels and guesthouses also attract some demand for 2-3 night weekend breaks. Hotels and guesthouses that attract weekend break business through Internet booking sites are attracting a new younger market that may not have been to Clacton-on-Sea before and that does not usually require an evening meal.

- Certain artists and productions at the resort’s theatres attract weekend stays. Some live music events and DJs at clubs and bars in the resort also generate weekend stays.

- A few hotels attract some stag and hen parties. The majority of hotels and guesthouses generally refuse this business however.

- One hotel attracts coach groups for weekend breaks. The other hotels that are large enough to take coach holiday groups do not target this market however as they see it as being too low-rated.

- The Clacton Air Show in August attracts significant numbers of staying visitors to the resort during the week, many of whom stay on for the Bank Holiday weekend. Most of the hotel and guesthouse operators that we spoke to commented that the Air Show would be much more beneficial for them if it were held at another time of year when they are not as busy: the August Bank Holiday weekend is a time when they would be able to fill anyway, so the Air Show provides little added benefit for the resort’s hotels and guesthouses.

- There are no other events in the resort that generate demand for hotel and guesthouse accommodation. One guesthouse operator reported that the Clacton Jazz Festival used to generate good demand for accommodation in the resort.

- Other minor weekend markets for Clacton hotels and guesthouses are as follows:
    - Overseas tourists arriving and departing through Harwich, requiring accommodation on the first and/or last night of their stay in the UK;
    - Cruise passengers joining cruise ships in Harwich;
    - People attending intensive driving courses;
    - House hunters;
    - The occasional fishing or golf party.

- Water sports do not appear to generate any demand for hotel and guesthouse accommodation in Clacton. In our experience water sports enthusiasts do not usually stay in hotels and guesthouses if they require overnight accommodation. They will tend to camp or use youth hostels.

### 3.1.4. Midweek Demand and Markets

- Midweek demand for hotel and guesthouse accommodation in Clacton-on-Sea is generally weaker and more seasonal than weekend demand. Most establishments achieve high midweek occupancies in July and August, often filling and turning business away if the weather is good. Some hotel and guesthouse operators also reported strong midweek demand in April, May, June and September, although not usually to the point where they are filling and turning business away. Others reported much lower midweek occupancies in these months. These tend to be the lower quality establishments that rely primarily on walk-in trade. Midweek occupancies are generally low for the resort's hotels and guesthouses between October and March. A few establishments attract strong midweek demand in the winter from the contractors market, albeit that this is often only for single occupancy and at very low room rates.

- Midweek occupancies have generally dropped in 2009 as a result of the downturn in the contractors market due to the recession and increased competition from the Travelodge. Midweek demand remained strong during the summer months however, with some hotel and guesthouse operators reporting an increase in holiday and short break demand in 2009 and more longer breaks.

- Key midweek markets in the summer months are holidays and breaks. Short break demand is stronger than demand for one and two week holidays. While the demand for these has reduced significantly compared to 20-30 years ago, Clacton's hotels and guesthouses still attract some demand for weeklong holidays in the summer and in some cases two-week holidays. This is generally from regular holiday customers that have been coming for many years, some of whom are now getting quite elderly and starting to die off. A number of hotel and guesthouse operators reported that they are starting to attract a new generation of customers for weeklong holidays that are in their 50s and 60s however. Midweek breaks are generally for 2-5 nights. Midweek break customers are primarily retired couples. Hotels and guesthouses in the resort also attract families for breaks in the school holidays. There has been something of a trend towards longer breaks of 3-5 nights in 2009.

- Coach holidays are a significant market for one of the resort's hotels. The other hotels that could cater for coach holidays do not take this business as they feel it is too low-rated.

- The Clacton Air Show generates significant demand for hotel and guesthouse accommodation in the resort on the Wednesday and Thursday night of the week that it is held at the end of August.

- Other midweek markets in the summer are people visiting friends and relatives, people attending funerals and overseas tourists using the Harwich ferries.

- Contractors are the primary source of midweek demand for most hotels and guesthouses in Clacton-on-Sea during the winter months. This market has reduced significantly in 2009 as a result of the recession. Some hotels and guesthouses in the resort attracted significant demand in 2008 from contractors working on the wind farm projects. This demand has not continued in 2009 however.

- Demand from business visitors is very limited in Clacton-on-Sea.

- One hotel reported attracting some training course business from the holiday parks in the winter.

- A number of hotels and guesthouses attract good demand in January and February from people coming off the holiday parks in the area during their winter closure.

- Other midweek markets in the winter are people visiting friends and relatives in the care homes and people attending funerals.

### 3.1.5. Futures Prospects

- Many of the hotel and guesthouse operators that we spoke in Clacton-on-Sea were very positive about the future prospects for their business. They generally expect to continue to achieve high weekend occupancies and are aiming to build midweek business, although accept that this will be a challenge particularly in the winter. Most see scope for increased short break and holiday business as Clacton is regenerated and expect to see a recovery in the contractors market as the resort comes out of the recession and new construction projects get underway. Those operators that have invested in their product, that offer high standards of service and food and that are using Internet booking sites effectively were generally the most positive. A few hotel operators were much less certain about the future however and concerned about the impact that the Travelodge will have on their trade as they move into the winter period.

## 3.2. Frinton-on-Sea

### 3.2.1. Occupancy Levels and Seasonality

- Demand for hotel and guesthouse accommodation in Frinton-on-Sea is highly seasonal. Weekend demand is strong throughout the year, with the two operators that we spoke to here reporting that they frequently fill and turn business away at weekends, particularly during the summer months. Midweek demand is also strong between May and September, peaking in July and August when the two operators reported that they are fully booked and turning business away on most days, to a significant extent during the event weeks in the resort. Midweek demand is very low between October and April however.

### 3.2.2. Weekend Markets

- The main weekend markets for hotel and guesthouse accommodation in Frinton-on-Sea are people attending weddings and family parties, especially at the golf club, and people visiting friends and relatives in the care homes and retirement apartments. Weekend breaks are a minor secondary weekend market. The resort's hotel and guesthouses also attract some weekend demand from golf parties and cruise and ferry passengers.

### 3.2.3. Midweek Markets

- Midweek demand for hotel and guesthouse accommodation in Frinton-on-Sea is strong during the events in the resort in July and August:

    - Frinton International Veterans Tennis - in the second week of July following Wimbledon, attracting many top international veteran players;
    - Cricket Week - in the first week of August;
    - Mission Week - in the first week of August;
    - Frinton Junior Open Tennis - in mid August;

- We understand that there is a distinct shortage of accommodation in the resort for these events. Demand for accommodation does not appear to spread out to Walton-on-the-Naze or Clacton-on-Sea however.

- Other midweek markets in the summer are holidays and breaks. The resort's hotel and guesthouses still attract some regular guests for weeklong holidays. Demand has shifted more towards short breaks however.

- The main sources of midweek demand in the winter are people visiting friends and relatives in the care homes and people attending funerals. The resort's hotel and guesthouses also attract a few business visitors in the winter.

## 3.3. Walton-on-the-Naze

### 3.3.1. Occupancy Levels and Seasonality

- Demand for guesthouse accommodation in Walton-on-the-Naze is also highly seasonal. Weekend demand is again stronger and less seasonal than midweek demand. The resort's guesthouses are generally full and turning business away throughout July and August, both during the week and at weekends. One guesthouse operator reported lower levels of demand in August however. Weekend occupancies are generally high for most of the year, although can be lower in the winter. The resort's guesthouses frequently turn business away at weekends throughout the year. Midweek demand is reasonably strong in May, June and September, although guesthouses in the resort are not usually full and turning away business during the week in these months. June can also be a quieter month for some guesthouses. Midweek occupancies are lower between October and April (generally running at around 40-60%) and can be very low in the winter.

- Most of the Walton guesthouse operators that we spoke to reported that demand had increased in 2009, with a trend towards longer stays and an increase in day visitors staying overnight when the weather has been good. Some guesthouse operators reported that they had not turned business away as often as in previous years however.

### 3.3.2. Weekend Markets

- Weekend markets for guesthouses in Walton-on-the-Naze are people attending weddings and family parties and people visiting friends and relatives. Guesthouses in the resort also attract some demand for weekend breaks, primarily from older couples from East London and the Home Counties. Shows at the holiday parks in the resort attract some weekend stays. House hunters are a further weekend market. Guesthouses in the resort also attract some weekend demand from bird watchers (primarily in the winter months), people coming to walk The Naze, fossil hunters and seal watchers. These are minor markets however.

### 3.3.3. Midweek Markets

- Holidays and short breaks are the main midweek markets for Walton guesthouses in the summer. Demand is strongest for short breaks of up to 4-5 nights. Guesthouses in the resort also still attract a core clientele of regular guests for one and two week holidays and in some cases three-week holidays. Many of these guests are now quite elderly and beginning to die off, although guesthouses in the resort have started to attract a new generation of holiday customers.

- Walton guesthouses attract demand in January and February from people coming off the holiday parks in the resort during their winter closure.

- Other midweek markets are people visiting friends and relatives, people attending funerals, contractors and National Express coach drivers. Guesthouses in Walton-on-the-Naze attract very little demand from business visitors.

## 3.4. Harwich Hotels

### 3.4.1. Occupancy Levels and Room Rates

- Average annual room occupancies for Harwich hotels vary significantly. No hotel is achieving much more than an average annual room occupancy of 65%. Some independent hotels have been achieving very low average annual room occupancies of under 40% for the last few years. Established hotels claim to have lost a lot of business to the Premier Inn when it opened in 2005. Their occupancies appear not to have recovered much since. Two hotels have reduced their prices in 2009.

### 3.4.2. Weekend Demand and Markets

- Weekend demand for hotel accommodation in Harwich is generally strong between April and October. Most hotels are fully booked and turning business away to a reasonably significant extent on Saturday nights during these months. One hotel also fills and frequently turns business away on Friday nights at these times of year. Other hotels reported very low Friday occupancies however. Sunday night occupancies are low for all Harwich hotels. Weekend occupancies are very low during the winter months, typically no more than 30%.

- Ferry and cruise passengers are the key weekend markets for Harwich hotels in the summer. Demand from both of these markets has increased in 2009. Other weekend markets are people attending weddings and family parties and people visiting friends and relatives. Harwich hotels generally attract very little weekend break business.

### 3.4.3. Midweek Demand and Markets

- Midweek occupancies for Harwich hotels are generally lower, more variable and more seasonal than weekend occupancies. They are generally around 40-60%, with hotels occasionally filling during the week and turning business away, but not on a regular basis. Midweek occupancies are generally stronger in the summer and very low in the winter.

- Lower priced hotels are currently attracting strong midweek demand from contractors involved in the development of the wind farms. This demand is likely to continue for at least the next 18 months.

- Key midweek markets for Harwich hotels are contractors, ships crews and business visitors. They also attract demand from cruise and ferry passengers in the summer, depending on cruise departure days. Other midweek markets are people visiting friends and relatives and people attending funerals. Harwich and Dovercourt hotels do not usually attract midweek holiday and short break business.

## 3.5. Tendring Budget Hotels

### 3.5.1. Occupancy Levels and Patterns

- Average annual room occupancies for budget hotels in Tendring are around 65%. This is relatively low compared to typical budget hotel room occupancy performance in other parts of the country of around 80%. Demand in Tendring is highly seasonal. Weekend demand is strong throughout the year, particularly on Saturday nights. Midweek demand is lower and more seasonal.

### 3.5.2. Weekend Demand and Markets

- Saturday occupancies are high throughout the year, with budget hotels in the District generally filling and turning away fairly significant levels of business on Saturday nights, frequently at least 30-50 rooms. Friday occupancies are generally strong between May and September, with budget hotels often filling and turning business away on Friday nights in these months. Friday occupancies are low between October and April. Sunday night occupancies are low all year.

- Key weekend markets are people attending weddings and family parties and people visiting friends and relatives. Weekend breaks are a further market for budget hotels in Clacton-on-Sea. Cruise and ferry passengers are a significant weekend market in Harwich during the summer.

### 3.5.3. Midweek Demand and Markets

- Midweek demand is strong during July and August, when budget hotels in the District frequently fill and turn business away, at times as many as 30 –40 rooms. Midweek occupancies in the shoulder months are more likely to be around 60-70%, although budget hotels in the District can also fill and turn business away during the week at these times of year. Midweek occupancies are low during the winter, usually not more than 40-50%.

- The key midweek market for budget hotels in the District is contractors. Business visitors are also a reasonably strong midweek market in Harwich, but a minor source of midweek demand for budget hotels in Clacton-on-Sea. Budget hotels here attract short break stays in the summer months. This is not a market in Harwich however. Ferry and cruise passengers generate some midweek demand for budget hotel accommodation in Harwich during the summer.

