

D2N2 VISITOR ACCOMMODATION STRATEGY

Report of Key Findings

Prepared for:
D2N2 Visitor Economy Advisory Group

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1. INTRODUCTION

1.1 Background to the Study

1.1.1. The visitor economy plays a key role in the D2N2 economy, employing over 65,000 people and supporting hundreds of businesses. The Visitor Economy Review and Investment Study completed for D2N2 LEP in May 2014 identified a need for investment to increase and improve visitor accommodation provision across Derbyshire and Nottinghamshire as a key requirement for realising the growth potential of the D2N2 visitor economy. In order to encourage and support such investment, the D2N2 Visitor Economy Advisory Group (VEAG) has commissioned Hotel Solutions to produce a Visitor Accommodation Strategy for the D2N2 area.

1.2 Study Objectives

1.2.1. The study has two objectives:

- a) To provide a robust, evidence-based assessment of the future requirements and opportunities for investment in visitor accommodation provision across Derbyshire and Nottinghamshire in the short, medium and long-term, in terms of both improvements to existing accommodation businesses and new accommodation.
- b) To formulate a clear strategy and action plan for public sector intervention to support and accelerate visitor accommodation development across the two counties.

1.2.2. Specific requirements set out in the brief include:

- A review of current visitor accommodation provision across the D2N2 area;
- An assessment of current accommodation business performance and market demand, including the inter-relationship between urban and rural locations;
- An assessment of business that is currently being lost due to accommodation shortages;
- An assessment of the potential for visitor accommodation development across the two counties;
- Identification of key sites for accommodation development;
- A strategy and action plan for public sector intervention to secure the necessary accommodation improvement and development.

1.3 Study Coverage

1.3.1. In terms of types of accommodation, the study covers the following:

- Hotels;
- Pub accommodation;
- Restaurants with rooms;
- Guest houses/B&Bs;
- Holiday cottages;
- Holiday lodges and holiday lodge parks;
- Touring caravan and camping sites;
- Camping pods;
- Glamping;
- Holiday parks;
- Holiday villages;
- Group and youth accommodation, including hostels, outdoor education centres, bunkhouse accommodation and camping barns;
- Children's activity holiday centres;
- Wedding venues with accommodation.

1.3.2. A glossary of visitor accommodation definitions is provided at Appendix 1.

1.3.3. In terms of geography, the study covers all parts of Derbyshire and Nottinghamshire. Where possible findings are reported for more specific geographic locations in terms of Nottingham, Derby and key towns as locations for hotel development; the Peak District and Sherwood Forest, as key destinations for leisure visits; and the National Forest, as a developing leisure destination.

1.4 Methodology

1.4.1. This study has involved gathering information from a variety of sources, plus detailed analysis, to deliver the required outputs. The work programme has involved the following modules of work:

- A review of national hotel and visitor accommodation development trends of relevance to Derbyshire and Nottinghamshire.
- A review of the current supply of all forms of visitor accommodation in Derbyshire and Nottinghamshire in order to:
 - Assess the extent to which national hotel and visitor accommodation development trends are being picked up in the D2N2 area;
 - Identify any obvious product gaps and shortages;
 - Assess whether there are any significant quality issues with the area's existing accommodation stock;
 - Identify exemplar accommodation businesses in the two counties.
- Identification of changes in visitor accommodation supply in the last 5 years, in terms of new openings; the extension, upgrading, development or re-branding of existing establishments; and closures.
- A review of current accommodation development proposals and follow up work to assess the current status of major schemes and their likelihood of going ahead.

- An assessment of current visitor accommodation performance and market demand through:
 - The purchase of hotel performance data for Derby and Nottingham from STR Global;
 - Face-to-face and telephone interviews with a good cross-section of larger hotels and visitor accommodation businesses (holiday cottage letting agencies, touring caravan and camping sites, holiday lodge parks, outdoor education centres, youth hotels). A total of 250 accommodation businesses were interviewed;
 - A CATI (computer assisted telephone interviews) survey of a sample of 164 smaller, good quality visitor accommodation businesses across the two counties.

- A review of relevant policy and strategy documents to establish the policy framework and strategic context for hotel and visitor accommodation development across the D2N2 area.

- Consultation meetings with Visit Peak District & Derbyshire, Experience Nottinghamshire, the Peak District National Park Authority, Nottingham City Council, Derby City Council and Newark & Sherwood District Council.

- Email and telephone consultations with all of the other local authorities across Derbyshire and Nottinghamshire and other relevant bodies including The National Forest Company and Derwent Valley Mills World Heritage Site team.

- An audit of potentially available sites and building conversion opportunities for hotels and major visitor accommodation development schemes, with more detailed work on 30 key sites to assess the likelihood of schemes being progressed, any live developer interest, and requirements for public sector support for projects to be taken forward.

- A survey of hotel and visitor accommodation developers, operators and investors to gauge their interest in investing in new hotels and visitor accommodation schemes in the D2N2 area.

- 1.4.2. The above modules of research and analysis have been drawn together to identify the potential opportunities for visitor accommodation development across the D2N2 area, by accommodation type, drawing out where possible specific locational opportunities.

1.5 Reporting Structure

- 1.5.1. This document presents the key findings of our research in a succinct report that synthesises the key messages from the many strands of detailed research set out above, culminating in our conclusions regarding the requirements and opportunities for visitor accommodation development across the D2N2 area, and our recommendations for forward public sector action to support and accelerate accommodation development across the area.
- 1.5.2. The detailed results of the various surveys undertaken that form the evidence base for these recommendations have been combined into a Technical Appendices document for separate reference where more detailed insight is required.
- 1.5.2. Our recommendations for public sector intervention have been formulated into a separate D2N2 Visitor Accommodation Development Acceleration Plan.

2. THE CURRENT VISITOR ACCOMMODATION OFFER

2.1 The Current Visitor Accommodation Supply

2.1.1 Our assessment of the current visitor accommodation supply in the D2N2 is provided at Appendix 3. It shows a sizeable accommodation industry across Derbyshire and Nottinghamshire, with over 2,000 accommodation businesses providing more than 70,000 letting bedspaces. This equates to an industry that is capable of providing accommodation for almost 26 million overnight stays per year. In addition there are over 600 people across the two counties that are offering places to stay on a more informal basis through the airbnb site.

D2N2 VISITOR ACCOMMODATION SUPPLY DECEMBER 2016

Type of Accommodation	Total Establishments	%	Total Bedspaces	%
Derbyshire				
Hotels	97	5.4	9027	21.3
Inns	98	5.5	1299	3.1
Guest Houses/ B&Bs	283	15.7	2143	5.1
Self-Catering	1094	60.8	8298	19.6
Caravan & Camping Sites	163	9.1	18264	43.1
Glamping Sites	22	1.2	236	0.5
Group & Youth Accommodation	42	2.3	3074	7.3
TOTAL DERBYSHIRE	1799	100	42341	100
Nottinghamshire				
Hotels	86	25.6	10722	37.9
Inns	45	13.4	650	2.3
Guest Houses/ B&Bs	89	26.5	769	2.7
Self-Catering	65	19.3	5713	20.2
Caravan & Camping Sites	34	10.1	6024	21.3
Glamping Sites	5	1.5	63	0.2
Group & Youth Accommodation	12	3.6	4339	15.4
TOTAL NOTTINGHAMSHIRE	336	100	28280	100
D2N2				
Hotels	183	8.6	19749	28.0
Inns	143	6.7	1949	2.8
Guest Houses/ B&Bs	372	17.4	2912	4.1
Self-Catering	1159	54.3	14011	19.8
Caravan & Camping Sites	197	9.2	24288	34.4
Glamping Sites	27	1.3	299	0.4
Group & Youth Accommodation	54	2.5	7413	10.5
TOTAL D2N2	2135	100	70621	100

- 2.1.2. Derbyshire has a greater accommodation supply than Nottinghamshire, particularly in terms of touring caravanning and camping provision, and self-catering accommodation. It also has a more significant stock of inns, B&Bs/guest houses and glamping. Nottinghamshire has a higher bedspace capacity in hotel accommodation, concentrated in and around Nottingham, and has the single largest accommodation establishment in the D2N2 area in the Center Parcs Sherwood Forest holiday village.
- 2.1.3. The Derbyshire Peak District accounts for the largest proportion of the D2N2 area's current visitor accommodation supply. It has a significant stock of self-catering holiday cottages and touring caravan and camping sites and accounts for the highest percentage of inn and B&B accommodation, but a lower proportion of the D2N2 hotel stock. It also has a good supply of group and youth accommodation in terms of outdoor education centres, youth hostels, camping barns and bunkhouses, and a small but growing supply of glamping sites.
- 2.1.4. In other parts of Derbyshire, the accommodation supply is predominantly in hotels. Amber Valley has a good stock of self-catering accommodation and touring caravanning and camping provision, two high quality wedding venues with accommodation and two residential conference centres. Derby Conference Centre is a further residential conference centre in the county. The National Forest (South Derbyshire) has a number of holiday lodge sites, touring caravan and camping sites, and some glamping provision.
- 2.1.5. The D2N2 hotel supply is concentrated in Nottingham and its suburbs, and to a lesser extent Derby. The Nottingham and Derby hotel supplies comprise predominantly large branded hotels, with some, mainly smaller, independent hotels. Budget and 3 star hotels dominate in both cities. Nottingham city centre has three 4 star hotels and four small, independent boutique hotels. Derby has just one city centre 4 star hotel and an independent boutique hotel. Beyond Nottingham and Derby there is a concentration of large branded 3 and 4 star hotels with conference facilities in the M1 corridor between junctions 25 and 26. The hotel supply in the Derbyshire Peak District comprises predominantly small and medium-sized independent 3 and 4 star hotels. Until the opening of the Buxton and Matlock Premier Inns in 2016, the Ashbourne and Glossop Travelodges were the only branded hotels in the Derbyshire Peak District.

Chesterfield has a stock of budget hotels, the 4 star Casa Hotel and the 3 star Ringwood Hall Hotel. Other towns (Worksop, Retford, Newark, Southwell, Bingham, Ripley and Alfreton) are typically served by one or two independent 3 star hotels and in some cases a Premier Inn or a Travelodge budget hotel. The D2N2 area has only one large golf hotel – the Breadsall Priory Marriott Hotel & Country Club. In Nottinghamshire, Warner Leisure Hotels operates the Thoresby Hall Hotel & Spa as a 4 star adults only country house hotel.

2.1.6. Non-serviced accommodation in Nottinghamshire is concentrated in Sherwood Forest. This is the location of the Center Parcs holiday village. There are also a number of holiday lodge parks and a good supply of touring caravanning and camping provision here, but very little in terms of holiday cottages and glamping. Newark & Sherwood and Bassetlaw account for the largest proportion of inn and B&B accommodation in Nottinghamshire. In other parts of the county accommodation provision is primarily in hotels. Rushcliffe has two large touring caravan and camping sites, and there is a Camping and Caravanning Club site at Teversal in Ashfield. Nottinghamshire also has a number of wedding venues with accommodation. The University of Nottingham and Nottingham Trent University's Brackenhurst campus provide a significant stock of campus accommodation for conferences. The county has very little in terms of other forms of group and youth accommodation – just the Sherwood Forest YHA hostel, three small independent hostels in Nottingham and the Walesby Forest Outdoor Activity Centre, near Newark.