# 4. FUTURE MARKET PROSPECTS

## 4.1. Strategic Context

- The **Regional Spatial Strategy** identifies parts of the Tendring coast – including Clacton, Walton and Harwich - as a regional priority area for economic regeneration. The RSS also identifies 'gateways' – sub-regions important for their transport links and economic growth/regeneration potential. Haven Gateway is one of these – an area that takes in Harwich alongside Felixstowe and Ipswich – where opportunities are identified for the development of high tech and knowledge based activities associated with the ports and links with the Cambridge sub-region, which could play an important part in the regeneration of Harwich and Clacton. The RSS also sets out growth requirements for Tendring in terms of new homes and jobs to be created, which have subsequently been refined and are being incorporated into the emerging LDF.

- The **Regional Economic Strategy** recognises the importance of the proposed Bathside Bay port expansion at Harwich as a development of regional significance. It also acknowledges the need for urban renaissance in Clacton and Jaywick. The Haven Gateway sub-region is an identified engine of growth. The RSS also highlights as key facets of economic growth the need to improve transport links, especially the A12 and A120; the importance of sustainable energy and efficient design; and the diversification of the rural economy.

- **Haven Gateway** is a designated Growth Point with funding for new infrastructure to support regeneration and facilitate high levels of growth. The Haven Gateway Integrated Investment Programme (2008) sets out a framework for growth for the sub-region. The programme details a number of thematic 'packages' (covering transport, green infrastructure, culture and tourism, housing and skills), but also a number of spatial 'packages' for the different parts of the Gateway. Priority actions are identified for each of these packages.

    - Priorities for tourism and culture are to develop a sub-regional Tourism and Culture Strategy; to exploit the creative industries within Haven Gateway; to attract investment associated with 2012 and the Olympics, and to support and develop the cruise sector.

        - In terms of the cruise market, in 2009 around 54 cruises called at Harwich; the majority of these (around 48) are turnaround cruises, i.e. that start and finish at Harwich. These are the cruises with greatest potential for generating hotel demand, either before departure or on return before heading home. Whilst there is some potential for growth here, capacity is limited to 60 calls due to the length of the quayside accommodating only one berth. Currently the cruises operate between Easter and September and could potentially operate year round, however as many currently operate to Scandinavia there are some restrictions on winter operation. The quality of hotels in Tendring is a limiting factor in terms of how much pre-departure and post-arrival business the District can attract, as cruise passengers are generally seeking higher quality hotels. Many go to hotels in Colchester and Ipswich and hotels along the Suffolk Coast. Mini-cruises of 3-5 days operated by DFDS have become increasingly popular. We understand that there is scope for further expansion in this market, with associated hotel demand primarily at the budget end of the market.

        - The Haven Gateway partners are investigating the potential for the sub-region to benefit from the 2012 Olympics opportunity, including the potential to use Harwich and Felixstowe ports as a marina for cruise liners, and to act as a gateway to the Games for ferry passengers from northern Europe.

- The spatial package for the Haven Gateway Coastal Towns includes measures to regenerate Harwich, Clacton, Walton and Jaywick to secure long-term economic growth. Priority actions seek to establish a year round economic base, and to encourage investment to enable the resorts to compete for new business. A combination of masterplanning exercises and the Area Action Plan (AAP) process will drive specific schemes in each case. Plans for new hotels and visitor facilities feature within a number of the spatial packages.

- A **Tourism Strategy** is currently being prepared for Tendring. A baseline statement has been produced, articulating the current position of the tourism sector in the District. Consultation with industry representatives has taken place which helped refine both 'big idea' projects and other destination and sector support required to deliver a viable tourism sector in the plan period through to 2026. However, previous sector studies provide some idea of the issues and possible options.

- The need to diversify the quality and range of the accommodation offer and develop additional serviced accommodation to enable new markets to be attracted – including short breaks and meetings-related demand – is an identified priority in the 2002 Bowles Green Tourism Study. The area has traditionally attracted a C1/C2/DE market from Essex and London, increasingly dominated by day visits as staying visitors have deserted the British seaside in favour of overseas holidays, staying mainly on caravan parks in Tendring. As a result much of the serviced accommodation stock has been lost or has failed to meet market expectations as falling levels of business limit the ability of hotels and guesthouse owners to re-invest. New market opportunities identified are for short breaks linked to activities and special interests such as cycling, sailing and other watersports, walking and bird watching[1], plus an opportunity to attract more overseas visitors arriving at Harwich, if the right offer can be put in place.

[1] In our experience these markets are usually only very small, niche markets that do not deliver high volumes of demand for hotel and guesthouse accommodation.

- The **Tendring Regeneration Statement** to 2021 identifies tourism as one of its critical issues. To remain competitive it advocates that the sector has to improve the quality of the visitor experience, requiring investment in the development of the tourism product. The Council's role will be to encourage the private sector to do this and facilitate its delivery with its planning policies. An updated Regeneration Strategy is being developed that places significant emphasis on the opportunities for developing the tourism industry in the District.

- Beyond the tourism industry, the development of other business sectors is clearly important in terms of the potential to grow business tourism and mid-week demand for hotels and guesthouses year round. Key sites where business development is likely to be focused include:

    - The Bathside Bay container terminal at Harwich, which will expand the port and related industries and services over a 122 ha site, creating a 1.4km long quayside and a small boat harbour at Gas House Creek. This scheme has the potential to create around 700 direct jobs and 1,000 indirect jobs. It is likely to be developed post 2016;

    - Pond Hall Farm, a 27 ha strategic employment site on the A120 that has been allocated for a new business park, most likely for light industrial, storage and distribution uses;

    - Extensions to business parks in Clacton – Brook Park and Oakwood – which are likely to include an element of office use;

    - Two further sites in Clacton off Jackson Road could also be developed for office use.

- The **LDF Core Strategy** is at Issues and Possible Options Stage. It sets a target for the development of 6,500 new home in the District through to 2026, in line with targets set in the East of England Plan. In addition, the District must plan for a minimum number of jobs – originally set at 6,100, but this figure was virtually achieved by 2008. A range of scenarios have now been worked up, some involving a greater level of intervention to achieve aspirational targets of between 7,300 and 12,900 new jobs through to 2026. Consultants are proposing an approach that would deliver 10,000 new jobs. The spatial strategy is still to be agreed, although the majority of the new homes and jobs are likely to be in Clacton and Harwich as the key centres with the ability to accommodate growth. The development of Bathside Bay for port expansion and associated activities at Harwich, plus the development of tourism, leisure, retail, health and education sectors are seen as where most of the jobs will be delivered in Clacton. In the higher growth scenarios, Walton, Frinton and Brightlingsea would also accommodate some of the growth, particularly in tourism, leisure and retail, and the Colchester fringe could accommodate some growth in office jobs. The upgrading of the A120 could also act as a focus for growth for warehousing and distribution.

- An employment study is currently underway in support of the LDF that is looking more closely at identified aspirations for employment land-use and will test this out as part of the site assessment work to ensure the deliverability of allocated sites.

## 4.2. Resort Regeneration Plans

- **Clacton-on-Sea** is the largest of Tendring's seaside resorts and the focus of regeneration activity that can deliver a step change to re-position the resort for the 21st century. A number of studies have been undertaken to inform both the future regeneration strategy and the emerging planning framework, the content of which is covered in more detail in chapter 5.

- The Council has a renewed political commitment to developing tourism in the District, and additional work is currently underway to build on the previous studies by BDP and others to deliver an ambitious vision for Clacton's seafront with the ability to re-position the resort to attract new markets. Initial ideas for the seafront involved redeveloping the pier for a mixture of commercial uses, using a 'sustainability' theme that would interpret the off-shore wind-farm – components included an ecological ride, an aquarium, a marine lake, a new pavilion, a pier square, a covered promenade, cafes and restaurants. Public realm improvements together with private sector investment in the redevelopment of the Royal and Comfort hotels and The Lighthouse site are also envisaged. A festivals development programme and development of the water sports offer are other elements of future strategy emerging from the work so far. INTend have now been commissioned to revisit these proposals, and to draw on the experiences of Bournemouth and others to step up the vision for Clacton, alongside the preparation of a Tourism Strategy and the engagement of local tourism operators. Other elements of the Clacton Town Centre Area Action Plan envisage the development of the town's retail offer, new leisure and entertainment uses in the town centre such as a cinema and health club and possible further new hotels.

- A **Regeneration Framework** is being put together for **Walton-on-the-Naze**, to stimulate its future economy. Proposals aim to build on the area's natural and historic assets, and went out for public consultation during September 2009. 4 core strategic objectives have been identified – building a strong year round economy and creating a unique destination that maximises its environmental and heritage assets are two of the objectives with particular tourism relevance.

- Proposals for diversifying the economy include:

    - Creating a new 'urban beach' next to the Columbine Centre to offer activities such as beach volleyball, rock climbing, and improved play and paddling facilities;
    - Developing wet weather facilities within the Columbine Centre;
    - Improving the pier and its environment;
    - Redeveloping the Martello Caravan Site to include a hotel and new holiday chalets to improve the accommodation offer;
    - Redevelop the Pier Hotel and surrounds to include hotel and other commercial and residential uses and beach huts.

- Proposals for creating a unique visitor destination include:

  - A nature and heritage visitor centre as part of the Crag Walk scheme;;
  - Development of a string of pearls along the seafront between the station and the Naze – public art plus sports, heritage and cultural facilities;
  - Development of the Mere for water sports, together with associated residential, commercial and leisure development;
  - Access, signage and information improvements in a variety of locations.

- A **Masterplan** has been developed for **Old Harwich**, which sets out a regeneration strategy and vision for the area, and has been incorporated into the Local Plan. The Masterplan proposes a number of short, medium and longer-term schemes that together will build on the heritage and character of the Old Town 'Gem' and introduce mixed use development capable of regenerating the local economy and enhancing the built environment. Industrial activities are to be concentrated along the western edges of the quayside, merging to the central quayside where commercial uses (hotels, restaurants, retail) will be located, with residential being focused at the eastern end of the quayside.

- The **Harwich Navyard** site is recognised as being key to unlocking the regeneration potential here. A development brief has now been prepared for the Navyard which sets out proposals for a £200m investment that would deliver:

  - A 400-450 berth marina;
  - 3,800 sq m of retail;
  - A 1,900 sq m food store;
  - A 60+ bed hotel;
  - 60 town houses;
  - 300-350 apartments;
  - 1,200+ car parking spaces;
  - Commercial uses;
  - A landmark building at the centre of the scheme.

## 4.3. Prospects by Market

- Our research suggests the following future prospects in the markets for hotel and guesthouse accommodation in the Tendring coastal resorts:

    - There would appear to be good potential for growth in demand for **short breaks and holidays** in Clacton-on-Sea, Frinton-on-Sea and Walton-on-the-Naze given:

        - The planned regeneration of Clacton and Walton and their improving leisure tourism product;
        - The potential development of further events and festivals in the resorts;
        - Effective marketing of the resorts for short breaks and holidays;
        - Effective use by hotels and guesthouses of Internet marketing;
        - Further investment in the resorts' hotels and guesthouses;
        - Possible further new hotels in Clacton and potentially also in Walton.

    - Demand for short breaks in the three resorts is already strong at weekends and during the summer. The general ageing of the UK population and the growing numbers of healthy, active and wealthy older people looking to take short breaks and holidays in the UK is a trend that should benefit the Tendring resorts. They should continue to be a popular choice for older people that no longer wish to go abroad for holidays provided that they can offer the sort of product that meets their requirements. There are also signs that hotels and guesthouses in the resorts, particularly in Clacton, are beginning to attract new younger couples and families for short breaks through Internet marketing. The gay & lesbian market could also offer growth potential. The Tendring resorts are well placed to attract short break business from East London and the Home Counties. While demand for longer holidays is likely to remain relatively low there are some signs that hotels and guesthouses in the resorts are starting to attract a new generation of customers for one and two week holidays.

- The regeneration plans for Clacton could provide a significant boost to the resort's appeal as a short break destination and could enable it to attract new markets for short breaks. We are less convinced that the regeneration plans for Walton will have such an impact on short break demand in the resort. They are less likely to achieve the same level of revitalisation of the resort as looks set to take place in Clacton we feel, and less likely to achieve a step change in the resort's product to enable it to attract much greater volumes of short break business.

- We think it unlikely that Harwich will develop significantly as a leisure break destination. While Old Harwich has some visitor appeal its tourism offer is currently relatively limited and not sufficient we feel to attract leisure break stays. This is also likely to be the case in Dovercourt.

- The development of **water sports** along the Tendring Coast could generate some new demand for hotel and guesthouse accommodation. This is likely to be a small niche market for serviced accommodation however. In our experience water sports enthusiasts generally prefer to camp if they require overnight accommodation. They are much less likely to use hotels and guesthouses. Water sports also often only attract primarily day visits. The proposed marina at the Harwich Navyard could generate some demand for hotel and guesthouse accommodation from sailors. They usually stay on their boats however, so demand is unlikely to be significant. The marina could however provide a good setting for a new quality hotel in Harwich.

- New **events and festivals** could generate additional demand for hotel and guesthouse accommodation in the Tendring resorts. Much will depend on the resources that the District Council is able to find to put into events development and marketing. The new function room at the redeveloped Royal Hotel in Clacton could provide a good space for events such as mind sports tournaments (e.g. chess, bridge, scrabble, backgammon); music and dance events and competitions; hobby conventions and exhibitions; indoor sports competitions (e.g. boxing, darts and martial arts); and religious events and gatherings. Such events could generate bedroom business for the new Royal Hotel and surrounding hotels and guesthouses, depending on their scale and profile.

- Demand from people attending **weddings and family parties** should increase as the District's population expands. Population forecasts[1] for Tendring project a 12% increase in the District's population between 2006 and 2016.

- The new function room at The Royal Hotel in Clacton and the possible development of function facilities as part of the redevelopment of the Comfort Hotel could attract weddings and functions to these hotels and generate demand for surrounding hotels and guesthouses. The Kingscliff Hotel at Holland-on-Sea also expects to see growth in its weddings and functions trade.

- Demand for hotel and guesthouse accommodation from the **people visiting friends and relatives** is also likely to increase as the District's population grows and new retirement apartments are developed.

- There could be good potential for growth in **coach holidays and breaks** in Clacton if more of the hotels that are large enough to cater for this market decide to target it. The UK coach holiday market is showing good prospects for growth as the numbers of older people in the population increase. While this is a low-rated market it can help hotels to boost midweek demand outside the main summer season. Good rates can be achieved from private coach groups. The main national coach holiday companies demand very low rates however, which many hotels are not prepared to offer.

- There could be scope for further growth in demand for hotel and guesthouse accommodation in Harwich from **ferry passengers**, especially European tourists travelling to the UK via Harwich while sterling remains weak against the euro. The longer-term prospects in the European tourist market are likely to depend on future exchange rate fluctuations. Our research has not identified any indicators of potential future changes in demand from ferry passengers as a result of any planned introduction of new ferry services from Harwich, changes to ferry sailing times, withdrawal of existing ferry services or changes to ferry sizes.

[1] Source: Office of National Statistics Subnational Population Projections, 2006-based.

- There could be scope for Harwich to retain more of the demand from **cruise passengers** given the development of further high quality hotels in the port. While the numbers of cruises departing from Harwich may not increase much in the future as the cruise terminal is already operating at capacity, there could be scope for higher quality hotels (either new hotels or upgraded existing hotels) in the port to attract more of the cruise passenger business that is currently going to hotels in the wider surrounding area. There could also be scope for increased demand for hotel accommodation in Harwich from people joining the DFDS mini cruises. Cruise-related business would not be sufficient in itself to support the development of a new quality hotel or the upgrading of existing hotels however.

- The **London 2012 Olympic and Paralympic Games** could provide a significant increase in demand for hotel and guesthouse accommodation in the Tendring resorts in the summer of 2012 from Games spectators. We understand that Olympic spectators will stay in places that are anything up to 2 hours drive from the Olympic venues.

- There may be scope for the new Royal Hotel and a redeveloped Comfort Hotel to attract small **association conferences** to use their function and conference facilities, which could also generate demand for other hotels and guesthouses in the resort. We understand that Clacton has previously hosted the East Anglia Labour Party conference. With new conference and function facilities at The Royal and Comfort hotels there may be scope for the resort to attract such types of conference once again.

- The redeveloped Comfort Hotel in Clacton, upgraded and expanded Kingscliff Hotel in Holland - on-Sea (if such plans for the hotel are progressed) and a new quality hotel in Harwich (if developed) may be able to attract some demand for **residential conferences**. This is likely to be a very small market for them however. Clacton and Harwich are not well located to attract residential conferences . This is a market that is also generally declining as companies and organisations cut back on their meetings and training budgets and develop their own in-house conference facilities.

- o Demand from the **contractors** market is likely to increase again as the area comes out of the recession and as the regeneration plans are progressed in Clacton, Walton and Harwich and major construction projects get underway. The development of the wind farms should continue to generate significant contractor demand in Harwich for at least the next 18 months.

- o Demand from **business visitors** should grow in Harwich as new companies and industries are attracted here as a result of the planned office, business park and industrial developments, depending on the types of uses and companies that they attract. There could also be some growth in business demand in Clacton-on-Sea, depending on whether new companies and organisations can be attracted to locate here that will generate demand for hotel and guesthouse accommodation. The growth in business demand here is unlikely to be substantial however we feel.

## 4.4. Sector Development Potential

- Appendix 3 provides a review of recent trends in hotel development in UK seaside resorts, providing a context for considering potential hotel development opportunities in the Tendring resorts.

- Our research suggests a strong future for good quality, well-run and effectively marketed hotels and guesthouses in the Tendring resorts. Such establishments attract strong demand at weekends and during the summer months. Our research found evidence of shortages of hotel and guesthouse accommodation in the resorts at these times.

- The regeneration plans for Clacton-on-Sea should strengthen the resort's appeal as a leisure break and holiday destination and boost demand from these markets and should generate a significant increase in midweek demand from the contractors market as major construction projects are progressed. The growth in the District's population should also lead to increased demand for hotel and guesthouse accommodation related to weddings and family parties and from people visiting friends and relatives. There could also be scope for the development of business related to conferences, functions and events held at the new Royal Hotel.

- Our research shows market potential and market need for hotels and guesthouses in the Tendring resorts to continue to invest in improving and developing their facilities to meet the ever-rising expectations of existing customers and attract new markets. Improvements are also needed in access and facilities for disabled people. Investment has already started to happen with a number of existing and new owners and operators of hotels and guesthouses in the resorts having invested in upgrading their facilities; a major redevelopment of The Royal Hotel in Clacton underway; and plans mooted for the redevelopment of the Comfort Hotel and possible future upgrading and expansion of the Kingscliff Hotel.

- Our research shows that there has previously been a strong market for buying hotels and guesthouses in Clacton-on-Sea, even for some of the more run down properties that have attracted buyers that have invested in their upgrading. While the market has slumped following the recession and downturn in the residential property market it is envisaged that it will recover in due course as the country comes out of the recession.

- Having said all of this it is clear that there are some hotels and guesthouses in Clacton-on-Sea that are very run down and have seen little investment for some time. Such businesses often end up in a cycle of decline, with operators unable to generate enough profit to invest in upgrading to enable them to attract new business, with trade and profits continually reducing often to the point where continued operation is no longer viable. A number of these properties now seem to be have ceased trading or are operating as HMOs. It is also likely that there are some hotels and guesthouses that may not be capable of upgrading to meet modern standards e.g. where bedrooms are too small to allow the installation of en-suite facilities. The hotel property agents that we spoke to indicated that it is much more difficult to find new buyers for these run down hotels and guesthouses, certainly in the current market. This situation could change however as the resort is regenerated and the demand for accommodation increases.

- There may be scope to encourage the opening of new B&Bs in the Tendring resorts by encouraging owners of residential properties to start providing guest accommodation.

- There could also be scope for the development of good quality pub accommodation in the Tendring resorts, particularly in Walton-on-the-Naze, where we understand there are a number of pubs that used to offer accommodation. There could also be some opportunities in Clacton, Frinton and Harwich.

- There may be scope for further budget hotels to be developed in Clacton-on-Sea as the resort is regenerated. The seasonal nature of the market here and the lack of midweek business demand may however limit this potential. Travelodge and Premier Inn are the only budget brands that have been actively developing new hotels in UK resorts. Both brands are already represented in the Clacton area. Premier Inn might consider developing a hotel in the resort. We think it unlikely that Travelodge would want to have a second hotel in Clacton however. We understand that the owners of the Comfort Hotel have considered switching to the Days Inn budget brand. Further budget hotels in the resort are likely to compete strongly with the independent hotels and guesthouses for midweek contractor and business visitor demand in the winter months, potentially eroding their business at this time of year. They should help to grow leisure demand at weekends and in the summer however.

- There may be scope for some of the hotels and guesthouses in Clacton-on-Sea to reposition as boutique offers. This has been a trend in other UK resorts. We understand that the new Royal Hotel will feature contemporary design. We do not know however whether it will be a boutique hotel as such. Much will depend on whether the rest of the Clacton offer develops to attract boutique hotel and guesthouse customers.

- There could be scope for the development of an aparthotel or serviced apartment operation in Clacton, possibly through the conversion of an existing hotel or care home. These new types of hotel accommodation have rapidly developed in UK cities and major towns, initially to serve a long-stay corporate market. Many have rapidly attracted demand from leisure tourist markets. This form of accommodation typically comprises studios and one and two-bedroom apartments that are let and serviced on a daily basis. In many cases they are residential apartments that are let to corporate and tourist markets through a serviced apartment-letting agency. Continental breakfast is sometimes provided in the apartment. Purpose-built serviced apartment complexes, aparthotels and suite hotels are also starting to develop, providing a 24-hour reception/concierge, daily maid service, other services such as grocery shopping, dry cleaning and laundry, and central facilities such as a bar, restaurant, guest lounge, gym and conference rooms. These types of accommodation could work well in Clacton, providing a new alternative to hotels and self-catering accommodation for holiday and leisure break visitors looking for a more flexible accommodation option.

- Our research suggests that Harwich will see the development of a Travelodge budget hotel in the next few years. The company is known to have a requirement for a hotel in Harwich and is understood to be in discussions about possible sites. Other budget and upper-tier budget[1] hotel companies are also known to have been looking at Harwich. We are not sure that the market will grow sufficiently here to support an upper-tier budget hotel however, as hotels at this level in the market are usually large units of 80-100 + bedrooms. Additional new budget hotels in Harwich could further erode demand for the independent hotels in Dovercourt unless the market grows strongly here or they are able to invest in significantly upgrading their facilities. There may come a point where the continued operation of these hotels is no longer viable, particularly if they are in need of significant investment to meet modern market requirements. It is difficult to see new buyers coming forward to purchase these hotels and invest in them in these circumstances and in the current market.

[1] Brands such as Holiday Inn Express, Ramada Encore and Hampton by Hilton

- While we understand that there is demand for a higher quality hotel in Harwich from the cruise passenger market, such demand would not in itself be sufficient to support the development of a quality hotel here. There would also need to be strong growth in high-rated corporate demand. There could be scope for a small boutique hotel with a good food offer as part of the Navyard development, depending on the other uses that are developed here. Such a hotel would appeal to the cruise passenger market, could attract corporate business and may be able to develop its own leisure break market through the appeal of its product and food.

- We think it highly unlikely that either Clacton or Harwich will attract a new-build branded 3 or 4 star hotel for the foreseeable future due to the seasonal nature of demand here, the lack of corporate demand , their peripheral location in terms of attracting residential conference business and the relatively low-rated nature of the hotel market here.

- We understand that the idea of a hotel has been mooted as part of the redevelopment of the Martello Caravan Park in Walton-on-the-Naze. Recent years have seen the development of hotels on caravan parks in other parts of the country e.g. Skegness, and some of the major holiday park operators are starting to look at developing hotels on their holiday parks to provide a wider choice of accommodation to their customers. We have not undertaken any work or had sight of any feasibility studies that assess the potential for a hotel on the Martello Caravan park site, so are unable to comment further on this proposition at this stage.

- There could be scope for hotels to be developed at golf courses on the Tendring coast e.g. Frinton or Clacton golf course. We have not undertaken any research to assess such opportunities further however.

# 5. FUTURE POLICY DIRECTION

## 5.1. The Current Local Plan Hotel & Guesthouse Retention Policy

- Current policies relating to the development and retention of hotels and guesthouses are contained in the Tendring District Local Plan, adopted in 2007. The Plan recognises the importance of tourism to the prosperity of the local economy and the need for planning policy to help facilitate the development of the sector. There are a number of policies of relevance, including::

    - ER3 – protection of employment land – a general safeguarding policy;
    - ER16 – tourism and leisure uses – a general tourism development policy;
    - ER24 –a specific policy for the protection of hotels and guest houses;
    - ER25 – a generally permissive policy towards new hotels and guesthouses.