**D2N2 VISITOR ACCOMMODATION SUPPLY – DECEMBER 2016
ANALYSIS BY DISTRICT & COUNTY - ESTABLISHMENTS**

District/County	Hotels		Inns		Guest Houses/B&Bs		Self-Catering ¹		Caravan & Camp Sites		Glamping Sites		Group & Youth Accom ⁴		TOTAL	
	Estabs	%	Estabs	%	Estabs	%	Estabs	%	Estabs	%	Estabs	%	Estabs	%	Estabs	%
Derbyshire																
Amber Valley	9	4.9	9	6.3	18	4.8	82	7.1	19	9.7	1	3.7	3	5.6	141	6.6
Bolsover	6	3.3	4	2.8	5	1.3	5	0.4	2	1.0	1	3.7			23	1.1
Chesterfield	9	4.9	2	1.4	10	2.7	26	2.2	3	1.5	1	3.7	2	3.7	53	2.5
Derby	26	14.2	2	1.4	12	3.2	12 ²	1.0	1	0.5					53	2.5
Derbyshire Dales	24	13.1	34	23.8	132	35.5	621	53.6	79	40.1	12	44.4	18	33.3	920	43.1
Erewash	4	2.2			3	0.8	1	0.1	1	0.5					9	0.4
High Peak	11	6.0	34	23.8	81	21.7	279	24.1	42	21.3	5	18.5	18	33.3	470	22.0
North East Derbys	4	2.2	4	2.8	9	2.4	38	3.3	10	5.1			1	1.9	66	3.1
South Derbyshire	4	2.2	9	6.2	13	3.5	30	2.6	6	3.0	2	7.5			64	3.0
Total Derbys	97	53.0	98	68.5	283	76.1	1094	94.4	163	82.7	22	81.5	42	77.8	1799	84.3
Nottinghamshire																
Ashfield	4	2.2	3	2.1	2	0.5	5	0.4	1	0.5	1	3.7			16	0.7
Bassetlaw	8	4.4	17	11.9	13	3.5	11	0.9	14	7.1	1	3.7	2	3.7	66	3.1
Broxtowe	9	4.9	4	2.8	3	0.8									16	0.7
Gedling	3	1.6	1	0.7	2	0.5									6	0.3
Mansfield	6	3.3			4	1.4	2	0.2	1	0.5					12	0.6
Newark & Sherwood	11	6.0	20	14.0	46	12.4	24 ³	2.1	11	5.6	3	11.1	4	7.4	119	5.6
Nottingham	36	19.7			10	2.7	13 ²	1.1	1	0.5			4	7.4	64	3.0
Rushcliffe	9	4.9			9	2.4	10 ²	0.9	6	3.1			2	3.7	36	1.7
Total Notts	86	47.0	45	31.5	89	23.9	65	5.6	34	17.3	5	18.5	12	22.2	335	15.7
D2N2 TOTAL	183	100	143	100	372	100	1159	100	197	100	27	100	54	100	2135	100

Notes:

1. Source for Derbyshire self-catering supply: VisitEngland 2016 Census of Non-Serviced Accommodation Stock, supplemented by Hotel Solutions research
2. Including serviced apartments
3. Includes Center Parcs holiday village (900 holiday villas)
4. Includes campus accommodation, residential conference centres, wedding venues with accommodation, hostels, outdoor education centres, camping barns and bunkhouses

**D2N2 VISITOR ACCOMMODATION SUPPLY – DECEMBER 2016
ANALYSIS BY DISTRICT & COUNTY - BEDSPACES**

District/County	Hotels		Inns		Guest Houses/B&Bs		Self-Catering ¹		Caravan & Camp Sites		Glamping Sites		Group & Youth Accom ⁵		TOTAL	
	Beds	%	Beds	%	Beds	%	Beds	%	Beds ⁴	%	Beds	%	Beds	%	Beds	%
Derbyshire																
Amber Valley	574	2.9	118	6.0	123	4.2	476	3.4	2111	8.7	6	2.0	483	6.5	3891	5.5
Bolsover	929	4.7	56	2.9	43	1.5	31	0.2	25	0.1	4	1.3			1088	1.5
Chesterfield	962	4.9	46	2.4	115	3.9	197	1.4	288	1.2	2	0.7			1610	2.3
Derby	3728	18.9	56	2.9	176	6.1	176 ²	1.3	45	0.2			196	2.7	4377	6.2
Derbyshire Dales	1071	5.4	428	22.0	840	28.9	4531	32.3	9906	40.8	146	48.8	922	12.4	17844	25.3
Erewash	383	1.9			18	0.6	5	0.1	15	0.1					421	0.6
High Peak	893	4.5	434	22.3	673	23.1	2157	15.4	4953	20.4	62	17.4	1343	18.1	10505	14.9
North East Derbys	185	0.9	41	2.1	56	1.9	212	1.5	225	0.9			130	1.8	849	1.2
South Derbyshire	302	1.6	120	6.1	99	3.4	513	3.6	696	2.8	26	8.7			1756	2.5
Total Derbys	9027	45.7	1299	66.7	2143	73.6	8298	59.2	18264	75.2	236	78.9	3074	41.5	41489	60.0
Nottinghamshire																
Ashfield	524	2.6	53	2.7	25	0.9	29	0.2	504	2.0	8	2.7	40	0.5	1183	1.7
Bassetlaw	798	4.0	233	12.0	122	4.2	125	0.9	2811	11.6	25	8.4			4114	5.8
Broxtowe	1220	6.2	90	4.6	45	1.6									1355	1.9
Gedling	230	1.2	8	0.4	10	0.3									248	0.4
Mansfield	170	0.8			61	2.1	44	0.3	111	0.4					386	0.5
Newark & Sherwood	942	4.8	266	13.6	322	11.1	4420 ³	31.6	1518	6.3	30	10.0	519	7.0	8017	11.3
Nottingham	6272	31.8			112	3.8	924 ²	6.6	15	0.1			3752	50.6	11075	15.7
Rushcliffe	566	2.9			72	2.4	171 ²	1.2	1065	4.4			28	0.4	1902	2.7
Total Notts	10722	54.3	650	33.3	769	26.4	5713	40.8	6024	24.8	63	21.1	4339	58.5	28280	40.0
D2N2 TOTAL	19749	100	1949	100	2912	100	14011	100	24288	100	299	100	7413	100	70621	100

Notes:

1. Source for Derbyshire self-catering supply: VisitEngland 2016 Census of Non-Serviced Accommodation Stock, supplemented by Hotel Solutions research
2. Including serviced apartments
3. Includes Center Parcs holiday village (900 holiday villas)
4. Calculated on the basis of an average of 3 bedspaces per pitch
5. Includes campus accommodation, residential conference centres, wedding venues with accommodation, hostels, outdoor education centres, camping barns and bunkhouses

2.2 Quality Issues & Gaps in Supply

2.2.1 Our assessment of the current D2N2 visitor accommodation offer highlights the following issues with the quality of existing accommodation businesses and gaps in current provision;

- There are clearly quality issues with a number of hotels across the D2N2 area that are consistently receiving comments on TripAdvisor about their bedrooms and public areas being tired and dated. This includes a number of hotels in Nottingham and Derby, including some 4 star hotels; some of the hotels in Buxton; and a few hotels in other parts of Derbyshire and Nottinghamshire, again including some 4 star hotels.
- While it has a number of 4 star and boutique hotels, Nottingham city centre has no luxury hotel.
- 4 star and boutique hotel provision is limited in Derby city centre.
- There is a relatively limited supply of hotels in the Derbyshire Peak District. The supply here comprises mainly small, high quality country house and boutique hotels, a concentration of hotels in Buxton, and a few budget hotels, including new Premier Inns that have opened in Matlock and Buxton in 2016.
- Chesterfield has a good supply of hotels that are achieving high ratings on TripAdvisor.
- There are very few market town boutique hotels in Derbyshire, and none beyond the Peak District.
- None of Nottinghamshire's market towns have boutique hotels.
- Mansfield stands out as a large town with very little hotel provision.
- Other sizeable towns with little or no hotel provision are Belper, Ilkeston and Swadlincote.
- There is very little provision in the D2N2 area in terms of golf hotels, particularly in Nottinghamshire. The Breadsall Priory Marriott Hotel & Country Club is the area's only large golf hotel.
- Nottinghamshire and other parts of Derbyshire beyond the Peak District have very little provision in terms of high quality country house hotels.

- The quality of inns and pub accommodation across the D2N2 area is highly variable. The Derbyshire Peak District has a stock of good quality inns that appear to be catering primarily for the tourist market and walkers, including a number of boutique and 5 star inns that offer contemporary accommodation and good food. Elsewhere in Derbyshire, and generally across Nottinghamshire, pub accommodation appears to be more focused on catering for contractors, and offers a more basic standard of accommodation that is less suitable for tourist markets. There are very few boutique and 5 star inns in these locations.
- The quality of B&B accommodation across the D2N2 area appears to be good. Tripadvisor reviews for B&Bs are generally very positive. There are a number of 5 star and boutique B&Bs across Derbyshire and Nottinghamshire. Newark and Belper stand out as locations with concentrations of boutique and 5 star B&Bs.
- The Derbyshire Peak District has several 5 star holiday cottages. Other parts of Derbyshire have very little self-catering accommodation of this standard.
- Nottinghamshire has a limited supply of holiday cottages.
- There are very few contemporary/ boutique holiday cottages across the D2N2 area.
- There are a number of 5 star holiday lodge parks on the edge of the Peak District National Park and in the National Forest and Sherwood Forest, but none in the National Park itself as the Park Authority's current planning policies do not allow the development of holiday lodge parks.
- The Derbyshire Peak District has a good supply of large 'super' cottages that cater for family and friend get togethers and celebrations. Other parts of Derbyshire and Nottinghamshire have few self-catering properties of this type.
- There is very little self-catering accommodation across the D2N2 area that has been adapted for wheelchair users.
- The D2N2 area has a good supply of touring caravan and camping sites at all levels in the market.
- There is very little glamping provision currently, especially in Nottinghamshire.

- The Derbyshire Peak District has a good supply of hostels, outdoor education centres, camping barns and bunkhouse accommodation. These types of accommodation are much more limited in other parts of Derbyshire and Nottinghamshire however.
- Nottingham has two small luxury hostels and a more basic hostel.

2.3. Recent Changes in Accommodation Supply

2.3.1. Appendix 4 lists recent changes in visitor accommodation supply in the D2N2 area in terms of new openings, the refurbishment and repositioning of accommodation businesses and closures. Our surveys of small accommodation businesses in Derbyshire and Nottinghamshire (Appendices 5 and 6) also provide an insight into recent changes in small accommodation provision in the D2N2 area. Key changes in accommodation supply have been as follows:

- There has been very little recent activity in terms of new hotel development, other than in terms of the new Premier Inn budget hotels that have opened in 2016 in Derby, Buxton and Matlock, and the opening of The Residence boutique hotel at The Nottinghamshire Golf & Country Club in Cotgrave. The last new hotel to open in Nottingham was the De Vere Orchard Hotel at the East Midlands Conference Centre in 2012. In terms of other hotel development, Derby saw the opening of two new hotels in 2010 (the Holiday Inn Derby Riverlights and the Hampton by Hilton, which was re-branded as the Premier Inn Derby City Centre Riverlights in 2016); the 4 star Casa Hotel opened in Chesterfield in 2010; the boutique Peak Edge Hotel opened at Ashover in 2012; and the Glossop Travelodge opened in 2012.
- There has been a lot of activity recently in Derby in terms of the rebranding of hotels, including newly rebranded Premier Inn and Travelodge budget hotels, and the repositioning of the former Ramada Encore budget hotel to the German Pentahotel lifestyle hotel brand.

- There have also been a number of rebrandings in Nottingham, which have seen the introduction of the Mercure, Ramada and Roomzzz aparthotel brands into the city centre, and the repositioning of the Holiday Inn Express to a Premier Inn. There has also been activity in Nottingham in terms of boutique hotel development, with the refurbishment and reopening of the Lace Market Hotel; the upgrading of the former Rutland Square Hotel to the boutique St James Hotel; the refurbishment of the Walton Hotel as a boutique hotel; and the reopening of the former George Hotel as the Mercure Nottingham City Centre boutique hotel.
- A number of 3 and 4 star hotels in other parts of Derbyshire and Nottinghamshire have undergone major refurbishment programmes. Some key examples include the reopening of the New Bath Hotel & Spa in Matlock Bath in September 2016 as a boutique hotel; the opening of the first phase of boutique bedrooms at the refurbished Kedleston Country House; and multi-million-pound refurbishment programmes at the Crowne Plaza Nottingham and the Novotel Nottingham Derby at Long Eaton. Many 3/4 star hotels remain in need of investment however.
- Most of the independent hotels in West Bridgford and a number of independent hotels in other Nottingham suburbs and Derby have closed in recent years. These appear to have been low quality hotels that were unable to compete with the new city centre budget hotels that have opened in Nottingham and Derby.
- A number of independent hotels have also closed in other parts of Derbyshire and Nottinghamshire. The most significant of these have been the Chesterfield Hotel in Chesterfield (although there is a chance that this hotel may reopen under new owners) and the Best Western Leicester North on the A46 at Upper Broughton in Rushcliffe.
- A number of new inns and pub accommodation establishments have opened across the D2N2 area and a few pub accommodation operations have been refurbished and reopened as boutique inns. Some low quality pub accommodation has closed.

- The supply of B&B and guest house accommodation appears to have reduced with the closure of a number of establishments and very few new ones having opened. This sector of the accommodation industry is characterised by a churn in businesses as people enter the sector often pre-retirement and operate for a number of years before retiring. The growth of airbnb seems to be a factor that is deterring people from setting up more formal B&B and guest house businesses.
- There appears to have been a steady increase in holiday cottage supply in Derbyshire.
- The last 5 years have seen a number of holiday lodge developments in the Derbyshire Peak District, Sherwood Forest and The National Forest, with the expansion of Darwin Forest Country Park, the opening and subsequent expansion of the Forest Holidays Sherwood Forest site, the expansion of the Sherwood Hideaway holiday lodge development; the opening of Ashby Woulds Luxury Lodges at Overseal; and the addition of further holiday lodges at Mercia Marina at Wilmington in South Derbyshire.
- Many of the area's caravan and camping sites have expanded and/or improved their facilities in terms of:
 - Opening additional pitches;
 - Installing electric hook ups;
 - Upgrading toilet and shower blocks;
 - Developing more hard standings;
 - Adding camping pods;
 - Developing fully serviced pitches;
 - Adding caravan holiday homes.
- The Elvaston Castle Country Park Caravan Club Site is the only major caravan and camping site that has closed in the D2N2 area. The current masterplan for the Country Park envisages the redevelopment and reopening of the site however.

- The Mount Cook Adventure Centre is a major new outdoor education centre that opened in Middleton-by-Wirksworth in 2016.
- In terms of youth hostels, YHA opened the Castleton Losehill Hall hostel in 2012 following its acquisition of the property from the Peak District National Park Authority. The YHA has also invested in upgrading a number of its hostels in the Derbyshire Peak District, but has closed two smaller hostels in Crowden and Bretton as part of its national hostel rationalisation programme. The Crowden hostel continues to be operated by Rotherham Borough Council as an outdoor education centre.
- The Igloo Hybrid luxury hostel opened in Nottingham in 2015.