- There are also a number of area policies featuring hotel development and retention, including CL3 (Clacton Seafront), CL4 (Martello Bay), HAR8 (Harwich), FW1 (Frinton and Walton on the Naze), RA3 (which identifies a motel site at Wix) and LMM1 (tourism development in Mistley Urban Regeneration Area). In terms of wider tourist accommodation issues, other policies cover the protection and development of touring and static caravan sites/parks (ER18, ER19, ER19a), holiday villages (ER22), rural accommodation (ER11), and accommodation along the A120 (ER27).

- The specific retention policy is detailed below.

    *Policy ER24 – Protection of Hotels and Guest Houses*

    *Proposals for the change of use of existing hotels and guest houses in the centres of the coastal resorts will not be permitted unless it can be proven that the current land use is no longer viable.*

- The rationale for the policy as articulated in the Local Plan text is the steady decline in hotel and guesthouse accommodation stock over the past 25 years. The Council recognises the importance of retaining and upgrading the existing stock, especially in the core resort areas of the main resorts, to ensure a wide choice of accommodation for tourists.

- There is also a recognition that economic circumstances can change, and the policy allows for change of use where it can be proved that continued operation of a hotel or guesthouse is not viable. The criteria used to assess this are those that are applied to other employment uses. These are set out in Appendix 3 of the Local Plan. The lack of need and/or viability test requires information to be submitted on:

    - Current and projected trading performance;
    - The nature and condition of the building and the cost of improvements to allow it to continue to operate;
    - Evidence of marketing it for sale as a business on the open market, at a realistic price, by a competent/suitable agent, for a minimum of 6 to12 months (period to be agreed with case officer), with details of sales literature, offers and approaches;
    - If permission is granted for change of use from employment, a commuted sum is payable to the Council, for use to improve the employment prospects of Tendring.

- The hotel and guesthouse retention policy applies to the centres of all of Tendring's coastal resorts. However, in Clacton, a designated area has been identified as a focus for the retention policy, extending from Edith Rd in the west to Anglefield in the east, with Marine Parade forming the southernmost boundary and the primary shopping area (Jackson Rd/Pallister Rd) forming the northern limit. It includes (in total or part) Edith Road, Penfold Road, Agate Road, Colne Road, Orwell Road, Beach Rd and Anglefield. New hotels and guesthouses are encouraged in areas of mixed commercial and residential accommodation in Clacton town centre and along the seafront. A hotel is also a possible use identified for land for leisure and tourist development at Martello Bay, east and south of the Coastguard's Station (CL4).

- There is no hotel and guesthouse protection zone identified on the Local Plan Proposals Map for Harwich, Walton-on-the-Naze or Frinton-on-Sea. However, locational priorities, particularly for new development, are referred to in some of the area policies:

    - In Harwich, HAR8 mentions focusing new visitor facilities around Lower Marine Parade, and the text refers to a hotel permission at Stanton Euro Park as well as to potential development opportunities associated with the port, the ferry and the Navyard. There is also permission at Wix on the A120 approaches to Harwich for a motel attached to a pub;

    - In Walton-on-the-Naze and Frinton-on-Sea, policy FW1 encourages tourism related development and the text seeks to protect and up-grade existing facilities and encourage new development to strengthen and diversify the resorts' attractiveness. The need for the protection of existing hotels and guesthouses in the resort centres is identified, with proposals for new hotels, guesthouses and flats being encouraged in areas of mixed commercial and residential accommodation in Walton town centre and along Frinton Esplanade.

- In terms of the success of the hotel retention policy and its implementation, anecdotally significant levels of stock have been lost, though relatively little in the recent past. It has not been possible to quantify the scale of this loss, as it has not been monitored comprehensively. The retention policy certainly dates back to the 1998 Local Plan, but prior to this it is not clear whether a retention policy was in place, and whether this coincided with the most significant losses being experienced.

- In terms of the past 5 years, the applications coming forward in Clacton have been for redevelopment and improvement of existing hotels rather than for change of use involving an exit from the tourism market. The Comfort Hotel scheme, for example, involves demolition of the existing hotel, but replacement to the same scale alongside enhanced function facilities, a bowling alley and some flats. The Royal Hotel scheme involves partial demolition of the hotel to secure investment in the remaining hotel (25 rooms) alongside commercial and residential development. Both of these decisions referred to the protection policy in the decision notices. Beyond Clacton, schemes have come forward in the other resorts that have resulted in hotel uses being lost to residential development: the Victoria, Park and Phoenix hotels in Dovercourt and Anchor Hotel in Harwich are examples. However, there were extenuating circumstances in the case of the Victoria and Park hotels, both of which were in an unsafe condition, with this and the loss of a listed building overriding concerns about the protection of the hotel use.

- Outside the planning application process, it would appear that there are a number of serviced accommodation properties that are no longer trading in the tourism market without having applied for a change of use. In Clacton we have identified at least 8 hotels and guesthouses that are currently operating as HMOs, which we understand may not have change of use permission. Some of these are within the Hotel & Guesthouse Protection Zone in the resort. This would therefore appear to be an enforcement issue. Where such properties have been operating as HMOs for a lengthy period (10years) they can establish this use and obtain a Certificate of Lawfulness to continue. It may well be that the owners of these properties have not applied for change of use because of the protection policy, and/or because policy sets down minimum size standards for HMOs that it may be difficult for them to meet.

- As the policy stands, it would appear to be somewhat woolly and therefore open to interpretation. It uses terms such as 'the centres of resorts' without defining what the centre is. Only Clacton has a zone designated on the Proposals Map, although this is not mentioned in the policy itself. The supporting text provides more clarity, but arguably this should be in the text of the policy itself.

- In summary, the fact that significant levels of stock appear to have been lost is symptomatic of a weakness in the policy and the way it has been enforced. It appears to have been more vigorously applied in Clacton than in the other resorts, to the point where outside Clacton a critical mass of supply no longer exists. Yet even in Clacton, a failure to enforce the policy has resulted in 'under the counter' losses of supply to HMO use. The wording of the policy and the complexity and inappropriateness of the marketing and viability tests that support it, have also made it difficult for the Council to implement.

## 5.2. The Emerging LDF

### 5.2.1 Core Strategy

- The emerging LDF Core Strategy includes a specific core policy on tourism, within the economy objective. The promotion of tourism features here and in relation to regeneration area policies for Clacton, Harwich, Walton and Brightlingsea, which advocate promoting and diversifying the tourism offer and leisure economy, securing investment in tourist facilities, protecting the area's traditional seaside character and enhancing maritime heritage. The text relating to the tourism policy recognises the important role that tourism plays in delivering jobs, with 13% of the District's workforce currently working in this sector, and potential for a significant proportion of new jobs to be tourism-related. The specific core policy, when developed, will detail how the Council will maximise the potential of tourism growth in Tendring.

- The Development Policy section of the Core Strategy Discussion Document includes suggested policies that will set out detailed criteria against which planning applications will be assessed. Those related to the economy include a proposed policy to protect hotels and guesthouses as is currently included in the Local Plan.

### 5.2.2 Clacton Town Centre Area Action Plan

- An AAP for Clacton Town Centre is in preparation and is at Preferred Options stage. There is particular emphasis on the seafront, recognised as the resort's greatest asset. The Plan presents a vision for Clacton's future development, a local interpretation of the Core Strategy policies, and identifies opportunity sites, all with a view to stimulating and delivering economic, social and environmental regeneration. It has been based on earlier visioning document produced by BDP (April 2009). It is scheduled for adoption at the end of 2010.

- The vision seeks to create a revitalised and thriving town centre which is an attractive place to work, live and visit; to up-date and modernise Clacton to create an image of a vibrant and attractive seaside town; and to deliver high quality design to create a strong identity and distinctive character.

- In terms of the planning framework, the preferred option for the development of leisure and recreation facilities aims to promote new development and recognises that greater investment in the attraction of the seafront is central to the regeneration of the town. The AAP recommends:

    - The creation of a Seafront Quarter (Policy AAP7) where changes of use and new development will be restricted to tourism uses, and will not permit uses detrimental to Clacton's tourism role;
    - Confining amusement centres to the Pier, Clacton Pavilion and the southern part of Pier Avenue (AAP8);
    - Greater flexibility could be provided in relation to Local Plan policy ER24 (which seeks to retain hotel and guest house uses) without damaging the tourism role of the town; it is not proposed to retain this Local Plan policy.

- The AAP contains a specific chapter on the Seafront Quarter, as a key location within the town. It includes the beach, gardens, promenade, pier, Pavilion, Pier Gap, and further hotel and guesthouse areas along and behind Marine Parade East and West. The AAP preferred option is to work towards a comprehensive scheme for the seafront, pier, pavilion and surrounding public realm that will create a unique quality environment and attract visitors to the resort, working with key landowners and stakeholders to develop the principles, preferred land-uses and layouts.

- The AAP provides the emerging planning framework for development in Clacton. A more detailed vision and scheme for the Seafront Quarter is currently in preparation, which will build on the previous studies but step it up to re-position Clacton and deliver a 21st century resort capable of generating new demand and attracting new markets. This is still evolving, alongside the development of the Tourism Strategy, but it will be important to clearly identify the role of the hotel and serviced accommodation sector in this vision, both in terms of existing hotels and guest houses, and the potential for new hotel development opportunities as the detailed scheme is developed.

## 5.3. The Case for Retention Policies

### 5.3.1 Why Should Destinations Be Concerned About Retaining Accommodation?

- Retention policies only need to be put in place where there is an identified problem, or a potential problem, with tourist accommodation loss, and therefore a need for some level of protection for the sector.

- The loss may be real and identified through on-going monitoring of supply and change of use over a prolonged period, or may be perceived where these monitoring systems are not currently in place. Often it is not so much the individual losses that have been of concern – although occasionally there will be a large locally significant hotel that has been lost and seems unlikely to be replaced – but the cumulative impact of small losses on the overall supply that raises alarm bells in a destination. These losses seem all the more significant where new hotel development is not being attracted to a destination.

- Much of the loss of hotel and guesthouse stock in recent years has been driven by a very buoyant housing market. Under these market conditions hotels and guesthouses became much more valuable for residential redevelopment than as accommodation businesses. While some resorts may have been in oversupply as the demand for hotel and guesthouse accommodation has reduced, in some cases it has been the drive to realise higher values from residential conversion that has been the main factor behind losses rather than the lack of market demand. The awareness of this higher value alternative use has sometimes become a disincentive for hotel and guesthouses to invest in their properties. Disentangling this is a key challenge for local authorities when determining planning applications for change of use.

- Hotels and guesthouses often operate alongside residential properties. Some may also have originally been built as residential properties. This situation gives developers an avenue to argue that a reversion to a residential alternative is in the best interests of the area. It is, therefore, essential to ensure that retention policies recognise that the co-existence of residential and hotel and guesthouse uses is in fact the norm and not the exception. Policies should also acknowledge the wider tourism contribution of accommodation businesses through the business that their guests generate for other related tourism services, such as restaurants, cafes, bars, shops, visitor attractions and entertainment venues. This will allow a more accurate assessment of the total impact of any proposed reduction in capacity.

### 5.3.2 The Argument for Accommodation Retention

- There are a number of reasons why local authorities seek to retain visitor accommodation:

    - The main reason is that local authorities, particularly in resorts, recognise the importance of retaining a critical mass of accommodation to keep them seriously in the frame as a tourist destination.

    - Much of this argument is associated with the critical role that tourism plays in the destination economy, and concern therefore to keep a balance between economic activity and the town's residential role. Staying visitors spend much more in the local economy than day visitors and help underpin the viability of associated tourism and leisure businesses.

    - Destinations are also concerned to ensure a diverse offer in terms of the range and type of accommodation available for visitors. Providing a choice, from small guesthouses and B&Bs through to larger hotels and boutique accommodation offers is often a key requirement for destinations that new development by the major hotel brands cannot deliver alone.

    - In some locations – particularly compact historic towns and cities – the availability of sites for hotel development is very limited, and the pressure intense from competing higher value uses, both commercial and residential. In such circumstances hotel sites relinquished to other uses are unlikely to be replaced by new hotel development.

- A further benefit of a robust retention policy is that it can facilitate investment in hotel and guesthouses by removing the higher ‘hope’ value of properties that are seen as possible residential redevelopment opportunities. Bournemouth has seen practical evidence of this following the establishment of its tourist accommodation retention policy, with a large number of properties and sites subsequently becoming available for tourist accommodation redevelopment as owners knew that they would no longer be able to obtain planning permission for residential and other uses. Before the introduction of the policy these properties were over-priced for accommodation development;

- Retention policies are also used by destinations to protect locally significant hotels of scale or character that would be difficult to replace that have been identified as making a particular contribution to the destination.