3. NATIONAL VISITOR ACCOMMODATION DEVELOPMENT TRENDS

3.1. National Trends That Have Been Picked Up in the D2N2 Area

3.1.1. Appendix 12 provides a review of national trends in hotel development and rural accommodation provision. Trends that can be seen in the D2N2 area are as follows:

- The development of Premier Inn and Travelodge budget hotels, with new openings for one or both of these hotel brands in 2016 in Derby, Matlock and Buxton, and new hotels being progressed in Chesterfield, Bakewell and Newark;
- Accor is represented with Ibis or Ibis Budget hotels in Nottingham, Derby (Willington), and Chesterfield. The company has not so far opened any Ibis Styles budget boutique hotels in the D2N2 area however;
- The loss of upper-tier budget hotels in terms of the Holiday Inn Express in Nottingham (rebranded as a Premier Inn), the Hampton by Hilton in Derby (now a Premier Inn), and the Derby Ramada Encore (now the Pentahotel lifestyle hotel);
- The development of independent boutique hotels in Nottingham, Derby and parts of the Derbyshire Peak District (Matlock Bath, Ashover, Hope and Grindleford);
- The development of a 5 star spa hotel in The Crescent Hotel & Thermal Spa in Buxton;
- The opening of spa complexes at a number of hotels (Ye Olde Bell at Barnby Moor, New Bath Hotel & Spa at Matlock Bath, Clumber Park Hotel at Worksop);

- The development of serviced apartments in Derby and Nottingham, including some branded serviced apartment operations (SACO Derby and Premier Suites Nottingham), a number of purpose-built serviced apartment complexes (e.g. Luxe Serviced Apartments in Derby) and the establishment of a number of local serviced apartment letting agencies. Nottingham has also seen the opening of a Roomzzz aparthotel. Other aparthotel brands such as Staybridge Suites and Adagio that have opened in other UK cities have not so far opened in Nottingham or Derby, we suspect because they generally need a stronger 4 star hotel market to be viable;
- A few boutique inns have opened across Derbyshire and Nottinghamshire;
- Some of the national pub companies that are building up their hotel portfolios have hotels in the D2N2 area e.g. JD Wetherspoon operates The Portland Hotel in Chesterfield, Marston's Inns operates the King's Highway in Derby and has plans to open a lodge next to its Lock Keeper pub restaurant in Worksop, and Mitchells & Butlers operates the Castleton Innkeeper's Lodge;
- A few restaurants with rooms have opened in Derbyshire and Nottinghamshire;
- The two counties have a number of wedding venues with accommodation;
- A number of boutique B&Bs have opened in different parts of the D2N2 area;
- There continues to be steady growth in holiday cottage supply in Derbyshire through barn conversions and the letting of residential properties;
- Derbyshire has a good stock of large 'super' cottages that can cater for family and friend get togethers and celebration weekends;
- There has been some development in terms of 'Access Exceptional' self-catering accommodation, but the supply of such accommodation remains limited. Hoe Grange Holidays at Brassington and the Rosliston Forestry Centre Lodges in South Derbyshire stand out as excellent examples of such self-catering provision;

- A number of holiday lodge parks have opened in the Derbyshire Peak District, Sherwood Forest and The National Forest;
- The Center Parcs Sherwood Forest holiday village and Forest Holidays Sherwood Forest site have added treehouses to their accommodation offer.
- There has been a lot of activity in terms of investment in caravan and camping sites across Derbyshire and Nottinghamshire, focused particularly on extending the season through the development of hard standing pitches, upgrading of toilet and shower blocks, and introduction of camping pods;
- The development of glamping across the D2N2 area has been very slow;
- Two new hostels and outdoor education centres have opened in the Derbyshire Peak District and a number of existing hostels and centres have been upgraded;
- A new luxury hostel has opened in Nottingham.

3.2. Trends That Have Not So Far Developed in the D2N2 Area

3.2.1. Accommodation development trends that have not so far developed in the D2N2 area are as follows:

- The opening of budget boutique hotels;
- The development of branded boutique hotels e.g. Hotel Indigo, Hotel du Vin, Malmaison;
- The opening of lifestyle hotels, other than the Pentahotel in Derby;
- The opening of themed hotels;
- 5 star hotel development –there are few destinations outside London, other than major cities and leading heritage cities that can support hotels at this level in the market. The Crescent Hotel & Thermal Spa project will deliver a luxury, possibly 5 star hotel in Buxton. This is a unique project to achieve a luxury destination hotel:

- The development of luxury country house hotels, boutique country house hotels, and private house hotels;
- Luxury family hotels;
- The opening of market town boutique hotels;
- The development of regional boutique hotel chains;
- The development of golf resorts, hotels on golf courses (other than The Residence boutique hotel that opened at The Nottinghamshire Golf & Country Club in 2016), and golf lodge developments;
- The development of accommodation at attractions – although a hotel has been proposed at Denby Pottery Village and Sundown Adventureland in North Nottinghamshire is currently applying for planning permission for lodges, camping pods and a touring caravan and camping site.
- The establishment of regional boutique inn companies;
- Boutique self-catering;
- Fishing lodge development;
- Eco lodge developments;
- The development of boutique holiday parks with luxury contemporary caravan holiday homes.
- Watersports holiday parks;
- Eco camping;
- Branded children's activity holiday centres run by national operators such as PGL and Kingswood;
- The development of wellness retreats – Church Spa at East Markham is the only example in the D2N2 area.

4. CURRENT ACCOMMODATION PERFORMANCE & MARKETS

4.1 Current Visitor Accommodation Performance

4.1.1 Information on current visitor accommodation performance and markets was gathered through telephone surveys of 164 small visitor accommodation businesses across Derbyshire and Nottinghamshire, and face-to-face and telephone interviews with 80 hotels, holiday cottage complexes, holiday lodge parks, large touring caravan and camping sites, youth hostels and outdoor education centres. The full results of these surveys can be found at Appendices 5,6 and 7. Key findings are summarised in the following paragraphs.

Hotels

4.1.2 Our survey of D2N2 hotels provides the following insight into hotel performance by location:

- **Derby** city centre 3/4 star hotels reported high room occupancies in 2016, but achieved room rates¹ and revpar² figures are substantially below national averages. Midweek demand is strong, particularly on Tuesday and Wednesday nights, when city centre hotels frequently fill and turn business away. Corporate rates are low in the city however, due to stiff price competition between hotels and the dominance of a few very large companies that command low room rates from the city's hotels. The weekend market is much more challenging and low-rated. Occupancies have been boosted in 2016 by an increase in project-related business from Rolls Royce and the closure of the Hampton by Hilton and Days Hotels in the first part of the year for conversion to the Premier Inn Derby Riverlights and Travelodge Derby Cricket Ground. These factors will not be repeated in 2017, so hotel occupancies may drop back in Derby next year.

¹ The amount of rooms revenue that a hotel achieves **per occupied room** net of VAT, breakfast (if included in the room rate), discounts and commission charges.

² The amount of rooms revenue that a hotel achieves **per available room** net of VAT, breakfast (if included in the room rate), discounts and commission charges.

- Occupancies are very strong for outer Derby budget hotels, but lower for city centre budget hotels, where the market is still adjusting to the opening of the Premier Inn Derby Riverlights and Travelodge Derby Cricket Ground.
- **Chesterfield** budget hotels have achieved very high levels of room occupancy in 2016. The town's budget hotels are consistently filling and turning business away from Monday to Saturday. Denials are very high on Tuesday, Wednesday and Saturday nights.
- The 3/4 star hotel market does not appear to be as strong in Chesterfield. 3/4-star hotel occupancies are much lower than for budget hotels and achieved room rates appear to be well below the national average.
- The hotel market in the **Derbyshire Peak District** is largely leisure driven and more seasonal than in other parts of the D2N2 area. 3/4 star and country house hotels achieve high occupancies and room rates between April and October, and consistently fill and turn business away during these months, especially at weekends. Winter occupancies are lower, particularly during the week, and winter demand is more price driven. Hotels that are closer to Chesterfield and Sheffield achieve higher occupancies because of their ability to also attract corporate business from these locations.
- Budget hotels in Matlock and Ashbourne are trading strongly.
- **Buxton** 3/4 star hotels are generally achieving high occupancies and room rates. Hotel performance is stronger here than in other parts of the Derbyshire Peak District due to the corporate demand that there is for hotel accommodation in Buxton. The town's hotels also attract strong leisure demand. They are usually fully booked at high room rates and consistently turn business away at weekends. Weekend demand is more rate-driven in the winter.
- The new Premier Inn that opened in Buxton in March 2016 has quickly established itself in the marketplace. It is already achieving high occupancies and consistently filling and turning business away.

- Room occupancies are currently strong for **Nottingham city centre** 3/4 star hotels. Achieved room rates and revpar figures are significantly below national averages however. Midweek occupancies are strong. Most 3/4 star hotels consistently fill and turn business away on Tuesday and Wednesday nights, and some also decline business on Monday nights. Similar to in Derby, corporate rates are low however, due to fierce price competition between hotels and the dominance of a small number of very large companies that are able to command very low room rates from the city's hotels. The quality of some hotels is also an issue that is holding back their achieved room rate performance. Saturday occupancies and room rates are high, but Friday and Sunday business is tougher and much more price-driven.
- Occupancies are not particularly strong for Nottingham city centre budget hotels. They achieve high Friday and Saturday occupancies but midweek occupancies and room rates are not as high.
- Some suburban Nottingham budget hotels achieve very high occupancies. They consistently trade at high levels of occupancies from Monday to Saturday and regularly turn away significant levels of business, particularly on Tuesday, Wednesday and Saturday nights.
- In overall terms, the 3/4 star hotels in the **J25-27 M1 Corridor** are trading at relatively low occupancies and achieved room rates, although performance varies according to hotel brand and the quality of hotels. Some hotels are in need of investment and not trading as strongly as they could with a better product. Midweek occupancies are generally strong, particularly on Tuesday and Wednesday nights but weekend demand is more of a challenge and generally low-rated.
- Hotels in the **Mansfield/Ashfield A38 Corridor** are currently achieving very high occupancies from Monday to Saturday and consistently fill and turn away significant business throughout the week and at weekends.

- 3/4 star and budget hotels in **North Nottinghamshire** (Worksop/Retford) are trading strongly during the week. They are generally filling and turning business away on Tuesday and Wednesday nights and often also on Monday nights. Weekend demand is not as strong however, particularly on Friday and Sunday nights.
- There is strong demand for budget hotel accommodation in **Newark** and evidence of frequent shortages of this type of hotel accommodation in the town. 3 star hotels do not appear to be performing as well however.
- Hotels in **Southwell, Ruddington and Rushcliffe** are catering for local corporate demand during the week and wedding parties and people visiting friends and relatives at the weekend.
- **Golf hotels** in the D2N2 area are currently trading well, particularly in terms of achieved room rates, which are more in line with the national 3/4 star chain hotel average and higher than the rates being achieved by many D2N2 3/4 star hotels. Weekend occupancies are strong. Midweek occupancies are not as high as for city centre hotels however.
- **Warner Leisure Hotels' Thoresby Hall Hotel** is likely to be trading in line with the company's reported average annual room occupancy of 95%. The company has been highly successful in terms of catering for the over 50s adults only leisure breaks market.

B&Bs and Guest Houses

- 4.1.3. Good quality B&Bs and guest houses in Derbyshire are trading strongly and generally ahead of the national average annual room occupancy levels. Our survey of Derbyshire B&B and guest house owners showed clear evidence of frequent shortages of this type of accommodation in Derbyshire at weekends (Friday and Saturday nights) between April and October, and during the week in the peak summer months. A third of the B&B and guest house owners interviewed also reported that they are frequently fully booked at weekends during the winter (from October to March).

4.1.4. Occupancy performance for Nottinghamshire B&Bs and guest houses is not as strong as in Derbyshire, and is more variable. Our survey of Nottinghamshire B&B and guest house owners showed similar, but not quite such as widespread shortages of B&B and guest house accommodation at weekends between April and October, and during the week in the peak summer months. A third of the B&B and guest house owners interviewed also reported that they are frequently fully booked at weekends during the winter.

Inns & Pub Accommodation

4.1.5. Our survey of inns and pub accommodation businesses in Derbyshire showed very high demand for this type of accommodation. Pub accommodation businesses reported the strongest growth in occupancies of all of the categories of small accommodation business that we interviewed, and were frequently trading at full capacity throughout the year, especially during the summer, both during the week and at weekends.

4.1.6. Occupancies achieved by inns and pub accommodation establishments in Nottinghamshire are well below the levels achieved in Derbyshire, and are much more variable. Many inns and pub accommodation businesses in Nottinghamshire are however also frequently fully booked and turning business away during the summer (both at weekends and during the week), and to some extent also in the winter, more commonly during the week.

Holiday Cottages

4.1.7. Our survey of small holiday cottage businesses in Derbyshire shows strong demand for this type of accommodation. Existing holiday cottages are achieving high occupancies. Many holiday cottages are trading effectively at their realistic maximum occupancy and are consistently fully booked and having to turn bookings down during the summer. Winter denials are much less common. A few holiday cottage owners reported a drop in occupancy however, that they put down to increased competition.

- 4.1.8. Holiday cottage performance is not as strong in Nottinghamshire and is more variable, but there is evidence of frequent shortages of holiday cottage accommodation in Nottinghamshire during the summer months.
- 4.1.9. Holiday cottage complexes in the Derbyshire Peak District are trading strongly at weekends throughout the year, during the week between April and September, and over the Christmas and New Year period. They are consistently fully booked and frequently turn business away at these times. Midweek demand and prices are lower in the shoulder season and winter however.

Holiday Lodge Parks

- 4.1.10. There is strong demand for holiday lodges in the Derbyshire Peak District and Sherwood Forest, both for rental and ownership, and a smaller but growing market for holiday lodges in The National Forest. Existing holiday lodge parks are achieving high levels of occupancy (75-92%) for rental lodges. They are frequently fully booked and turn business away at weekends and during school holiday periods. Holiday lodge sales are also strong for sites that are selling holiday lodge ownership. The strongest demand is for lodges with hot tubs (which are particularly popular out of season and in the winter) and high-end lodges.

Center Parcs Sherwood Forest Holiday Village

- 4.1.11. Center Parcs' Annual Review 2015/16 reports that the company's holiday villages achieved an annual occupancy of 97.7% and an average daily rate of £167.31 in 2015/16.

Caravan & Camping Sites

4.1.12. Demand for caravanning and camping in the D2N2 area is strong but highly seasonal. Caravan and camping sites across Derbyshire and Nottinghamshire trade strongly during the summer. Sites are generally full and turn business away at weekends between June and September and consistently fill and deny business during school holiday periods. Midweek pitch occupancies are lower (typically around 40-50%) and more variable however. Weekend demand remains strong in the shoulder season months, when sites can also fill and turn business away if the weather is good. Midweek pitch occupancies are lower in the shoulder season however. There is still some weekend demand from caravanners and motorhomers in the winter for hard standing pitches, but midweek demand is minimal. Some sites attract strong demand over the Christmas and New Year period.

4.1.13. Demand for camping is much more seasonal and restricted primarily to the summer months.

Camping Pods

4.1.14. All of the holiday parks and caravan and camping sites that we spoke to that have camping pods reported very strong weekend and summer demand for this type of accommodation. Their pods consistently sell out at weekends throughout the year, and achieve high midweek occupancies in the summer.

Youth Hostels and Outdoor Education Centres

4.1.15. Youth hostels and outdoor education centres in the Derbyshire Peak District are generally fully booked during the week with school groups between March and mid-July and in September and October. They also attract strong weekend demand throughout the year from a variety of different groups. Most hostels and centres are fully booked at weekends between April and October, and attract strong weekend demand throughout the winter from October to March. Midweek periods during the winter are much quieter however. Many youth hostels and outdoor education centres in the Derbyshire Peak District have seen improvements in their occupancy levels as a result of better marketing and investment delivering improved guest satisfaction.

4.2 Markets

- 4.2.1. The markets for visitor accommodation businesses in the D2N2 area vary by location and type of accommodation. The hotel market in the Derbyshire Peak District is primarily leisure driven, while hotels in other parts of Derbyshire and across Nottinghamshire are more focused on business demand in the week and wedding parties, people visiting friends and relatives and event visitors at weekends. B&Bs, guest houses and inns mainly focus on leisure markets, but also attract business and contractor demand during the week. All types of non-serviced accommodation focus almost entirely on leisure demand.
- 4.2.2. Leisure break stays are the key market for **hotels in the Derbyshire Peak District**, both at weekends and during the week. Some hotels also attract weekend, and increasingly midweek weddings business. A number of hotels concentrate on this market, while others are more focused on leisure break business. Family celebrations are a further weekend market. Events at Chatsworth and other events such as the Eroica Britannia cycling festival, Bakewell Show and Buxton Festival generate strong demand for hotel accommodation. Hotels in Buxton and closer to Chesterfield and Sheffield attract some midweek corporate demand. Coach breaks are a key market for The Palace Hotel in Buxton. Overseas tourists are a further market for hotels in the Derbyshire Peak District. Demand is growing from Chinese visitors coming to see Chatsworth.
- 4.2.3. Corporate demand is the key midweek market for **3/4 star hotels in Derby and Nottingham**. Volumes of corporate business are high in the two cities but corporate rates are low. The corporate hotel markets of both cities are highly competitive, with hotels all competing primarily on price for a share of the business. In both cities a small number of very large companies are able to command low room rates from hotels because of the volumes of business they are placing with them. Residential conferences are a minor market for most Derby and Nottingham 3/4 star hotels. Budget hotels in the two cities attract a mix of corporate and contractor demand during the week.

- 4.2.4. The key **weekend markets for Derby hotels** are people attending weddings and family parties in the city and people visiting friends and relatives for the weekend. Derby 3/4 star hotels attract some rate-driven weekend break stays, primarily from families visiting Alton Towers and to a lesser extent older couples visiting Chatsworth or the Peak District. These are not particularly strong markets for Derby hotels however, and Alton Towers business has reduced significantly following the Smiler crash in 2015. Derby's hotels do not currently attract city break business. Group tours are a further weekend market for some hotels. This is low rated business that hotels take because of the lack of demand from other higher paying markets. The Download Festival and World and British Superbike Championships at Donington Park are the only events that currently generate strong demand for hotel accommodation in Derby. Events in the city do not appear to be generating much bedroom business for the city's hotels.
- 4.2.5. **Weekend demand in Nottingham** is primarily single night stays from event visitors coming to the city for concerts, theatre shows and sporting events (cricket, rowing, football, tennis, archery, ice hockey and triathlon). People staying over after a night out in the city and stag and hen parties are key weekend markets for 3 star and budget hotels. 3/4 star hotels attract some weekend city break stays, with people coming primarily for shopping and the city's nightlife. Nottingham's heritage attractions are also a draw, but city break visitors tend not to visit Sherwood Forest and other parts of Nottinghamshire. A number of city centre hotels also attract weekend weddings business and coach breaks are a key weekend market for some 3 star hotels.
- 4.2.6. 3/4 star hotels in **other parts of Derbyshire and Nottinghamshire** primarily cater for local corporate business during the week. Budget hotels generally cater for a mix of corporate and contractor business in the week. Weekend markets are people attending weddings and other family parties, visiting friends and relatives or coming for events and festivals. Most hotels in other parts of Derbyshire and Nottinghamshire do not appear to be attracting much in terms of short break business.

- 4.2.7. Some of the large branded hotels in the **J25-27 M1 Corridor** that have good conference facilities attract residential conference business. This is the main source of business for one hotel. Residential conference demand is a mix of business from local companies and footloose business that is attracted because of the central location of hotels and their ease of access from the M1. This is a stronger market for hotels here than it is for most 3/4 star hotels in Derby and Nottingham city centres. Some of these hotels also cater for group tours at the weekend, and offer-driven weekend breaks, primarily staying to visit Alton Towers, the Peak District and Nottingham. Overspill business from Nottingham events and the Download Festival at Donington Park, weddings business, and Park & Fly demand related to East Midlands Airport are further markets for these hotels.
- 4.2.8. **Golf hotels** attract strong weekend demand for weddings and golf breaks. They achieve high Sunday night occupancies through discounted golf break packages and golf group business. Golf hotels pick up some local corporate business during the week, and larger golf hotels with good conference facilities can trade well in the residential conference market. Golf hotels also attract some midweek golf break and golf group business and some midweek weddings.
- 4.2.9. **Warner Leisure Hotels' Thoresby Hall Hotel** achieves very high occupancies by focusing on the over 50s adults only leisure breaks market.
- 4.2.10. The key markets for **B&Bs, guest houses and inns** are short break stays, event visitors and wedding parties. They also attract some midweek business from business visitors and contractors.

- 4.2.11. Short breaks are the key market for **holiday cottages, holiday lodge parks, the Center Parcs Sherwood Forest holiday village, caravan and camping sites and camping pods**. The D2N2 area is within reach of sizeable catchment populations for short breaks. Demand from this market has grown strongly for all of these types of accommodation. Weekend demand for caravan and camping sites and camping pods is very local, coming predominantly from Nottingham, Derby, Sheffield, Doncaster, Lincoln and Stoke-on-Trent, and their surrounding areas. Many caravan and camping sites have regular guests that visit them on several occasions throughout the year. Holiday cottages, holiday lodge parks and caravan and camping sites attract some demand for full week stays during school holiday periods. Larger 'super' cottages, holiday cottage complexes, holiday lodge parks and caravan and camping sites attract good demand for family and friend get togethers and celebration weekends. The D2N2 area's central location in the country is a real strength for attracting this market. Holiday cottage complexes and some holiday parks that have function space and meeting rooms have started to attract weddings and corporate events. Overseas tourists are a further market for holiday cottages, holiday lodge parks and caravan and camping sites.
- 4.2.12. From talking to these types of accommodation operator in the D2N2 area, the appeal of a holiday cottage, holiday lodge, caravan or camping holiday in the area appears to be largely about getting away from it all to spend a relaxing break in the countryside. Customers are typically interested in outdoor activities such as walking, cycling, mountain biking and fishing. They will also visit local attractions, events and market towns, but are less inclined to go into nearby cities. Many customers are dog owners. Some families staying in these types of accommodation in the Derbyshire Peak District come mainly for Alton Towers. This market has reduced in 2015 and 2016 following the Smiler crash in 2015.

4.2.13. **Youth hostels and outdoor education centres** in the Derbyshire Peak District attract strong midweek demand from primary and secondary schools between March and mid-July and in September and October. At weekends, they attract demand from a variety of different types of group including youth groups, scout and guide groups, National Citizen Service (NCS) groups, family and friend get togethers and celebrations (a strong market for exclusive hire), walking groups, cycling groups, fell runners, stag and hen parties and weddings. They also attract weekend demand from individual families, couples and singles. Hostels and outdoor education centres attract some midweek demand from youth groups in the winter. Some better quality hostels have also attracted midweek corporate groups.

5. POTENTIAL FUTURE GROWTH IN ACCOMMODATION DEMAND

5.1. The Strategic Context

D2N2 Strategic Economic Plan

5.1.1 The Growth Strategy for D2N2 plans to deliver over £550m of investment to accelerate growth across the two cities and counties. The Strategic Economic Plan sets out a vision and approach to achieve 55,000 new jobs by 2023 alongside the delivery of 77,000 new homes through supporting innovation, research, housing investment, the rural economy, the visitor economy and the promotion of high business activity sites in the Nottingham and Derby Enterprise Zone. Four key areas are being targeted to drive forward the delivery of the SEP:

- Innovation-led economic growth
- Accelerating commercial and residential development
- A D2N2 skills deal
- HS2 and East Midlands connectivity.

5.1.2 Over £190m has been secured from the Government's Local Growth Fund 1 and 2 to help deliver key projects around these priorities, some of which have happened, others being underway. The bid for Local Growth Fund 3 seeks to secure a further £100m+ to deliver £426m of investment, building on the previous LGF infrastructure, transport and skills projects to aid further economic growth. 23 initiatives have been identified for funding in this round covering the period 2016-2021. We refer to some of these key projects in section 5.2 below. These projects and this funding is critically important to making things happen, acting as a catalyst to accelerate development and the economic benefits this can bring. However, it is important in terms of analysing the implications for the visitor accommodation sector to understand how these projects fit into wider destination development strategies and the big picture vision and plan of action for developing the visitor economy across D2N2, which we look at below.

D2N2 Visitor Economy Review and Investment Study

5.1.3 Colliers International produced a report in January 2014 that identified overarching priorities for the development of the visitor economy in the D2N2 area, with a view to informing the LEP of the role it might play, as well as informing the development of detailed destination management plans for the two DMOs - Visit Peak District and Derbyshire and Experience Nottinghamshire. Region-wide priorities include:

- **Access** – filling gaps in transport connectivity for tourists, developing a plan to address the specific transport needs of the visitor economy, and consideration of introducing tourist bus services; also developing plans to exploit the potential of HS2;
- **Accommodation** – development of a hotel investment strategy for the LEP area (this study) to address issues of quality, gaps in provision and identify potential sites as well as potential developers;
- **Attractions** – support for the development of a small number of major anchor attractions, with a toolkit to assess impact as a basis for support;
- **Conferences & Exhibitions** – a conference centre feasibility study to identify whether there is demand for a dedicated venue in the D2N2 area;
- **Destinations & Hubs** – a focus of investment in tired visitor hubs (Nottingham, Southwell, Worksop, Mansfield, West Bridgford, Derby, Chesterfield, Ashbourne, Bakewell, Buxton, Castleton, Matlock, Matlock Bath); also, SME support for clusters of small scale visitor economy businesses, and funding for visitor surveys to improve actionable intelligence;
- **Entertainment & The Arts** – support for strategies for sustainable approaches to managing cultural and heritage venues including plans for commercial income development;
- **Retail** – support within market towns to welcome visitors and deliver a vibrant offer through a scheme to promote and improve the region's markets as a visitor attractor as well as supporting independent retailers to develop their offer;
- **Food & Drink** – a support programme aimed at independent pubs and microbreweries, to promote, sustain and avoid pressure for change of use;
- **Broadband & Mobile Connectivity** – a plan to identify and address connectivity black-spots.