### 5.3.3 Releasing Sites from Accommodation Use

- Retention policies are not intended to provide a straightjacket for the industry, but are intended as a tool to both protect stock for which there is a viable future and manage loss where there is not.

- The principal situations in which local authorities or Inspectors have released accommodation sites and permitted change of use include where:

    - Properties are outside a defined ‘core area’ where visitor facilities are concentrated;
    - Properties are judged to be making little contribution to the destination, in terms of the nature and location of the offer (both existing and potential);
    - The individual circumstances of the property do not justify the cost in terms of bringing it up to modern accommodation standards e.g. a hotel or guesthouse that has become very run down and that has not been operating for some time, where guest bedrooms are too small to allow the installation of en-suite facilities;
    - There is evidence of oversupply, based upon a robust market analysis;
    - There is evidence of accommodation losses and gains balancing one another out, implying new hotel and guesthouse development activity in the destination;
    - Where there is a wider regeneration benefit.

- Often it will be a combination of the above factors that leads to the site being released from tourist accommodation use.

- The key to determining if accommodation can be released is the need for a robust policy to support the position, based upon a sound analysis of the market to provide the underpinning evidence and a realistic commercial appraisal of potential viability.

## 5.4. National and Regional Guidance

### 5.4.1 National Guidance

- National guidance for tourism development was contained in PPG21until its cancellation in September 2006. It has been replaced by a '**Good Practice Guide on Planning for Tourism'.** This document contains a specific appendix on tourist accommodation, dealing principally with the location of accommodation. It provides no guidance on accommodation retention however.

### 5.4.2 Regional Guidance

- There is no specific regional guidance from EEDA or EET relating to the tourist accommodation sector, and its retention.

- Tourism South East has prepared a number of pieces of planning guidance for local authorities focused on the hotel sector. They have drawn on the extensive number of accommodation studies that Tourism South East has partnered, delivered by Hotel Solutions. Of particular relevance to this study is 'Here to Stay' – Tourist Accommodation Retention and Loss (October 2006). This document reviews various approaches to accommodation retention policy across a range of destinations. It then identifies key issues and guiding principles relating to retention policy and sets out an evaluation tool that can be used by local authorities and adapted as required to local circumstances. The key sections of the document are reproduced at Appendix 4.

## 5.5. The Need for a Retention Policy for Tendring's Resorts

### 5.5.1. Clacton-on-Sea

- Our research suggests that there is a good case for retaining a hotel and guesthouse retention policy in Clacton-on-Sea. The resort still has a core supply of hotels and guesthouses. There is strong weekend and summer demand for good quality hotel and guesthouse accommodation in the resort for short breaks and holidays, and shortages of accommodation at these times. Demand for hotel and guesthouse accommodation should increase as the regeneration plans for the resort start to be implemented. While the hotel and guesthouse property market is currently flat as a result of the recession there is evidence of previous demand for buying hotels and guesthouses in the resort, including some of the more run down properties, and a likelihood that demand will increase again once finance for the purchase of hotels and guesthouses becomes more available and the residential property market picks up. There is evidence of existing and new owners investing in upgrading hotels and guesthouses. There is also evidence of pressure for the conversion of hotels and guesthouses to alternative uses such as care homes, residential apartments, offices and HMOs. The conversion of hotels and guesthouses to such uses would significantly alter the character of the seafront area and would reduce the resort's potential to develop further as a holiday and short break destination, which would run counter to the emerging regeneration plans and tourism strategy for the resort. Our research suggests only limited potential to attract new hotel development to Clacton and greater potential to secure investment in the existing hotels and guesthouses in the resort. A hotel and guesthouse retention policy would send out a positive message to the resort's hotels and guesthouses that the District Council sees a good future for them in the resort.

- Having said all of this there are a number of poor quality hotels and guesthouses in Clacton that are:

    - Not trading well under their current operators;
    - In need of significant investment to bring them up to modern standards;
    - Possibly unsuitable for upgrading to meet modern standards;
    - Likely to be difficult to find new buyers for;
    - Not contributing to (and possibly detracting from) the accommodation offer and image of the resort;
    - Operating as HMOs.

- There seems little value in seeking to retain many of these hotels and guesthouses, although some may have more of a future as the resort is regenerated and demand for accommodation increases.

- On the basis of this assessment we would suggest that there will be an ongoing need for the District Council to have a hotel and guesthouse retention policy in Clacton-on-Sea in order to effectively manage the loss of poorer quality stock and resist the loss of better quality properties and those capable of upgrading. Without a clearly articulated retention policy it will be difficult for the District Council to refuse change of use applications that may come forward for hotels and guesthouses that it may wish to retain. There is a need however for the current retention policy to be tightened up. We make recommendations in Section 5.5. as to how this might be achieved.

- We see no particular need to redefine the current Hotel & Guesthouse Protection Zone in Clacton. This area has been in place for many years, albeit that it was reduced slightly in the 2007 Local Plan, and covers most of the hotels and guesthouses that it would be worth seeking to retain. There may be a case to take Penfold Road out of the area. There are only two guesthouses still trading in this street. Others are now operating as HMOs. One of the resort's two 4 star guesthouses (The Sandrock) is however located in this street. There could also be a case for taking Beach Road and Anglefield out of the area. There are only two hotels still operating here – the Laxfield and Melrose, both with 14 bedrooms. The Beach House and Frandon hotels are now operating as HMOs. We are unsure whether these hotels are in the protection zone however. The Laxfield has no en-suite rooms and the Melrose has only 4 en-suite rooms. Both properties are well located close to the seafront and the Melrose has sea views. The owners of the Laxfield would like to invest in upgrading the hotel but are not currently generating sufficient profits to allow this. The Melrose is run on a leasehold basis. The current operator and owner have no plans currently to upgrade the hotel. Both of these properties could potentially attract new buyers that might be prepared to invest in their upgrading once the hotel property market recovers and as the resort is regenerated. There may also be scope for some of the hotels and guesthouses in Beach Road and Penfold Road that are currently operating as HMOS to be brought back into accommodation use at some point in the future as the accommodation market strengthens in Clacton. On balance therefore we feel there is no real need to take any of these streets out of the Protection Zone. Change of use applications that may come forward for the remaining hotels and guesthouses in these streets can be assessed on their merits as they come forward. The District Council may wish to consider these issues further in defining the boundaries of the Seafront Quarter, which could then also be the Hotel & Guesthouse Protection Zone.

- The District Council will need to decide whether to take enforcement action against those hotels and guesthouses in the protection zone that are currently operating as HMOs without planning permission for this change of use. Much will depend on the likely impact that enforcement could have. Failure to enforce the hotel & guesthouse retention policy in respect of such properties could undermine the Council's ability to apply the policy to change of use applications that may come forward from other currently operating hotels and guesthouses that the Council may wish to see retained. On the other hand enforcement may result such properties being boarded up and allowed to fall into a state of disrepair or in change of use applications coming forward that the Council may have difficulty in refusing, resulting in such properties being lost to potentially being brought back into tourist accommodation use at some point in the future as the resort is regenerated. The impact that use of such properties as HMOs is having on the resort and adjacent hotels and guesthouses in terms of antisocial behaviour may be a further factor in the Council's decisions about whether to take enforcement action.

### 5.5.2. Frinton-on-Sea/Walton-on-the-Naze

- In our view there is much less of a case for a retention policy for hotels and guesthouses in Frinton-on-Sea and Walton-on-the-Naze as there are so few hotels and guesthouses remaining in the two resorts and so many hotels and guesthouses have been allowed change of use permission in the past. Frinton only has one small hotel left and two small guesthouses. It can no longer be seen as a holiday resort. It is now primarily a residential area and day trip destination. Walton just has a few small guesthouses left. Caravan parks are its primary base of tourist accommodation. Serviced accommodation plays only a very minor role in the resort's economy.

- Our research showed good demand for the remaining serviced accommodation establishments in Frinton and Walton at weekends and during the summer and shortages of accommodation in the resorts at these times. The plans for the regeneration of Walton may strengthen the demand for serviced accommodation in the resort to some extent. There could be a case therefore for seeking to retain the few remaining guesthouses in the resort. We are uncertain however whether a guesthouse retention policy here would stand up to scrutiny given that so many of the resort's hotels and guesthouses have been allowed to convert to alternative uses in the past and the Local Plan retention policy has not been applied in the resort to date. A more appropriate policy in the two resorts, we feel, would be to positively encourage the upgrading of the existing guesthouses and to encourage the opening of new hotels, guesthouses and pub accommodation.

### 5.5.3. Harwich/ Dovercourt

- We would also suggest that there is also no clear case for a retention policy in Harwich and Dovercourt to retain the remaining independent hotels and guesthouses here as so many establishments have already been lost here and the Local Plan retention policy has not been applied in this part of the District to date. There are very few independent hotels and guesthouses left in Harwich and Dovercourt. Those that remain claim to have lost a lot of business to the Premier Inn since it opened in 2005 and are now trading at very low levels of occupancy and very low room rates. While there is scope for growth in demand for hotel and guesthouse accommodation in the area as its economy develops, it is likely that Harwich will attract a Travelodge budget hotel at some point in the near future and that such a hotel could further erode the trade for the remaining independent hotels. In this situation it will be become increasingly difficult for them to generate sufficient profit to reinvest in upgrading their product to enable them to compete more effectively. We also think that it will be difficult to find new buyers for the hotels and guesthouses in Dovercourt Bay that would be prepared to make the necessary investment in them. Under these circumstances it is difficult to make a strong case for a hotel and guesthouse retention policy here when new, more modern stock looks likely to be developed.

## 5.6. Improving the Hotel & Guesthouse Retention Policy

- While we recommend the continued use of a hotel and guesthouse retention policy in Clacton-on-Sea and the maintenance of the current Hotel & Guesthouse Protection Zone, the current Local Plan retention policy could benefit from tightening up by making it clear under what circumstances change of use might be allowed and what alternative uses can be considered; clearly setting out what evidence applicants must provide if they wish to make a case for change of use; and tailoring the requirements for proof of non-viability specifically to hotel and guesthouse operation rather than more general employment uses. All of this should ideally be set out in a separate SPD covering hotel and guesthouse retention in Clacton, and the other resorts if the Council decides that they should also be covered.

- Hotel Solutions has produced guidance for Tourism South East on approaches that local authorities should adopt when developing accommodation retention policies[1] (reproduced at Appendix 3). This suggests two key tests for determining change of use applications for tourist accommodation:

  - Proof of Marketing for Sale
  - Evidence of Non-Viability

- The **Proof of Marketing for Sale** test is relatively simple for applicants to understand and for local authorities to apply. It is not unreasonable to expect applicants to demonstrate that they have used their best endeavours to sell the business as a going concern for a reasonable period of time and that if they can demonstrate that they have been unable to sell the business that a change of use application should be positively considered. Applicants need to be given clear guidance about what is required of them in this respect. This should stipulate:

  - A minimum period of marketing for sale – at least 6 months to a year and possibly up to 2 years in a slow property market.
  - The use of reputable specialist hotel property and/or business sales agents (possibly from a list of Council approved agents)
  - Marketing through a variety of different media.

[1] 'Here to Stay' Tourist Accommodation Retention and Loss, Tourism South East, October 2006

  - Marketing at a realistic asking price, taking account of current trading performance and condition. This could be determined through the monitoring of local hotel and guesthouse sales and/or through independent advice from specialist hotel and guesthouse property agents (commissioned by the Council but possibly paid for by the applicant).
  - The supply of evidence of sales particulars, advertisements and responses from interested buyers as to why they did not wish to purchase the business.

- The **Evidence of Non-Viability** test is much more difficult for local authorities to apply and for applicants to demonstrate, especially for guesthouse businesses. The viability of hotels and guesthouses can vary greatly depending on the abilities, aspirations and motivations of owners, the amount they need to take out of the business, the level of investment needed for repairs and upgrading and how the purchase of the business has been financed. Applicants and those assessing change of use applications will need clear guidelines on the criteria to be used in assessing non-viability. These could include:

  - Location:

    - Is the hotel/ guesthouse well located (on the seafront/ in the town centre) or not so well located (e.g. in a side street)?
    - Does the hotel/guesthouse have good visibility?
    - Does the hotel/ guesthouse have sea views?

  - The potential to upgrade the property:

    - What condition is the hotel/guesthouse in?
    - Can it be physically and affordably upgraded?
    - What would be the cost of putting the hotel/guesthouse back into good order and upgrading?
    - Is the property sufficiently attractive to merit retention?