5.1.4 The two DMOs identified their own top priorities as below:

4.2 EXPERIENCE NOTTINGHAMSHIRE PRIORITIES

The top priorities identified for Nottingham and Nottinghamshire are:

FIG 9: TOP PRIORITIES



Source: Experience Nottinghamshire

4.3 VISIT PEAK DISTRICT AND DERBYSHIRE PRIORITIES

The top priorities identified for Derby and Derbyshire are:

FIG 10: TOP PRIORITIES



Source: Visit Peak District Growth Plan

5.1.5 These priorities are shaping future strategy and action for the development of the visitor economy across the two counties, and forming the basis for funding bids, both in terms of accessing resources from the Local Growth Fund and also other sources. Visit Peak District and Derbyshire have successfully bid to ERDF, for example, which includes the following strands:

- **Pedal Peak Business Initiative** – to grow the visitor economy and supply chains linked to the cycling market. This includes developing cycle-friendly businesses and facilities (including accommodation), cycling events, route development and marketing materials, also linking to associated initiatives including Peak Resort and cluster development around the Hope Valley, Bakewell-Rowsley-Matlock and the Monsal Trail, Ashbourne-Hartington and the Tissington Trail, and Wirksworth – Carsington and the High Peak Trail.
- **Inspired by the Peak District** – is all about expanding capacity through supporting small SMEs and individuals with a strong brand, advice and showcase events for local products, to exploit new and emerging consumer markets e.g. international visitors, the disabled market, and raise their profile.
- **Promoting Derbyshire Products** – particularly high quality food and drink producers, service deliverers such as pubs and restaurants, and their supply chains – an important part of the visitor offer – through business support, events and marketing including online and social media virtual marketing.
- **Supporting Market Towns** – and their vibrancy as hubs for visitors and businesses by improving the visitor experience; unlocking funding opportunities; changing their culture to attract greater numbers of visitors; developing a calendar of events around festivals, markets and food; and creating short break itineraries with clusters of businesses.
- **Business support to boost competitiveness in new and emerging consumer markets** – specifically in relation to international visitor markets, accessibility, marketing, networking opportunities, and green business practices.
- **Links with the Growth Hub** – to enable visitor economy businesses to access the right support across a wide range of needs in order to accelerate growth potential, particularly the opportunity to work in clusters and develop packages, network, gain access to grants and support the supply chain.

Implications of the Strategy Framework

5.1.6 The above review of some of the key strategic plans sets out a direction and some key themes for the future development of the D2N2 economic area, particularly as a visitor destination. It will be important that the D2N2 area has the right accommodation offer to support these strategies and actions, both in terms of profile of visitor and motivation to visit – whether on a business visit, attending a conference, going to an event, taking a short break for shopping, spa treatments or to participate in activities such as cycling. Success requires the right amount of visitor accommodation of the right standard and in the right location to underpin the wider visitor offer. To better understand this, below we drill down behind these headlines to identify some of the projects that have the ability to be key drivers of demand for hotels and other forms of visitor accommodation going forward.

5.2. Key Drivers of Growth in Accommodation Demand

5.2.1 Any analysis of future market prospects for the hotel and visitor accommodation sector needs to be based upon an assessment of the business and leisure drivers that have the ability to drive growth in demand. Business tourism is closely allied to trends in the local and national economy, so growth in employment and the development of offices and business parks particularly in sectors that are productive for hotel demand - national and international headquarters, financial services, creative industries, pharmaceutical companies - are good indicators of potential growth in business demand for hotel accommodation. Lots of new building will also generate demand from construction teams, both contractors and professionals. Leisure demand is important for weekend and holiday periods and for locations that are less business-orientated, and is the key market for all types of non-serviced accommodation. The development of new and enhanced attractions and events that are unique, large or high profile enough to draw from a wider area, and growth in population are all positive indicators for potential growth in leisure demand.

5.2.2. Appendix 8 identifies a range of projects that look set to be the key drivers of future growth in business, contractor and leisure demand for hotel and visitor accommodation in the D2N2 area. Our key observations regarding the likely impact of these projects by location are as follows:

Nottingham

- The planned city centre office and employment schemes and business park developments in the University & Enterprise Corridor and other city suburbs will generate increased corporate demand for hotel accommodation in Nottingham. The target sectors of bioscience and creative industries are usually productive in terms of their requirements for hotel accommodation.
- The Royal Transformation Project, redevelopment of the Broadmarsh Shopping Centre, upgrade of the Victoria Centre, development of Nottingham Castle and continuing development of the Creative Quarter, will all help to develop Nottingham as a stronger city break destination, which will help to boost weekend hotel occupancies and room rates.
- The increase in city centre living in Nottingham is likely to fuel growth in VFR demand for hotel and serviced apartment stays in the city.
- The planned construction activity in Nottingham will boost demand for budget hotel accommodation from the contractors market.
- The proposed Convention Centre will make a huge difference to Nottingham's hotel market, particularly midweek, and will require a different focus in terms of hotel development, to ensure that it is supported by an on-site 4 star hotel and a good choice of hotels of different standards within walking distance.

Derby

- The Derby Masterplan is very much focused on developing Derby as a more compelling city break destination. The proposed performance venue will be a game changer in this respect, supported by the Silk Mill Museum of Making project, an improving city centre retail and leisure offer, and a stronger events programme.
- More city centre living in Derby will result in increased VFR demand for hotels and serviced apartments in the city centre.
- Business park development, particularly in terms of the Infinity Park and Derby Triangle schemes, will generate new corporate demand for hotel accommodation in Derby. The target sectors of advanced manufacturing, automotive, aerospace and rail industries are generally productive in terms of demand for hotel stays in the city.
- Construction activity in Derby will generate increased contractor demand for budget hotel accommodation.

Belper

- Belper has the potential to develop as a key visitor destination and business centre in the Derwent Valley Mills World Heritage Site, strengthening the case for hotel development here.

Mansfield/ Ashfield

- Business park development will generate new corporate demand for hotel accommodation as new occupiers are attracted. Construction activity will boost hotel demand from the contractors market. Population growth will result in increased weekend demand for hotel accommodation from the VFR market and people attending weddings and other family occasions.

North Nottinghamshire/ Newark

- The expansion of existing, and development of new employment uses will result in increased corporate demand for hotel accommodation in Retford, Worksop and Newark. Construction activity will boost contractor business for budget hotels. Population increases will deliver increased weekend demand for hotels from the weddings and VFR markets.

Sherwood Forest

- Sherwood Forest will continue to grow as a leisure break destination, with the further development of its visitor attractions offer in terms of the new visitor centre at Sherwood Forest Country Park, the planned development of the visitor experience at Clumber Park, and the proposed country park at Thoresby Colliery. Demand is likely to grow most strongly for non-serviced accommodation.

Chesterfield/ North East Derbyshire/Bolsover

- The regeneration of Chesterfield Waterside will provide a significant boost to corporate demand for hotel accommodation in the town, and contractor demand for budget hotels during construction phases. The development of the Markham Vale employment and distribution park and employment uses at Egstow Park at Clay Cross should generate increased corporate and contractor demand, depending on the new occupiers that they attract. The Gulliver's Valley Resort theme park at Rother Valley will provide a new opportunity for hotels and other accommodation businesses in Chesterfield, North Derbyshire and Bolsover to develop family break packages to boost weekend business. It could also generate contractor business for budget hotel accommodation during its construction. Population growth will result in increased demand for hotel accommodation from the VFR and weddings markets. The development of Chesterfield town centre's evening offer could result in increased weekend demand for hotel accommodation from people staying over after a night out in the town.

Peak Resort

- The Peak Resort will attract significant numbers of staying visitors who will spend time in the resort, and potentially some time visiting local attractions and the Derbyshire Peak District. It will also create significant new employment, both at the resort itself and in the local supply chain of businesses that it will buy goods and services from. In terms of its impact on the Chesterfield, North East Derbyshire and Bolsover hotel and visitor accommodation sector, the construction phases will generate significant contractor demand. Once open the resort could generate demand for pre-visit overnight stays, as currently happens with the Center Parcs Sherwood Forest Holiday Village. If it targets the weddings and residential conference markets, the resort could also generate overspill demand for surrounding hotels, B&Bs, guest houses and pub accommodation, but will compete with local hotels for business from these markets.

Derbyshire Peak District

- As a sought-after leisure destination, the Derbyshire Peak District will continue to attract strong leisure break business. The RHS Show at Chatsworth is already generating significant demand for accommodation, which is likely to spill out to surrounding areas. The development of the Peak District as a cycling destination will create increased demand for cycle-friendly accommodation linked to the main cycle routes.

Buxton

- The Crescent Hotel & Thermal Spa is set to provide a significant boost to Buxton's profile as a leisure break destination, and should provide the catalyst for substantial improvements to the town's hotel, B&B, retail and restaurant offer.

A6 Growth Corridor

- The development of the A6 Growth Corridor as a location for enterprise development will generate increased business demand for hotel accommodation. The target sectors of advanced manufacturing and bio-pharma are generally productive in terms of demand for hotel stays.

5.3. National Tourism Market Forecasts, Trends & Influences

5.3.1. Appendix 9 provides a summary of national tourism market forecasts, trends and influences. Key trends of relevance to visitor accommodation development in the D2N2 area are as follows:

- The continuing growth in demand for short breaks – a key opportunity for the D2N2 area, given the sizeable surrounding catchment populations that are within easy driving distance for short breaks.
- The growing generation of more active, leisure-focused, affluent and discerning older people that could be interested in taking breaks and holidays in the D2N2 area.
- The emerging new generation of Generation Y¹ short break and holiday takers that are going to be looking for different experiences from the places that they want to stay in.
- The growth in weddings business and leisure trips linked to visits to friends and relatives that will result from population growth.
- The increasing interest in outdoor activity holidays and breaks, and the need for accommodation that is geared to this market.
- The growing demand for caravan, motorhome and camping holidays.
- The increasing interest in spa and health and wellbeing breaks.
- The growth in intergenerational family holidays and breaks.
- The trend for families and friends to get together for celebration weekends, reunions and weekends away – another strong opportunity for the D2N2 area, given its central location in the country.
- The continued growth in inbound tourism to the UK.

¹ Also known as the Millennial Generation – people born in the 1980s/1990s who are now in their 20s and 30s

- The recovery in business tourism and the growing market for 'bleisure' trips, presenting opportunities for Nottingham and Derby hotels.
- The growing market requirement for high quality, distinctive and contemporary accommodation.
- The increasing dominance of online marketing and booking channels and social media for short break decision making and planning, enabling accommodation businesses to reach customers much more cost effectively than they have ever been able to before.
- The increasing importance of online customer reviews for accommodation booking decisions, and the need therefore for accommodation businesses to deliver a high quality guest experience to achieve high ratings and favourable reviews.

5.3.2. These forecasts, trends and influences all point to opportunities for future growth in visitor accommodation demand in the D2N2 area; a need for high quality accommodation and excellent service; and a need for accommodation products that respond well to the needs of growth markets.

6. INTEREST IN VISITOR ACCOMMODATION DEVELOPMENT

6.1. Visitor Accommodation Development Proposals

6.1.1 Intelligence about visitor accommodation development proposals has been gathered from a number of sources:

- Records from local authority planning registers;
- Feedback from the existing visitor accommodation businesses that we interviewed;
- Feedback from the hotel and visitor accommodation developer consultees;
- Other projects identified by local authority consultees that have not yet gone through the planning system.

6.1.2. It should be noted that the range of data supplied by local authorities was not consistent. We requested a run of planning applications for visitor accommodation for the past 5 years which despite chasing was not forthcoming for all parts of the D2N2 area. Where it was possible to search planning records online using visitor accommodation descriptors we have done so, but not all systems permitted us to do this, so there are some gaps. Despite this, the analysis provides a good overview of current interest in hotel and visitor accommodation development across Derbyshire and Nottinghamshire.

6.1.3 There is clearly strong interest in visitor accommodation development across the D2N2 area. A total of 320¹ visitor accommodation development proposals were identified, the majority of which (90%) were proposals with planning consent or in the process of seeking planning permission. The tables overleaf show the breakdown of proposals by location and type. A more detailed list can be found at Appendix 10.

¹ These proposals were drawn from a larger list which was filtered to exclude schemes that had now gone ahead, sites that were no longer available, sites that were clearly unsuitable for hotel/visitor accommodation development, schemes refused at planning and applications for change of use.