- Trading performance and potential:

    - Is the hotel/guesthouse trading on a par with similar standard hotels/ guesthouses?
    - What are the reasons for poorer trading performance?
    - Does the hotel/guesthouse have an effective business strategy?
    - Is there scope for the hotel/guesthouse to attract new higher paying market segments? Has this been fully investigated?
    - Is there scope for the hotel/guesthouse to extend its season? Has this been fully considered?
    - How well marketed is the hotel/guesthouse? Is there scope to attract new business through increased and improved marketing?

- Consideration of alternative options:

    - Have all alternative options to change of use been fully evaluated e.g. partial conversion to residential, serviced apartments or self-catering?

- The detailed criteria and the evidence that applicants will need to present in support of their submission could be set out in some form of Supplementary Guidance document.

- The Council may also wish to set out in such a document other possible options for retaining hotels and visitor accommodation businesses in tourist use that it would be prepared to consider including:

    - Conversion to aparthotels, serviced apartments or luxury holiday apartments for sale or rental;
    - Splitting hotels into smaller hotels and guesthouses;
    - Partial conversion of large hotels to residential use in exchange for investment in upgrading the remaining accommodation use, secured by legal agreement.

- The Council may also wish to consider whether to apply Section 106 agreements to successful hotel and guesthouse change of use applications requiring applicants to pay an exit tariff or commuted sum as a condition of approval, possibly to be put back into the regeneration of the resort, destination marketing or events and festival development. The basis on which such a tariff/ sum would be calculated should be clearly stated in the retention policy SPD.

- The cases presented for change of use can be very difficult to assess, certainly without some expertise in the hotel/guesthouse sector. We would ideally advocate a proactive approach to working with hotel and guesthouse owners that may be considering change of use, through the use of industry experts to work with owners to look at all of their options, develop alternative business strategies, or make objective recommendations to the Council's Planning Department where change of use is deemed to be the best option.

- Account will also need to be taken of the bigger picture of how the accommodation supply and market is changing in Clacton when assessing change of use applications. This will require ongoing monitoring of hotel and guesthouse supply and performance. The application of hotel and guesthouse retention policies will need to be flexible in order to take account of changes in the accommodation market in the resort. Planning necessarily seeks to take the longer view and to operate in the public interest, and inevitably imposes some constraints on the operation of market forces. A flexible approach that takes account of market conditions as they change will however be needed to be fair to hotel and guesthouse owners and achieve a quality accommodation offer that meets economic and tourism development objectives and market requirements.

## 5.7. Alternative Uses for Hotels & Guesthouses

- In considering alternative uses for hotels and guesthouses that want to exit the market we would recommend that the District Council should have a clearly stated policy regarding what would be considered as acceptable alternative uses. In particular, we would suggest that the Council needs to have (and enforce) a policy to resist conversion to HMOs, DSS hostels or supported housing projects in streets where other hotels and guesthouses are still operating. Such uses alongside operating hotels and guesthouses may undermine the continued operation of such business and may deter investment in their upgrading. Conversion to care homes could also be considered to be an inappropriate alternative use for hotels in the core seafront area.

# 6. OTHER REQUIREMENTS FOR PUBLIC SECTOR SUPPORT

- In order to fully justify a hotel and guesthouse retention policy for Clacton-on-Sea and to more positively support the development of the serviced accommodation sector in the Tendring resorts there are a number of other actions that we would suggest that Tendring District Council and its partners need to take or consider taking. These are summarised in this final section of our report.

## a) A Clear Vision and Strategy for Tourism

- A key priority in moving forward will be the establishment of a clear vision and strategy for tourism in Clacton-on-Sea and the other Tendring resorts, with a clear view of the future for the serviced accommodation sector in the resorts. To fully support the development of the serviced accommodation sector in the resorts the strategy will need to include clear plans for growth in the staying visitor markets that will use hotels and guesthouses, including target short break and holiday customers and potentially small association conferences. The strategy will need to be clear about what is needed to drive growth in such markets in terms of requirements for product development and marketing. The emerging regeneration strategies for Clacton, Walton and Harwich provide the main focus for the product development aspects. A Tourism Strategy for the District is currently being developed. This will need to build on the work that has been done on the regeneration strategies and consider requirements for marketing and event and festival development.

## b) Resources & Political Backing for Tourism

- There is clearly little point in having clear tourism and regeneration strategies and plans unless there is the political will and resources to allow them to be implemented. We understand that there is new political support for tourism in Tendring. This will need to be translated into resources to take the regeneration plans forward, together with resources and funding for tourism marketing and events and festival development and marketing, together with funding support for other aspects of the visitor product e.g. the resort's theatres.

### c) The Development of the Visitor Product

- The development of the visitor product of the Tendring resorts will be key to enabling them to continue to attract their core staying visitor markets and broadening their appeal to attract new markets. This will include the development of:

    - Wet weather attractions and leisure facilities;
    - Public realm improvements;
    - The retail offer, including the development of speciality retail;
    - Restaurants and bars;
    - Nightlife and evening entertainment;
    - The cultural offer;
    - Events;
    - Sports and leisure facilities;

- The regeneration strategies for Clacton, Walton and Harwich will provide the main framework for the development of most of these aspects of the visitor product of the resorts.

### d) Events & Festivals

- The attraction and development of events and festivals could have a key role to play in boosting demand for hotels and guesthouses in the Tendring resorts, particularly at off peak times. This would include more significant resort-wide events and festivals (e.g. music festivals, a comedy festival, water sports events) and single venue events e.g. hobby fairs and conventions, religious gatherings, mind sports competitions, sports tournaments and pet shows and fairs). The function room at the new Royal Hotel may provide a space for the latter. A clear strategy for events and festival development is needed, backed by resources for its implementation.

- Consideration could also be give as to whether the Air Show can be moved to a quieter time of the year when it would be more beneficial in terms of boosting hotel and guesthouse occupancies.

### e) Destination Marketing

- Well-resourced and effective destination marketing for the Tendring resorts will also be important in order to fully support hotel and guesthouse operators. The key role that the District Council can play is in raising awareness of the resorts as short break and holiday destinations as they are regenerated and their visitor product develops.

### f) Conference Marketing

- The development of the large function room at the new Royal Hotel and conference and banqueting facilities as part of the redeveloped Comfort Hotel may provide an opportunity to attract small association conferences, Rotary Club and Masonic lodge weekends and religious and charity conferences to Clacton that could generate business for hotels and guesthouses across the resort. There may be an opportunity therefore for the District Council to work with the new Royal and Comfort hotels to attract such conference and events to the resort.

### g) Improving the Marketing Skills of Accommodation Operators

- On the basis of our research we would suggest that there would be merit in organising some form of marketing skills training for hotel and guesthouse operators in the Tendring resorts particularly in relation to Internet marketing. From our discussions with hotel and guesthouse operators it is evident that only a few of them are marketing their businesses effectively through the Internet.

## h) Financial Support for Hotel & Guesthouse Upgrading

- On the basis of our research we would suggest that some form of grant aid or other financial assistance for the upgrading of hotels and guesthouses in the Tendring resorts could significantly accelerate the improvement and development of their serviced accommodation product. Many hotels and guesthouses in the resorts have only limited funds to invest in improving and developing their offer and many do not generate sufficient profits to support significant borrowing. The process of change in the sector is likely to be slow and gradual therefore. The availability of capital grants or some form of other financial assistance, such as interest free or low interest loans or business rate holidays, could help to accelerate change and could make the difference to accommodation development projects that would otherwise not be able to proceed. Such financial assistance has been effectively used in other seaside resorts e.g. Hastings and Skegness to kick start improvements in the quality of the accommodation offer. In some cases grants may not be as helpful as loans or business rate holidays as hotel and guesthouse operators may not have the matching capital to be able to apply for grant aid, depending on the level of grant that is offered.

## i) The Development of Industry and Commerce

- The development of industry and commerce in the Tendring resorts and attraction of new companies, organisations and industries will help to develop business demand for hotels and guesthouses in the resorts, depending on the type of companies, organisations and industries that are attracted. This would help to boost midweek demand for hotel and guesthouse accommodation during the winter and shoulder season months and will have a key role to play in helping to attract new hotel development in Harwich and Clacton. Without a stronger base of midweek business demand attracting new hotel development is likely to be a challenge.

## j) Planning Policies to Support Hotel & Guesthouse Development & Upgrading

- Aside from having a policy to retain hotels and guesthouses in the core seafront area in Clacton, we would recommend that the Council should also continue to have policies that positively support the upgrading, development and extension of existing hotels and guesthouses and the development of new hotels and guesthouses in line with the opportunities that we identify in Section 4.4.

### k) Proactive Marketing of Serviced Accommodation Development Opportunities

- We would suggest that there would be merit in the District Council, INTend and their partners undertaking work to proactively promote the hotel and serviced accommodation development opportunities that we identify in Section 4.4. in terms of:
    - The marketing of specific hotel development sites to target hotel companies, including working with Essex County Council and East of England Tourism on their county and regional hotel investment marketing campaigns;
    - A local PR campaign aimed at encouraging local residents to consider providing B&B accommodation, particularly in Frinton-on-Sea and Walton-on-the-Naze;
    - Alerting business support agencies to the opportunities;
    - Mailshots to pubs to make them aware of the potential for them to provide accommodation.
    - Discussions with golf clubs about the potential for them to develop hotel accommodation.
    - Discussions with holiday park operators about the possibility of them developing hotels on their parks in Tendring.

### l) Monitoring Accommodation Development and Performance

- This study provides a snapshot of the hotel and guesthouse sector in the Tendring resorts at one point in time. Moving forward it will be important for the District Council to continue to monitor how the sector is developing and performing to establish ongoing priorities for the retention and development of hotels and guesthouses. This will require ongoing updating of the District Council's database of hotels and guesthouses and ongoing monitoring of planning applications for hotel and serviced accommodation projects and change of use. The study provides lists of the hotels and guesthouses that we identified through our research. These can be used to update the District Council's database.

- In terms of monitoring hotel and guesthouse performance, we would recommend periodically (ideally every 3 years) undertaking surveys of the resort's hotels and guesthouses to gauge how the sector is performing and developing in the resorts. In our experience this is the most effective way of gathering performance information It is very difficult to get hotel and guesthouse operators to participate in ongoing occupancy surveys, which are also costly and time consuming to administer.

# APPENDICES

**APPENDIX 1**

## TENDRING RESORTS - HOTELS & ACCOMMODATION BUSINESSES INTERVIEWED

| Hotel/ Guesthouse |
| --- |
| **Clacton** |
| Comfort Hotel |
| Travelodge Clacton-on-Sea Central |
| Premier Inn Clacton-on-Sea (Weeley) |
| Esplanade Hotel |
| The Langtry Hotel |
| Kingscliff Hotel |
| The Geisha Hotel |
| The Pier Hotel |
| The Lemon Tree Hotel |
| Melrose Hotel |
| Ocean Club Hotel |
| Laxfield Hotel |
| The Chudleigh |
| Stonar |
| Le Vere House |
| The Sandrock |
| The Beeches |
| Cabana |
| Brunton House |
| Adelaide Guest House |
| **Frinton-on-Sea** |
| Tower Hotel |
| Uplands Guest House |
| **Walton-on-the-Naze** |
| Elizabeth Guest House |
| St Anne's Guest House |
| Regency House |
| Maple Leaf Guest House |
| **Harwich/ Dovercourt** |
| Premier Inn Harwich |
| Cliff Hotel |
| Hotel Continental |
| The Tower Hotel |
| Samuel Pepys Hotel |
| Tony Copping |