D2N2 ACCOMMODATION DEVELOPMENT PROPOSALS SUMMARY OVERVIEW BY COUNTY & TYPE OF ACCOMMODATION

TYPE OF ACCOMMODATION	DERBYS	NOTTS	D2N2
Hotel	22	11	33
Pub Accommodation	5	5	10
B&B/Guest House	5	0	5
Self-Catering	169	21	190
Caravan & Camping	36	5	41
Glamping	5	1	6
Holiday Park	4	0	4
Holiday Village/Resort	1	0	1
Holiday Lodge Park	0	4	4
Holiday Lodges	10	0	10
Group & Youth Accom	11	0	11
Res Conference Centre	1	0	1
Multiple Accom Types	0	4	4
TOTAL	269	51	320

6.1.4. In terms of a spatial analysis:

- By far the greatest proportion of accommodation development proposals (84%) are in Derbyshire.
- Drilling down to individual Districts, Derbyshire Dales is seeing the most activity in terms of accommodation development, with 179 proposals (56% of the D2N2 total, and 67% of all Derbyshire schemes).
- Other concentrations of activity include:
 - High Peak (39 schemes, accounting for 12% of the D2N2 total and 14.5% of Derbyshire schemes);
 - South Derbyshire (30 proposals, representing 9.4% of the D2N2 total and 11.2% of Derbyshire schemes);
 - Bassetlaw (17 schemes, making up 5.3% of the D2N2 total and a third of Nottinghamshire proposals);
 - Newark & Sherwood (14 proposals, representing 4.4% of the D2N2 total and 27.5% of Nottinghamshire's schemes).

**D2N2 VISITOR ACCOMMODATION DEVELOPMENT PROPOSALS
SUMMARY OVERVIEW BY DISTRICT AND TYPE OF ACCOMMODATION**

TYPE OF VISITOR ACCOMMODATION	DERBYSHIRE									NOTTINGHAMSHIRE							TOTALS ¹	
	AMBER VALLEY	BOLSOVER	CHESTERFIELD	DERBY	DERBYSHIRE DALES	EREWASH	HIGH PEAK	NORTH EAST DERBYSHIRE	SOUTH DERBYSHIRE	ASHFIELD	BASSETLAW	BROXTOWE	GEDLING	MANSFIELD	NEWARK & SHERWOOD	NOTTINGHAM		RUSHCLIFFE
Hotel	1	3	4	2	3	1	6		2		1		1		3	5	1	33
Pub Accom					2		1	2			4						1	10
B&B/Guest House					2		2		1									5
Self-catering					135		22	1	11		6		5		6		4	190
Caravan & Camping					26		1	2	7		2				1		2	41
Glamping			1		2		1		1		1							6
Holiday Park					2		1		1									4
Holiday Village/Resort			1															1
Holiday Lodge Park															4			4
Holiday Lodges	1				1			1	7									10
Group & Youth					6		5											11
Res. Conference Centre	1																	1
Multiple Accom Types											3						1	4
GRAND TOTAL	3	3	6	2	179	1	39	6	30		17		6		14	5	9	320

¹ Derbyshire + Nottinghamshire

6.1.5 In terms of analysis by type of accommodation:

- The greatest number of proposals are for self-catering (59.4% of the total), largely for individual units or small numbers of units, frequently barn conversions, with the occasional small complex. 89% of these proposals were in Derbyshire.
- Second in terms of number of schemes is caravan and camping, with 41 schemes, 12.8% of the D2N2 total, with 88% of schemes being in Derbyshire. These were a mixture of new sites, additional pitches to existing sites, adding pods or glamping to existing operations, putting in hard standing pitches to help extend the season, improving toilet and shower blocks, and applications to change conditions of opening to achieve a longer season or year-round use. There was an element of activity businesses, such as fishing lakes, watersports centres, and a gliding club, adding caravan and tent pitches and pods, as well as pubs adding caravan and camping facilities.
- Hotel proposals ranked third, with 33 schemes, 10.3% of the D2N2 total. Two thirds of hotel proposals are in Derbyshire, and a third are in Nottinghamshire. There is more of an urban focus to hotel proposals compared to most of the other forms of visitor accommodation.
- Very few glamping schemes or potential sites were identified through our research – only 6, mostly small numbers of shepherd's huts and yurts. It is not clear why so few glamping proposals are coming forward in the D2N2 area, given the increasing popularity of glamping and growth in glamping supply in competitor destinations, including National Parks.
- In terms of holiday parks (caravan holiday homes) and holiday lodge parks there were not many schemes, but they represent potentially significant developments. In terms of scale, they range in the main from 30 units to over 100 units, but include schemes in excess of this as delivered by Center Parcs, and proposed at Peak Resort and Clumber Lane End Farm next to Clumber Park. Some of the applications were for up-grading and extending existing sites, as at Center Parcs, and introducing new units such as treehouses.
- There are 11 schemes for group and youth accommodation, all in Derbyshire Dales and High Peak, mostly within the Peak District National Park. Most of these schemes are for small scale camping barn conversions.

6.1.6. As well as proposals for new accommodation, we also identified 22 change of use applications – 77% of these were hotels, predominantly looking to convert to residential. These change of use applications are listed at in the table at Appendix 10.

6.1.7. Appendix 11 provides a list of significant hotel and visitor accommodation projects in the D2N2 area that appear to have momentum behind them. Key observations on this list of projects are as follows:

- Buxton is a key focus for hotel development and improvement. This is the location of the most ambitious current hotel project in the D2N2 area – The Crescent Hotel and Thermal Spa, which is now under construction and due to open in 2019. Its developers are also planning to upgrade the adjoining Old Hall Hotel, and may bring the former George Hotel back into use as a hotel. There are also plans in Buxton for the demolition of the Buckingham Hotel and replacement with a new high quality 110-bedroom hotel.
- Other major hotel developments planned in the Derbyshire Peak District are the proposed 100+ bedroom hotel on the site of the former Marquis of Granby at Bamford and the planned Premier Inn at Bakewell's Riverside Business Park. The Premier Inn recently secured planning consent at appeal, and it is understood that there is now firm interest in taking this Marquis of Granby hotel scheme forward from a very credible hotel operator.
- Chesterfield is another focus of hotel development, with a new Premier Inn under construction in the town centre, proposals for three further hotels at various stages, and the possibility of the Chesterfield Hotel reopening as a hotel.
- Other major hotel schemes in Derbyshire are the proposed expansion of the Hotel Van Dyke at Clowne to take it up to 101 bedrooms; a possible hotel at the Markham Vale Business Park; a hotel proposal at Denby Pottery; and two potential hotels as part of the Infinity Park business park at Derby.

- The proposed conversion of The Guildhall in Nottingham into a 4 star/luxury hotel, conference facilities and offices, and the conversion of Kelham Hall at Newark into a luxury country house hotel are the most ambitious hotel schemes in Nottinghamshire. There are also proposals for two further hotels in Nottingham; a Travelodge and small boutique hotel in Newark; a 39-bedroom budget hotel adjacent to The Lock Keeper pub restaurant in Worksop; and a possible 100-bedroom hotel in Retford.
- As well as hotel schemes, there are also a number of proposals for major holiday village and holiday lodge park developments in the D2N2 area. The Peak Resort on the Birchall Estate to the north of Chesterfield is by far the largest of these schemes. There are also proposals for major holiday lodge parks in Nottinghamshire, at Worksop (adjacent to Clumber Park) and Kilvington, as well as permission for The Sherwood Hideaway at Thoresby to expand to up to 170 holiday lodges. Sundown Adventureland in North Nottinghamshire has recently submitted a planning applications for 40 holiday lodges, a touring caravan and camping site and 15 camping pods on an adjoining site. In addition, there are a number of proposals for more modest holiday lodge developments in Derbyshire and Nottinghamshire.
- In terms of major caravan and camping site schemes, the Longnor Wood Holiday Park is currently applying for permission for 12 luxury caravan holiday homes that it plans to market through Hoseasons' Bouja boutique caravan breaks brand; the Caravan Club is planning a major redevelopment of its Castleton site; and Hallcroft Fisheries in North Nottinghamshire is planning to add a touring caravan site, holiday lodges and caravan holiday homes.

6.2. Visitor Accommodation Developer Interest

- 6.2.1 A survey was undertaken of visitor accommodation developers, operators and investors to test potential interest in being represented in Derbyshire and Nottinghamshire – either via acquisition (and further development/re-positioning) of an existing business, or in the form of new visitor accommodation developments. Their interest is a 'live' indicator of market potential, but also an opportunity to explore their site requirements, any issues surrounding the development of their offer, barriers to bringing investment forward, and to 'warm up' that interest by making them aware of the market research and identified opportunities.
- 6.2.2 The research was undertaken via email and telephone surveys with the owners and senior management teams of visitor accommodation developers, operators and investors, and in some cases with agents representing them and playing an active part in their site finding, acquisition, planning and development programmes.
- 6.2.3 Identifying a sample for this element of the research has not been straightforward for a number of reasons. In particular, many of the types of development opportunity appropriate to the small towns and rural areas of Derbyshire and Nottinghamshire are relatively small in scale and most likely to be taken up by independent operators or small regional groups. These are much more difficult to identify, to get access to, and to secure a response from, compared to national branded operators who have established acquisitions teams with a dedicated development role. Any interest identified in this element of the research therefore is likely to provide only a partial picture in terms of the likely up-take of development opportunities.
- 6.2.4 The sample was drawn from Hotel Solutions' database of sector contacts, as well as operators emerging from the additional modules of research undertaken, and was structured to:
- Be representative of the full range of visitor accommodation development opportunities identified in the market research;
 - Include national operators associated with any key proposals in and around the study area;

- Target other national brands known to be active in the market, both in core and niche visitor accommodation provision, with brands that have good fit to the identified market potential;
- Incorporate regional visitor accommodation developers and operators that are represented in the D2N2 area and/or the surrounding area, who have been actively acquiring and developing, and who might reasonably consider additional representation.

6.2.5 The sample comprised a total of 60 visitor accommodation developers, operators, investors and agents. Whilst there is an element of commercial confidentiality to their responses, below we summarise these collectively, drawing out where appropriate key messages relating to particular issues, locations and types of visitor accommodation.

D2N2 as an Investment Location for Visitor Accommodation

6.2.6 The D2N2 area is made up of multiple 'destinations' from a tourism market perspective, which is reflected in the perceptions of hotel and visitor accommodation developers, operators and investors. These comprise principally:

- The two cities of Nottingham and Derby, which have sufficient populations and business bases to feature on the target acquisition lists of hotel companies if not already represented there;
- The Derbyshire Peak District, a nationally known leisure destination and 'jewel in the crown' of the D2N2 area in terms of leisure market appeal;
- Awareness of some other destinations with leisure market pulling power such as Sherwood Forest, linked primarily to activities such as cycling, walking and fishing;
- There was more limited knowledge of the smaller towns in the D2N2 area and what their potential might be, and similarly in terms of the rural areas beyond the Peak District and Sherwood Forest.

6.2.7 There were some generally positive dimensions to the area as an investment location for visitor accommodation that included:

- Location in terms of catchment population, particularly access to and from the major cities and conurbations that surround the two counties, including Manchester, Birmingham and Sheffield;
- Good access and relatively swift travel times via the M1, A1 and inter-city rail services;
- An attractive environment and setting for visitor accommodation development in rural locations such as the Derbyshire Peak District, together with the draw of activities such as walking and cycling providing a motivation to visit;
- Some awareness of demand related to sporting events and teams – football, cricket, watersports – and also city events and concerts.

6.2.8 Clearly responses vary according to the nature and type of the product concerned, for example, beyond Nottingham and Derby the lack of sizeable towns in the study area means that many of the larger and more up-scale hotel brands would not consider developing here due to the lack of a critical mass of population and businesses to support a 100+ room hotel. However, budget hotel operators with business models that work with smaller numbers of rooms and with a wider distribution network will consider towns with a much more limited population base. In terms of hotel products that rely on a leisure-driven market, the image of locations such as the Derbyshire Peak District in terms of market potential is strong, and is similar for those non-serviced visitor accommodation businesses that require a rural setting.

Interest by Type of Visitor Accommodation

6.2.9 Interest by type of visitor accommodation is summarised in the table overleaf, noting brand, type of product and location where this was specified.

6.2.10 At the time of writing, 31 responses had been received, of which 26 had some interest in visitor accommodation development in the D2N2 area. Some had secured or were in the process of securing sites or businesses for new development; in other cases the responses represent targets or aspirations for that developer, operator, investor or brand. Having said this, a lot of development is opportunistic, and many were prepared to consider sites and opportunities on an individual site by site basis – the things that would pique their interest in these cases being dealing direct with a landowner, an investor lined up for the scheme, and a market feasibility or assessment evidencing demand and potential. In addition to the 26 interested respondents, a further 5 that did not respond are known to have, or have had plans for visitor accommodation development projects in the D2N2 area, including several with planning.

6.2.11 Those that were not interested in hotel or other forms of visitor accommodation development in the D2N2 area quoted a variety of reasons for this. These included:

- Already being represented in the area/key locations that met their criteria.
- Having a focus on other geographic priorities, the rationale for this being a mix of:
 - Lifecycle stage of the business;
 - Aiming to get geographic spread nationally;
 - Focussing on the biggest business or leisure destinations first before considering secondary and tertiary locations for development;
 - Other drivers such as global investors that wanted development effort spread internationally;
 - Regional investors, developers and operators wanting to look for opportunities in quite a tightly defined area of search;
 - The affluence of the South of England drawing investment particularly for more up-market offerings where level of spend is critical to viability;
 - The appreciating value of property investment in the South – although this comes with a higher entry level and stronger competition from alternative uses – the asset value is a plus.

- The feedback in relation to branded hotel operators and developers is worthy of more detailed comment here, which particularly relates to the nature of the hotel market, both real and perceived:
 - Both Nottingham and Derby have an historic reputation for being 'low rated' markets. Industry monitors like BDO's Hotel Britain publish the results of their hotel performance surveys annually, and this intelligence is absorbed by the hotel investment and operating community.
 - The key performance indicators of occupancy and achieved room rate combine to give a revpar that informs the hotel investor/developer/operator as to whether their particular brand/business model can likely be supported in that destination. The feedback is that what is being achieved in Nottingham and Derby – the two locations that branded operators with offers above budget/economy hotel brands will consider – will not support 4 star development and in many cases will struggle to support 3 star and in some cases limited service hotel development.
 - There is an element within these performance figures that reflects a relatively tired product in need of investment, but even allowing for this, there is no evidence that the top rates being achieved in other regional cities could be there to support full service and luxury offers.
 - D2N2's cities and towns are competing for hotel investment with the rest of the UK and indeed internationally; featuring down the pecking order of market performance requires some significant alternative advantages to get these destinations anywhere near a level playing field amongst these hotel investors and operators. The form this might take could range from cheaper property prices/site deals through to public sector financial intervention, from grants to advantageous rates of borrowing. Whatever the route, the underlying market potential has to be there in order not to skew the market – these are tools to bridge a gap, bring development forward where the market perceives risk, and confer wider benefits over and above what the hotel can deliver alone.

6.2.12 Below we include some comments from hotel developer and operator consultees that articulate the above in more detail, and particularly in relation to the positioning of the D2N2 towns and cities.

'Our focus is really on the larger towns and cities in this patch – we need a good base of corporate demand to make them work and solid rates'.

'On a general basis, we are looking to deploy our limited service and possibly 3 star brands in the two cities. The sub-markets you mention are not on our radar but someone coming to us with a supportive market study may be able to convince us'.

'We have looked at Nottingham historically but the rate and market has always seemed poor, hence it is not a market that is on our radar'.

'Derby is a suppressed market, the product is poor, but there is also a rate ceiling'.

'We are concerned about achievable revpar in these cities'.

'The nature of our brand means that we have to be central in any city, surrounded by bars and restaurants and on the circuit. As it is a new brand we need to build the brand first in big cities before going into secondary towns'.

'These are not cities I would be actively chasing, but if the right thing came my way..... maybe. Cities like these would have to have prominent central sites'.

'We have looked at sites in both Derby and Nottingham; although not on our target requirement list, our view is that for the next 12-18 months these cities are not a priority but should a fantastic building become available on favourable terms we would consider the merits of that particular opportunity'.

'Our focus has been largely on London because the market is so strong here. However, we are now starting to look outside London. Cities like Derby and Nottingham are an unknown – they have no image as sexy/hip cities and rate is a concern – but with incentives that would lower the capital investment required this could change our perspective. We are prepared to take a look'.

VISITOR ACCOMMODATION DEVELOPER/OPERATOR/INVESTOR INTEREST IN DERBYSHIRE AND NOTTINGHAMSHIRE

Type	Developer/Operator/Investor/Agent Interest	Interest by Location	
Luxury boutique/lifestyle/4 star hotels	AC by Marriott Bespoke Helmsley Hospitality Hilton Radisson Red The Osborne Group/ Danubius Hotels	Nottingham Derbyshire Peak District Buxton	
Luxury country house hotels	Devonshire Helmsley Hospitality	Derbyshire Peak District	
Boutique hotels	16 Hospitality Devonshire Hotels Finesse Kelham Hotels Helmsley Hospitality Hotel Indigo	Derbyshire Peak District Ashbourne Buxton Bakewell Newark Nottingham	
3 star hotels	Courtyard by Marriott Four Points Hilton Garden Inn Holiday Inn	Nottingham Derby Mansfield Chesterfeild	
Upper tier budget/budget boutique hotels	Moxy Aloft Hampton by Hilton Holiday Inn Express Z Hotel	Nottingham Derby Mansfield Chesterfield West Bridgford	
Budget hotels	Easyhotel Premier Inn Travelodge Marston's	Alfreton Bakewell Buxton Chesterfield Derby Ilkeston	Mansfield Newark Nottingham South Normanton West Bridgford Worksop

Type	Developer/Operator/Investor/Agent Interest	Interest by Location
Aparthotels/serviced apartments	Birchover Staybridge Suites	Nottingham
Pub accommodation	Dan Derry Marstons Revere Wetherspoons Independent developers/operators ¹	Ashbourne Bakewell Belper Bingham Buxton Long Eaton Newark Nottingham South Normanton Swadlincote Across the study area
Holiday lodge parks	Forest Holidays Habitat First Natural Retreats Pinelodge Holidays	Derbyshire Peak District Rural Derbyshire Willington Sherwood Forest
Holiday lodges	Featherdown Natural Retreats Independent developers/operators	Derbyshire Peak District Sherwood Forest Across the study area
Holiday cottages	Natural Retreats Independent developers/operators	Bakewell Across the study area
Touring caravan & camping sites	Independent developers/operators	Across the study area
Camping pods	YHA Independent developers/operators	Derbyshire Peak District Across the study area
Glamping	Featherdown Lanterns and Larks Independent developers/operators	Derbyshire Peak District Sherwood Forest Across the study area
Bunkhouses/camping barns	Independent developers/operators	Derbyshire Peak District
Hostels	Eurohostel? YHA	Derbyshire Peak District Nottingham

¹ Including indications of intent from planning/proposals review

6.3. Visitor Accommodation Development Sites

6.3.1. As part of our research we identified a significant number of potential sites for hotel and visitor accommodation development, including:

- Sites suggested by local authorities, in some cases in their ownership;
- Sites that already have outline planning permission for some form of accommodation development;
- Sites where hotel or visitor accommodation development projects are known to be currently under consideration;
- Other sites and locations that we think could offer opportunities for accommodation, including country estates and country parks.

6.3.2. The identified sites – 82 in all - are listed at Appendix 10¹. While the Visitor Accommodation Strategy work has not included a detailed assessment of each site, from the research and consultations that we have undertaken and the sites that we were able to view, we have identified a number of key sites (43 in total) that we believe should be prioritised for public sector intervention and support to help bring forward hotel and visitor accommodation development projects. The table overleaf sets out what we know about each of these sites, our views on their potential for accommodation development, and in some cases our thoughts on requirements for public sector intervention. The sites are not listed in any particular order of priority. Hotel Solutions has only undertaken a high-level assessment of the sites that came forward through our research and consultations. In some cases, we have not spoken to site owners or agents to further explore the potential for accommodation development: such discussions will need to be progressed as part of the forward action plan.

¹ These sites were drawn from a larger list which was filtered to exclude schemes that had now gone ahead, sites that were no longer available, sites that were clearly unsuitable for hotel/visitor accommodation development, and schemes refused at planning.

6.3.3. There may also be other suitable hotel and visitor accommodation development sites in the D2N2 area that our research did not identify, including sites owned by local authorities such as other country parks, office buildings, historic buildings, and outdoor education centres that could perhaps be repositioned e.g. as country house hotels. There will be an ongoing need for further work to identify and bring forward such sites as part of the future action plan.

6.3.4. A further requirement going forward will be for Derby and Nottingham City Councils to prioritise city centre sites for longer-term hotel development as the hotel market grows in each city. While there is no immediate need to actively promote hotel sites in the two cities, there will be scope for additional hotels in the future. Each council will therefore need to consider which city centre sites they should seek to retain for future hotel development, as part of their forward strategies for hotel development in each city.

D2N2 – PRIORITY ACCOMMODATION DEVELOPMENT SITES

Site	Location	Comments
Potential Hotel Sites		
Derbyshire		
East Mill	Belper	A key building in the Derwent Valley Mills WHS. A budget hotel and possibly a spa with accommodation (along the lines of the Titanic Spa in Huddersfield) could be incorporated into a mixed-use scheme for the building.
Denby Pottery Village	Denby	Previous proposal for an 80-bedroom hotel. Unclear whether this is still a live proposal. Worth further investigation. Picks up on trend for hotels at attractions.
Basil Close	Chesterfield	Full planning permission has been granted for an 86-bedroom hotel. In contact with an established hotel brand.
Basin Square	Chesterfield	A hotel is proposed as part of the Basin Square scheme, as the first phase of the Chesterfield Waterside regeneration project.
Markham Vale	Bolsover	A hotel site is being marketed at Markham Vale. The business park could generate sufficient demand to support a hotel here, depending on the occupiers that are attracted.
Egstow Park	Clay Cross	The outline planning consent for the scheme includes a hotel. The level of employment proposed could potentially support an on-site hotel, most likely a small budget hotel/ lodge adjacent to the Marston's pub restaurant that is currently under construction.

Site	Location	Comments
Infinity Park	Derby	The masterplan for the business park includes sites for a 40,000 sq ft hotel and a 21,000 sq ft hotel. The business park is likely to be able to support new hotel provision as it develops, depending on the occupiers that it attracts.
Derby Performance Venue	Derby	There is merit in looking at the potential for a hotel to be developed as part of the Performance Venue project.
Land & Buildings at Victoria Street (including the former Debenhams department store)	Derby	Site currently being marketed by Cushman & Wakefield as a mixed-use development opportunity in Derby City Centre. There could be scope for the inclusion of a hotel or aparthotel in a scheme here
George Hotel & Mansions	Buxton	Property acquired by the Trevor Osborne Group and CP Holdings (developers of The Crescent Hotel) in 2007, with a view to eventually incorporating it into the Buxton Spa Quarter. Would make a good boutique hotel, perhaps a Hotel du Vin – this hotel group has a history of working with the Trevor Osborne Group to bring forward hotel schemes.
Buxton Water bottling plant site	Buxton	There could be scope for a budget hotel to be incorporated into a mixed-use scheme on this site.
Marquis of Granby site	Bamford	Extant planning permission for a 100+ bedroom hotel. A hotel developer is currently in active negotiations with the site owner. A unique opportunity to bring forward a large new hotel in the Derbyshire Peak District.
Nottinghamshire		
Castlewood Business Park	Ashfield	Plot 6 is a strong hotel site.
Summit Park	Ashfield	The identified leisure/roadside site is a strong hotel site.
Stockwell Gate North	Mansfield	Mansfield District Council is currently seeking a development partner for the re-development of this gateway site in Mansfield town centre. There could be scope to incorporate a budget hotel into the scheme.
Berry Hill	Mansfield	This would be a strong location for a new hotel.
Ransom Wood Business Park	Mansfield	A hotel site is currently being marketed here. In which there is understood to be live budget hotel interest.
The Guildhall	Nottingham	This is a unique opportunity to bring forward a luxury boutique or lifestyle hotel in Nottingham city centre. Likely to require public sector funding support to achieve a commercially viable scheme.

Site	Location	Comments
Unity Square	Nottingham	A strong site for a new hotel close to the city centre, gateway location close to the station. Could have potential for a lifestyle or budget boutique hotel.
University & Enterprise Corridor	Nottingham	The significant business park development planned for this part of Nottingham may support a new hotel here.
Nottingham Convention Centre	Nottingham	The Convention Centre (if progressed) will need to be supported by an on-site 4 star conference headquarters hotel and a good choice of hotels of other standards within walking distance.
Beeston Town Centre Phase 2	Beeston	This is strong site for a hotel, potentially as an upper-floor use. Tram link to the city; potential to serve University/Science Park/Enterprise Corridor.
Kelham Hall	Newark	Plans are being progressed to convert Kelham Hall into a luxury hotel and spa once Newark & Sherwood District Council vacate the building in 2017/18. The developers are currently drawing up an Investment Memorandum for the scheme. May require public sector funding support to achieve a commercially viable scheme.
Rushcliffe Borough Council offices	West Bridgford	The redevelopment of the building could include a hotel. Known operator interest.
CLASP site	West Bridgford	A strong hotel site owned by Nottinghamshire County Council.
Gamston Urban Extension	Gamston	Sustainable urban extension to include 4500 new homes, B1/high quality employments uses, hotel and conference facilities and new stadium for Nottingham Forest FC. Clearly a major development and strategic site with on-site demand drivers for hotel.
Potential Non-Serviced Accommodation Development Sites		
Derbyshire		
Peak Resort	Unstone,	This is clearly a major development that will bring significant benefits to North Derbyshire. May require public sector funding to achieve a viable scheme.
Shaw Wood	Oakerthorpe	Derbyshire County Council owned site. Could have potential for holiday lodges, glamping, camping pods.
Poulter Country Park	Whaley Thorns	Derbyshire County Council owned site. Could have potential for holiday lodges, glamping, camping pods.
Grassmoor Country Park	Temple Normanton	Derbyshire County Council owned site. Could have potential for touring caravan and camping site.