**APPENDIX 2**

## TENDRING COASTAL RESORTS - HOTELS & GUESTHOUSES – SEPTEMBER 2009

| Hotel/Guesthouse | Street/Road | Grade | Rooms |
|---|---|---|---|
| **Clacton-on-Sea** | | | |
| **Within the Hotel & Guesthouse Protection Zone** | | | |
| Comfort Hotel | Marine Parade West | n/a | 50 |
| Esplanade Hotel | Marine Parade East | 2 star Hotel | 30 |
| Langtry Hotel | Colne Road | n/a | 27 |
| Parade Hotel[1] | Marine Parade East | n/a | 23 |
| Ocean Club Hotel | Marine Parade East | n/a | 17 |
| The Geisha Hotel | Marine Parade East | n/a | 17 |
| The Lemon Tree Hotel | Orwell Road | n/a | 16 |
| Laxfield Hotel | Beach Road | n/a | 14 |
| Melrose Hotel | Marine Parade East | n/a | 14 |
| Pier Hotel | Orwell Road | n/a | 12 |
| The Chudleigh | Agate Road | 4 star Guest Accom | 10 |
| The Sandrock | Penfold Road | 4 star Guest Accom | 9 |
| Stonar | Agate Road | n/a | 8 |
| Dudleys Hotel | Penfold Road | n/a | 6 |
| Le Vere House | Agate Road | n/a | 5 |
| **Outside the Hotel & Guesthouse Protection Zone** | | | |
| Travelodge Clacton-on-Sea Central | Jackson Road | Budget | 57 |
| Kingscliff Hotel | Kings Parade, Holland-on-Sea | n/a | 15 |
| The Beeches | Ellis Road | 3 star Guest Accom | 13 |
| Grosvenor House Hotel | Carnarvon Road | n/a | 9 |
| Brunton House | Carnarvon Road | n/a | 8 |
| Cabana | Collingwood Road | n/a | 7 |
| Warwick Arms | Pier Avenue | n/a | 6 |
| Beam Guest House | Nelson Road | n/a | 4 |
| Adelaide Guest House | Wellesley Road | 3 star Guest Accom | 3 |
| **Frinton-on-Sea** | | | |
| Uplands Guest House | Hadleigh Road | 3 star Guest Accom | 8 |
| The Rock Hotel | The Esplanade | 2 star Hotel | 7 |
| Russell Lodge | Hadleigh Road | 3 star Guest Accom | 3 |
| **Walton-on-the-Naze** | | | |
| Elizabeth Guest House | New Pier Street | n/a | 5 |
| Maple Leaf Guest House | Saville Street | n/a | 5 |
| Regency House | The Parade | n/a | 5 |
| Tudor Rose Guest House | Tudor Close | n/a | 5 |
| St Anne’s Guest House | Portobello Road | n/a | 4 |
| Bufo Villae Guest House | Beatrice Road | 4 star | 3 |
| Chestnut House | Percival Road | n/a | 1 |

Notes:
1. Not currently trading

| Hotel/Guesthouse | Street/Road | Grade | Rooms |
|---|---|---|---|
| **Harwich** | | | |
| **Old Harwich** | | | |
| The Pier at Harwich | The Quay | 3 star Hotel | 14 |
| The Samuel Pepys Hotel | Church Street | n/a Pub Accom | 6 |
| The Stingray | Church Street | n/a Pub Accom | 5 |
| Hanover Inn | Church Street | n/a Pub Accom | 4 |
| St Christopher's Place[2] | Church Street | n/a | 4 |
| **Dovercourt** | | | |
| Cliff Hotel | Marine Parade | 2 star Hotel | 27 |
| Hotel Continental | Marine Parade | 3 star Guest Accom | 14 |
| The Tower Hotel | Main Road | 3 star Hotel | 13 |
| Ocean View Guesthouse | Main Road | n/a | 4 |
| Homebay | Bay Road | n/a | 3 |
| Tudor Rose B&B | Fronks Road | n/a | 3 |
| Oaklands House | Oakland Road | n/a | 2 |
| Tony & Debbie Copping | Main Road | n/a | 2 |
| Dudley House B&B | Cliff Road | n/a | 1 |
| **Parkeston** | | | |
| Premier Inn Harwich | Stanton Euro Park | Budget | 45 |
| Captain Fryatt | Garland Road | n/a Pub Accom | 8 |
| Paston Lodge | Una Road | n/a | 4 |
| The Hive B&B | Parkeston Road | 4 star B&B | 1 |

Notes:

2. Closing down in December 2009

**APPENDIX 3**

# TRENDS IN UK SEASIDE RESORT HOTEL & ACCOMMODATION DEVELOPMENT

Recent years have seen something of a renaissance in hotel development and investment in UK seaside resorts. Key trends have been the development of boutique and budget hotels. Hotels have also been developed on caravan parks, holiday centres and visitor attractions and linked conference centres. There are a number of proposals currently for hotels as part of mixed-use leisure schemes in resorts, including hotels associated with waterparks and casinos. Warner Hotels has developed a number of adult only hotel resorts in some seaside locations. High quality self-catering holiday apartments have also been developed in some resorts as part of new boutique hotel projects and residential apartment developments.

## Boutique Hotel Development in Resorts

Brighton has led the way in terms of boutique hotel development in UK seaside resorts. It is the only resort to have attracted national boutique hotel operators. Alias Hotels opened the new-build Seattle Hotel at Brighton Marina in 2003, followed by Hotel du Vin opening in 2004 through the conversion of a former pub. A new-build Myhotel opened in 2008. A number of independent boutique hotels have also opened, including the Royal York (reopened as a boutique hotel in 2008) Drake's, Lansdowne Place, Hotel Una and Urban House, all through the upgrading and repositioning of run down hotels. At least 12 guesthouses have also been bought up and converted to small boutique hotels, in many cases by gay and lesbian couples. They include the renowned Blanch House. Boutique hotels in Brighton achieve very high occupancies and rates at weekends. Midweek occupancies and rates are lower however. The larger boutique hotels are successfully attracting residential conferences during the week, primarily from London.

Small independent boutique hotels have also opened in other UK resorts including, for example, Bournemouth (Urban Beach and The Orchid), Cleethorpes (Sugar Sugar), Christchurch (Captain's Club), Eastbourne (Waterside and Da Vinci), Llandudno (Escape), Lytham St Annes (Inn on the Prom), Morecambe (Midland), Poole (Milsoms and Hotel Du Vin), Saundersfoot (St Brides), Scarborough (Beiderbecke's), Southport (Vincent), Southsea (Florence House and Somerset House) and Ventnor, Isle of Wight (The Wellington and The Hambrough). In many cases these hotels have been developed through the conversion of existing, usually run down hotels. Other large hotels have also started to convert to boutique offers e.g. the Durley Hall Hotel in Bournemouth.

## Budget Hotel Development in Resorts

The other key trend in UK seaside resort hotel development has been the opening of budget hotels in resorts, primarily by Premier Travel Inn and Travelodge. With their brands firmly established in key destinations across the UK, these two companies have begun to develop in resort locations. Premier Inn now operates in Blackpool, Bognor Regis, Bournemouth, Brighton, Caernarfon, Clacton-on-Sea, Eastbourne, Folkestone, Hastings, Hayle, Helston, Herne Bay, Lowestoft, Lymington, Margate, Newport (Isle of Wight), Newquay, Paignton, South Shields, Southend-on-Sea, Southport, Southsea, Torquay Weston-super-Mare and Weymouth and will open in New Brighton in 2010. In the last 5 years, Travelodge has opened in Blackpool, Bournemouth, Brighton, Eastbourne, Great Yarmouth, Hastings, Lowestoft, Margate, Newport (Isle of Wight), Paignton, Porthmadog, St Austell, Southend-on-Sea, Torquay and Worthing and has opened hotels in 2009 in Blackpool, Bournemouth, Caernarfon, Clacton-on-Sea, Felixstowe, Poole and Scarborough. Big Sleep opened a boutique budget hotel in Eastbourne in 2008 through the conversion of a run down hotel. Other budget hotel brands have not so far developed in seaside resorts, although an Ibis budget hotel is proposed for Brighton.

Ramada Encore is the only upper-tier budget brand to have opened in a seaside resort, with the opening of a hotel in Bournemouth in 2006 through the conversion of a redundant hotel.

## 3/4 Star Chain Hotel Development in UK Seaside Resorts

The last 10 years have seen relatively little activity in terms of the development of new branded 3 and 4 star hotels in UK resorts, although a number of 3 and 4 star hotels are have opened in resort locations in 2008 and 2009. A 3 star Village Hotel opened in Bournemouth in 2005. A Jurys Inn (3 star) opened in Brighton in 2008. A 133-room 4 star Ramada Plaza hotel will open in Southport later in 2008 as part of the redevelopment of the Southport Theatre and Convention Centre. Rezidor Hotels acquired the Lansdowne and Royal York hotels in Brighton in 2009, which it is now rebranded as Park Inn (3 star) and Radisson Blu(4 star) hotels respectively. Rezidor is also due to open a 137-bedroom Park Inn in Southend-on-Sea towards the end of 2009. Legacy Hotels is currently building a 90-bedroom 4 star hotel in Lytham St Annes in conjunction with the development of a complex or retirement apartments.

## Other Hotel and Accommodation Developments in Resorts

Other types of hotel have also been developed or are proposed in UK seaside resorts including:

- Hotels as part of mixed use leisure and entertainment complexes;
- Adult only hotel resorts;
- Casino hotels;
- Marina hotels
- Hotels attached to theme parks;
- Hotels on caravan parks and holiday villages.

Other hotel products that are common in European and US resorts that could potentially develop in the UK are:

- Aparthotels;
- Spa and wellness hotels;
- Thalassotherapy hotels;
- Waterpark hotels;
- Medicare hotels.

## Case Studies

The following are examples of new hotels that have opened in UK seaside resort locations in the last 5 years:

### Lifestation@Tropicana, Weston-super-Mare

Plans for the redevelopment of the redundant Tropicana swimming pool in Weston-super-Mare include a 96-bedroom hotel. The £48 million scheme includes a new swimming pool, a waterpark, an eight-screen cinema, a ten-pin bowling alley, restaurants and bars alongside the proposed hotel. The project partners are Henry Boot, specialist leisure development company Life Property Ltd and North Somerset Council. Poole-based Splashdown will operate the pool and waterpark. The other units will by run by individual tenants. Life Property Ltd is currently in discussions with prospective operators for the hotel. Planning permission for the scheme was granted in October 2008. The project has been put on hold however until early 2010 due to the recession.

**The Edge - Casino, Hotel & Leisure Complex, Great Yarmouth**

Great Yarmouth-based Pleasure and Leisure Corporation has plans to develop a £35 million casino, hotel and leisure complex on the site of a former caravan park in the resort, after the government granted permission for a new large casino to be built in Great Yarmouth. The company is partnering with Aspers Casino on the casino element of the project, which would include a casino with roulette and gaming tables and slot machines, restaurants, bars, a beauty salon, an iPod lounge and a live entertainment area. The proposed hotel will have 180 guest bedrooms. Other elements of the scheme include a multiplex cinema and a ten-pin bowling alley. Planning permission was granted for the scheme in January 2009. Construction of the project is due to commence towards the end of 2009.

**Mumbles Pier, Swansea**

Plans have been unveiled for a £39 million redevelopment of Mumbles Pier in Swansea include proposals for a 150-bedroom 4 star hotel and spa, a conference and exhibition centre, restaurants, a family entertainment centre and a range of all-weather attractions. The scheme has been put forward by the current owners of the pier, Amusement Equipment Company (AMECO).

**The Sands, Scarborough**

Plans for The Sands development at North Bay in Scarborough could potentially include two hotels, most likely a 50-bedroom budget hotel and a 110-bedroom upper-tier budget/ new generation 3 star hotel. A new development of luxury seafront self-catering holiday apartments opened as part of the development in 2008. The 55-acre development also includes over 400 apartments and a range of commercial leisure facilities, including a waterpark and indoor leisure centre, a casino, a multiplex cinema, amphitheatre and stage, bars, restaurants and shops and car parking. The developers of the project, Benchmark Leisure, are currently in negotiations with prospective hotel companies.

**The Coast, Newquay**

A new £30 million ecologically sustainable hotel and leisure complex called The Coast is currently being put forward for Newquay by developers Roseland Peninsula Homes. The scheme includes a 130-bedroom 5 star hotel, a cinema, restaurant, café and bar, a conference centre and a health spa and gym. The scheme will replace the resort's existing Kilbirnie and Edgcumbe Hotels.

**Regis Centre, Bognor Regis**

Arun District Council has appointed St Modwen Properties as its preferred developer for the redevelopment of the Regis Centre site on Bognor Regis seafront. St Modwen's proposals for the site include a performance arts venue, cinema, bowling alley, 70-room hotel, retail, restaurants and 168 residential units. St Modwen and Arun District are currently working together to assess the feasibility of the proposals in light of the current economic climate.

**Floral Hall Hotel, Southport**

Liverpool-based property developer Neptune Developments completed the £40 million Southport Theatre and Convention Centre re-development of the Floral Hall theatre and conference centre in Southport in 2008. The scheme includes a 133-bedroom 4 star Ramada Plaza hotel, a Stanley casino, restaurants, bars and refurbished and new conference and exhibition space in the Floral Hall. New World Group is operating the hotel on behalf of its investor, Even Group. A Hotel Futures Study for Southport undertaken by Hotel Solutions in 2004 concluded that a new branded 3 or 4 star hotel could not be commercially supported in Southport due to the seasonal nature of the market and the lack of corporate demand. Neptune Development has, however, been able to reduce the development cost for the hotel to a viable level by cross-subsidising the development cost from the higher value elements of the project. Sefton Council has assisted the project by providing the land at no cost and support in terms of planning and project management issues.

**The Vincent, Southport**

The Vincent boutique hotel opened in June 2008 in Southport. Converted from a former cinema, the hotel has 60 guest studios, apartments and penthouses, a deli restaurant, spa, gym and function/ meeting rooms.

**Midland Hotel, Morecombe**

The art deco Midland Hotel in Morecombe Bay re-opened in June 2008 as a boutique hotel, following a complete refurbishment by Manchester-based property developer Urban Splash. Originally built in the 1930s, the revamped Grade II listed building features 44 guest bedrooms, including 6 rooftop suites, a spa, restaurant and rotunda bar with floor to ceiling windows looking out onto Morecombe Bay. The project included the restoration of many of the hotel's original art deco features including works of art created for the hotel when it first opened. The restoration and re-development of the hotel received grant aid through the £10million Morecombe Townscape Heritage Initiative to regenerate Morecombe.

**Captain's Club Hotel & Spa, Christchurch**

The Captain's Club Hotel is a new boutique hotel that has opened at Christchurch Quay near Bournemouth. The hotel has 17 boutique bedrooms and 12 two and three-bedroom serviced suites with full kitchens, lounge and dining areas. Hotel facilities include a restaurant, bar, functions rooms and spa.

**Royal York Hotel, Brighton**

The historic Royal York Hotel in Brighton reopened in 2008 as a boutique hotel after nearly 80 years of use as council offices. The hotel had stood empty for 5 years after Brighton & Hove City Council vacated it in 2003. The hotel now has 51 boutique bedrooms and suites and a number of one and two-bedroom rooftop serviced apartments with fully equipped kitchenettes and roof terraces. Hotel facilities include a restaurant, bar, conference and banqueting rooms and karaoke rooms. The hotel was acquired by Rezidor Hotels in 2009 and has now been branded as a Radisson Blu hotel.

**Seafront Hotel, Clacton-on-Sea**

Plans have been unveiled for a £5.5 million redevelopment of the Comfort Hotel in Clacton-on-Sea, to include a new hotel, a ten-pin bowling alley and rooftop restaurant and bar.

**Butlins, Bognor Regis**

Bourne Leisure opened the Shoreline Hotel at its Bognor Regis resort in 2005 as the first phase in its plans to gradually replace the resort's chalet accommodation with new hotels. The hotel has 160 rooms of three grades on four floors: Nelsons Staterooms (the top grade rooms coming with reserved parking and telescopes so guests can look out to sea), Columbus Quarters and Hooks Cabins. All rooms are family rooms with special children's sleeping areas with TV and DVD, as well as a lounge area with TV and DVD. Rooms are air-cooled. Rooms are sold for 3,4 and 7 night breaks. The hotel has a 120-seat restaurant, two sun terraces, a lounge bar and landscaped gardens. Investment was £10-£12 million. A second hotel, the £20million 4 star Ocean Hotel opened in 2009. It offers 200 bedrooms equipped with new features including rainfall showers, colour change lighting, wide screen televisions and DVD players. The hotel also includes a restaurant and bar and a spa. Future plans include a budget hotel and possibly an aparthotel.

**Pontin's Holiday Park, Southport**

Ocean Parcs has recently announced plans for a hotel and conference facility to be developed as part of a £100 million investment programme at the Pontin's Southport Holiday Park. Other elements of the scheme include bars, restaurants, a lido leisure facility and a sports and health club.

**Southview Park Hotel, Skegness**

This is a new-build hotel on a caravan park located on the main approach road into Skegness. The site is large and has a wide range of leisure facilities that can be used by hotel guests. The hotel opened in 2004. It has 62 rooms and has achieved a 3 star rating. It is trading well to date and business has built quickly over its first 4 years. The weekends are the strongest. Additional business is needed during the week and in the winter months. The main markets are leisure breaks and weddings. The hotel is now targeting the coach holiday market for the winter and shoulder months. It attracts young families at the weekends and retired couples during the week.

**The Big Blue Hotel, Blackpool**

The Big Blue Hotel opened at Blackpool Pleasure Beach in June 2003. It was the first new hotel to open in Blackpool for over 20 years. It is built on the site of a former car park. It is aimed principally at families visiting the Pleasure Beach, with extra large family rooms with virtually separate sections for adults and children, although there are rooms and facilities more appropriate for the corporate sector. The hotel is described as an 'innovative and fun, yet stylish and relaxing, boutique-style hotel'. The rooms are large (7sq m larger than industry standard), and bathrooms are situated between the children's and adults sections, effectively separating them. Many of the rooms overlook the roller coaster. The different types of room include family suites (72), executive rooms (22), standard rooms (20) and executive suites (2) totalling 116 rooms. The development cost was £4.5 million. The hotel also has a business/conference suite with separate syndicate rooms, a fitness room and a 140-cover brasserie style restaurant.

**The Quay Hotel & Spa, Deganwy Quay**

The Quay Hotel & Spa opened in 2006 as part of the Deganwy Quay marina development near Llandudno in North Wales. The hotel features 74 boutique hotel bedrooms and suites, a restaurant, bar, spa and gym. The marina development also includes luxury apartments.

**Warner Character Hotels, Hayling Island and Isle of Wight**

Bourne Leisure has invested heavily in recent years in developing its chain of Warner just for adults hotels. This has included the expansion and development of its hotels at Hayling Island and Bembridge on the Isle of Wight. Warner specifically targets the emptynester and retired short break markets with fully inclusive midweek and weekend break packages. Their hotels offer a wide range of indoor and outdoor leisure facilities together with a full programme of evening entertainment. They achieve very high occupancies year round, typically over 90%.

**APPENDIX 4**

## TOURIST ACCOMMODATION RETENTION POLICY GUIDANCE ISSUED BY TOURISM SOUTH EAST

### 'Here To Stay' – Tourist Accommodation Retention and Loss (October 2006, Tourism South East)

This document looks at the case for retaining tourist accommodation and various approaches to accommodation retention policy across a range of destinations. It then identifies key issues and guiding principles relating to retention policy and sets out an evaluation tool that can be used by local authorities and adapted as required to local circumstances.

With more and more cases going to appeal, particularly where a residential permission is likely to deliver a hotel owner a significantly higher return than the sale of the property as a going concern, many local authorities have recognised the need to tighten up their policies and procedures.

It is worth highlighting here the key retention policy planning principles that should guide policy preparation in this area. Policies should be:

- **Well-defined and transparent -** clearly spelled out in terms of the rationale behind the policy and how it will be implemented.

- **Consistently applied -** out of fairness to applicants but also so that Officers, Members, Inspectors and applicants/their advisors cannot challenge the Council in its approach.

- **Objective** – criteria/evidence-based **-** criteria-based policies seem to be the way forward, and provide a set of requirements that the applicant must respond to and provide evidence against.

- **Economically realistic -** viability is at the core of many of the change of use arguments requiring an understanding by the Council and Inspectors of the economics of hotel operation.

- **Reasonable** - in terms of knowing when to let establishments go, both in terms of the individual circumstances surrounding a property and the contribution it is making to the bigger picture.

- **Related to prioritised needs of the destination -** in terms of identified core areas where it is desirable that accommodation is retained.
- **Linked to tourism strategy** - to support identified market priorities and priorities for the location of development/investment.

- **Flexible** - responsive to changes in the market, the economy and the destination (albeit that timeframes may require determination).

- **Market-led -** which requires the monitoring of market and performance trends.

- **Should not perpetuate accommodation for which there is no market -** again requiring an understanding of market needs and the required product response.

- Based on **consultation with the local tourism/hotel industry**.

Application of these principles requires a local authority to:

- Think through how the implementation of policies will impact on the destination;
- Set out clearly the criteria and evidence to be presented by any change of use applicant;
- Have the support tools and data to be able to debate and indeed where required counter the argument being put forward by the applicant with the benefit of commercial assessments and advice.

The starting point for developing the policy approach and system for evaluation should be a clear vision for the destination and the role the accommodation sector plays in this. What are the accommodation needs of different markets and where should this be located? What mixture of new development, retained stock and managed loss will best achieve this? This needs to be based upon sound market evidence and not unrealistic aspirations.

In relation to retention, the evaluation tool set out in the guidance identifies:

- **the criteria against which applications should be assessed**, principally:
    - proof of marketing for sale;
    - evidence of business performance;
    - evidence of professional management;
    - evidence of attempts to save the business.
- **the type of evidence sought from applicants** to demonstrate that they meet these criteria – or otherwise, including:
    - Independent valuation;
    - Sale marketing materials and responses ;
    - Accounts;
    - Occupancy and Achieved Room Rate data;
    - Business Plans;

  - Marketing Plan, schedule and brochures;
  - Investment schedule and plans;
  - Details of plans to up-grade/re-position with full costings.

- **the response required from the Local Authority, including sources of information and expertise**, which could include:
  - Tourism Strategy inputs/consultation with Tourism Team;
  - Independent property valuations/local agent inputs on hotel sales;
  - Monitor of supply, loss and development;
  - Monitor of demand across the destination and by area;
  - Assessment of hotel standards and fit for purpose;
  - Benchmark data on business performance by size and type;
  - Accountancy inputs on viability of current and potential schemes;
  - Surveyor inputs on required investment costs.

**APPENDIX 5**

## GLOSSARY OF HOTEL DEFINITIONS

### Budget Hotel/Lodge

A limited service hotel usually with bedrooms in a block (40-60 rooms) separate from or attached to a pub/restaurant. AA definition also refers to these products as'travel accommodation'. They are often located on major routeways on the approaches to towns and cities, but many brand operators also locate these offers now in town and city centres, where they will tend to be larger units of 100+ rooms and may locate in mixed use schemes, above restaurants and retail, in converted office blocks, and close to railway stations. Generally they offer a good quality room with en-suite facilities and TV; some also have optional Wi-Fi, but generally they do not offer meeting rooms or other additional facilities and services.
Brand examples include Travelodge, Premier Inn, Ibis, Etap.

### Upper Tier Budget

A limited service hotel that offers a higher specification room (3 star equivalent) than a budget hotel, with an integral bar/restaurant and limited meeting rooms; also sometimes a small gym/fitness room. They tend to be larger hotels of 80-120 rooms and will locate both on the approaches to towns if close to business/leisure drivers, in town/city centres, and close to major communications drivers such as airports.
Brand examples include Express by Holiday Inn, Ramada Encore, Hampton by Hilton.

### 3 Star

A full service hotel that offers a restaurant and bar also open to the public, usually function/conference/banqueting facilities, and often leisure. Branded offers would tend to be 120-150 rooms+, but independent hotels may be smaller in size. Will locate in city centres and out of town where there are significant drivers of demand such as business parks.
Brand examples include Village (De Vere), Courtyard by Marriott, Hilton Garden Inn, Ramada Hotel, Days Hotel, Holiday Inn.

### 4 Star

A full service hotel but with a higher specification and larger bedrooms than 3 star hotels, usually offering bath and shower, telephone, internet connection, and a wider range of services including full room service and porterage, and 24 hour reception. A quality restaurant, bar, a range of meeting rooms and business services, and a health and fitness centre. These tend to be large hotels, over 150 rooms, and sometimes up to 250 rooms+. Major city centres are the preferred locations.
Brand examples include Marriott, Holiday Inn Crowne Plaza, Hilton, Radisson SAS.

### Boutique Hotel

Relatively small (30-50 rooms), high quality, individual hotels that feature contemporary design and a good food offer. They are often independent hotels or part of small chains that bear the signature of their founder. However, national brands are beginning to emerge that are larger format units (100+ rooms) and compete with 3 and 4 star hotels but achieve a premium on their rate due to their style and service.
Brand examples include Malmaison, Hotel du Vin, Abode, Bespoke, Apex.

### Waterpark Hotels

Hotels linked to waterparks. The Splash Landings Hotel at the Alton Towers Waterpark is the only waterpark hotel that has so far been developed in the UK although there are proposals currently for hotels linked to proposed waterpark development in Scarborough and Weston-super-Mare.

### Casino Hotels

Hotels linked to or incorporating a large casino. Most commonly found in the United States. There are no casino hotels currently in the UK although a number of hotels have small casinos or are linked to casinos. There is a proposal currently for a casino hotel in Great Yarmouth.

### Thalassotherapy Hotels

Hotels that offer treatments using seawater, seaweed and other marine products that improve skin condition and circulation. Such hotels are commonly found in France, Italy, Spain and Ireland but have yet to develop in the UK.

### Medicare Hotels

Hotels that offer medical treatments for guests. Such hotels are found in various parts of mainland Europe but have not so far developed in the UK.