Site	Location	Comments
Elvaston Castle Country Park	Elvaston, Derby	Derbyshire County Council owned site. The 10-year Vision & Plan for the Castle and Estate refers to the redevelopment of the former Caravan Club site for caravanning, camping and glamping.
Repton Quarry	Willington	Previous planning application for 60-65 holiday lodges
Chatsworth Estate	Baslow	The Chatsworth Estate already offers a range of places to stay, including the Cavendish Hotel, the Devonshire Arms inns at Beeley and Pilsley, the Chatsworth Caravan Club site, and a number of holiday cottages. Interest to explore further options for visitor accommodation, including potentially holiday lodges and glamping. Current planning policy in the Peak District National Park presents a significant barrier to the Estate's ability to progress such projects however.
Haddon Estate	Bakewell	There could be scope for accommodation development on the Haddon Estate. Haddon House Farm is currently being marketed. It could have potential for conversion to a hotel or holiday cottages. Shining Bank Quarry could offer potential for a holiday lodge, camping pod, glamping, or outdoor activity centre development. Current planning policy would preclude most of these options however. Hotel Solutions did not enter into any discussions with the Estate to explore these possibilities.
Goyt Valley	Whaley Bridge	Forest Holidays is keen to develop a holiday lodge park in the Peak District. The Forestry Commission lands in the Goyt Valley could be suitable for such a development. Current planning policy in the Peak District National Park presents a major barrier however.
Nottinghamshire		
Sundown Adventureland	Rampton	Currently seeking planning permission for 40 holiday lodges, a touring caravan and camping site and camping pods. The project will develop Sundown Adventureland as a short break destination.
Land East of Clumber Lane End Farm	Worksop	Outline planning permission granted in August 2015 for a holiday lodge park with 129 lodges and a central leisure complex. The owners are currently marketing the site for sale.
Kilvington Lakes	Kilvington	Proposed eco lodge park, with 34 eco lodges, an on-site inn (25 bedrooms), camping pods, leisure

Site	Location	Comments
		facilities, a watersports and activity hub, swimming lake, children's play areas, walking trails and cycle paths. The project is understood to have stalled due to funding issues.
Welbeck Estate	Worksop	There are already a number of tourism uses on the Welbeck Estate. Other parts of the estate could offer potential for visitor accommodation in terms of holiday cottages, holiday lodges, caravanning and camping, glamping, and possibly a hotel. Hotel Solutions did not have any discussions with the Estate about such possibilities.
Hodsock Priory	Blyth	Already established as a wedding venue with accommodation. The owner expressed an interest to Hotel Solutions in looking at further accommodation development options on the estate, including glamping, holiday lodges, and the possible conversion of the Priory to a luxury country house hotel.
Clumber Park	Worksop	Clumber Park already has a campsite with camping pods and is the location of the Clumber Park Caravan Club site. There could be potential for further visitor accommodation in other parts of the estate, such as glamping, holiday lodges, treehouses or tree camping. The Clumber Park Revitalised Investment Framework does not refer to visitor accommodation development however. Hotel Solutions did not discuss these opportunities with the National Trust.
Thoresby Estate	Ollerton	Thoresby Estate already provides accommodation in terms of the Sherwood Hideaway holiday lodge park, which has planning permission to expand to 170 holiday lodges. There may also be opportunities for other types of accommodation on other parts of the estate, such as glamping, camping pods, or a caravan and camping site.
Thoresby Colliery Country Park	Edwinstowe	There could be scope to include some form of visitor accommodation as part of the proposed country park e.g. holiday lodges, camping pods, glamping.
Sherwood Forest Country Park	Edwinstowe	There might be scope for some form of visitor accommodation at the country park. A Robin Hood themed glamping site could have a good fit. Nottinghamshire County Council did not suggest this as a site however.

Site	Location	Comments
Rufford Country Park	Rufford	There could be scope some form of accommodation at Rufford Country Park. Nottinghamshire County Council suggested B&B accommodation at Rufford Abbey Mill and self-catering accommodation at Rufford Mill Cottages. There might also be scope for glamping, camping pods, camping or tree camping in the country park.

7. BARRIERS & CHALLENGES

7.1. Introduction

7.1.1 The proposals, sites and potential interest we have identified in Sections 6.1, 6.2 and 6.3 are at different levels in their conception, design and potential implementation. What these indicate is a level of potential interest should conditions permit the progression of an initial idea to a deliverable scheme on the ground. However, the various strands of research have also identified a number of barriers to entry in terms of investing in or developing new visitor accommodation in the study area, some of which vary by type of accommodation and location.

7.1.2 By way of introduction, the response from one consultee, a national branded hotel developer and operator, summarises the scope of the challenges being faced and their implications in terms of securing development on the ground:

'Low revpar and low chance of that changing significantly, the living wage, business rates, s.106, CIL, planning risk, site availability, land cost, low demand growth, councils having outlandish ideas on design, BREEAM rating or just a belief that high end full service hotels are what their city needs... how long a list would you like? Ultimately if revpar was high it becomes easier to deal with all these things, but in cities like this the revpars are such that returns are wafer thin and anything and everything can trip up a deal'.

7.1.3 Tackling these barriers is likely to be key to realising the potential for the future development of both existing and new visitor accommodation in Derbyshire and Nottinghamshire going forward.

7.1.4 Below we look at the issues in more detail, specifically in relation to the nature of the market, planning policy and its implementation, and the availability and deliverability of sites.

7.2. Market Barriers

- 7.2.1. The room rates that hotels are currently able to achieve in many parts of the D2N2 area are clearly a significant barrier to full service 3 and 4 star hotel development. Corporate hotel markets are highly competitive across the D2N2 area, with hotels competing largely on price to secure a share of local corporate demand. In Derby and Nottingham, a small number of very large companies with significant requirements for hotel accommodation are able to command very low room rates from the cities' hotels. Weekend demand is also largely price driven, other than in the Derbyshire Peak District, for golf hotels and the adults only Thoresby Hall Hotel, and for Nottingham city centre hotels on Saturday nights.
- 7.2.2. Seasonality, the lack of midweek corporate demand, and more price driven winter leisure business could be barriers to investment in existing hotels and new 3/4 star and country house hotels in the Derbyshire Peak District. Much will depend on the extent to which hotels are able to achieve high room rates in the summer, and whether they can attract midweek residential conference and weddings business in the winter.

7.3. Planning Barriers

- 7.3.1 Planning featured high on the list of obstacles to bringing visitor accommodation schemes forward, particularly though not exclusively in the Peak District National Park, and to a lesser extent in the wider D2N2 rural area. Some of the comments below relate to planning issues experienced in the study area, but developers and operators also highlighted planning issues drawn from their wider experience of developing in cities, towns, rural areas and sensitive landscapes – both AONBs and National Parks – across the UK. This is helpful in identifying what to avoid, whether directly experienced in the D2N2 study area or not, but also some of the solutions and approaches adopted in similar locations that the client group can learn from and potentially build into future action planning.

7.3.2 There are several dimensions to issues surrounding planning:

- Extremely restrictive planning policies in rural areas, particularly limiting developments of scale, but also smaller scale proposals.
- In terms of the spatial dimensions to this, it came out very strongly in relation to the Peak District National Park from both operator feedback and the review of planning applications. Outside the National Park we also found evidence of multiple refusals of planning permission in Derbyshire Dales and Newark & Sherwood.
- The refused schemes include holiday lodges, touring caravan and camping sites, applications for small numbers of camping pods and shepherd's huts, conversion of a barn to a bunkhouse, and applications to vary opening conditions.
- Existing hotel, caravan site, lodge, hostel and self-catering operators reported:
 - Detailed design conditions being imposed that add significantly to costs;
 - Restrictions on opening and refusal to extend or lift these, resulting in businesses being unable to take long lets in winter or to otherwise optimise their revenue, potentially impacting on the long-term viability and sustainability of their businesses;
 - Portakabin-style buildings being refused for caravan/camp site toilet blocks but permitted nearby for community facilities.
- Within the Peak District National Park in particular, this appears to have created such a negative planning environment that several operators and potential developers/operators reported that they simply don't feel it is worth trying to progress desired schemes such as hotel bedroom extensions because it is so difficult to secure planning, and that even if planning could be secured, design and other conditions likely to be imposed by the planners are in danger of making schemes non-viable.

- There is also a particular constraint in the Peak District National Park in relation to holiday lodges, for which there appears to be a blanket ban. One operator with existing sites in the study area said they had now given up looking for a site to develop a holiday lodge park in the National Park because of the NPA's policies.
- These concerns are articulated in some of the comments we received from consultees relating to development in the National Park:

'We have lots of ideas for visitor accommodation projects we would like to bring forward but planning is the big barrier'

'It feels like it's a waste of time even having a conversation with the planners'.

'The Derbyshire Peak District is significantly under supplied with hotel accommodation – yet we can't expand supply to meet demand because of planning restrictions'.

'This is not just about new development – in practice the NPA are not even sympathetic to supporting existing businesses'.

'We would be prepared to allocate significant investment to visitor accommodation development in the Peak Park if we could have a rational conversation about planning. There has to be a more balanced view that will allow sensitive development to come forward: estate owners are in this for the long term and should be able to work with the planners to get it right for all parties and secure the future of the countryside and those who live, work and visit it'.

7.3.3 From the planning authority point of view, the concerns appear to be about:

- Permanency of visitor accommodation such as lodges compared to for example caravans and tents; this has also been applied to camping pods and potentially to glamping, if in requiring a base to be set down they leave a permanent imprint on the landscape;
- The visual impact of visitor accommodation developments on the natural landscape and the character of properties, resulting in some of the design conditions and restrictions on opening, as well as refusals of planning;
- Traffic impacts, particularly for developments of scale, but even with smaller developments they can be judged on their accessibility by public/sustainable transport methods;
- Residential development, or the scope for visitor accommodation to be used for permanent residence – though occupancy conditions are capable of limiting this legally;
- The potential for caravan sites to be used by the gypsy and traveller community in areas where this is a particular issue;
- Preserving Green Belt, though there are 'hooks' within Green Belt policy that can sometimes enable permission to be granted

7.3.4 Whilst we appreciate that there may be particular circumstances around an individual site or building that warrant refusal on one or more of these grounds, we as consultants see evidence of these issues being overcome in other sensitive rural landscapes, including National Parks, using a variety of different mechanisms, and in doing so allowing the visitor accommodation sector to flourish, support the rural economy, and benefit local communities. There is a danger that tourism projects are being unfairly discriminated against, given the impact of large and very visually intrusive agricultural buildings on the landscape that have been permitted, compared to say well screened holiday lodges that are being refused, yet both have the ability to confer significant and complementary economic benefit.

7.3.5 Other generic planning issues that have been identified by developers and operators of hotels and visitor accommodation including in urban areas include:

- The planning process, in terms of the time it takes to get decisions and the volume of associated documentation;
- The requirement for investigations to support applications adding to cost but also to time delays;
- A failure to recognise the commercial implications of what is being requested as part of the planning process and the cost and time delay implications;
- A need for some degree of certainty around the likelihood of getting planning especially where significant costs would be incurred to work up a scheme;
- BREEAM requirements, which particularly at Excellent can incur significant additional costs;
- Likewise, with CIL requirements, though the majority of local authorities we have worked with have not applied these to hotels/visitor accommodation, those which have are adding a substantial barrier to hotel investment;
- Sequential test issues for any development beyond a town centre – a particular issue for hotels on business parks or at other demand drivers such as marinas, leisure parks and attractions, and also for pubs wanting to add bedrooms, that might be in suburban locations, along busy routeways or in the countryside;
- The need for staff accommodation, for hotels, lodges parks, caravan and camping sites – often refused on residential development grounds, but needed for the operation and security of the visitor accommodation business.

7.4. Funding for Hotel & Visitor Accommodation Development

- 7.4.1 Other barriers to accommodation development relate to funding and the difficulty in securing it. Since 2008, the availability of funding for visitor accommodation development schemes – as with the general development market – has been a challenge to secure, often requiring larger amounts of equity, with available lending at higher rates and end values lower, all resulting in smaller margins and often a difficulty in getting schemes to stack up. There has been some improvement in the funding climate since the performance of the hotel and visitor accommodation sector has improved. Certainly for the hotel sector, 2012 proved something of a turning point, with occupancies getting back towards pre-recession levels, followed by recovery in achieved room rates and revpar in subsequent years, but for many funding still remains a challenge.
- 7.4.2 In a difficult funding climate, the availability of other sources of finance, such as LEADER grants, could make all the difference to getting a scheme off the ground. Local Authorities have also begun to invest in hotel schemes which are providing a reasonable return on investment and an opportunity to influence schemes coming forward. The ability of local authorities to borrow at preferential rates through Public Works Loans, access to HLF and Regional Growth Fund have all helped get hotel schemes off the ground where the total funding package had proved a challenge. One international hotel company interviewed as part of this study cited financial support from local authorities as being key to getting deals done, quoting 3 schemes where LEPs were supporting projects, two projects where they were currently negotiating grants, and 5 projects where local authorities have directly invested, with project costs from £14m - £50m.

'This is the most interesting. Local authorities can borrow extremely cheaply and are using this leverage to make things happen. It's brave but if you're borrowing at say 2%, the world has to end for a hotel to deliver anywhere near that type of return on the investment. If it is backed up with a major national and international brand, it creates business rates, employment and an income flow for the local authority'.

7.4.4 There is a delicate balance in terms of the viability of schemes where associated costs and need for quality are high, but income limited by seasonality constraints. National Parks and heritage locations are good examples of this, particularly in leisure-led markets. Infrastructure costs associated with schemes in rural areas are also frequently high and require a critical mass of development to bear them which might be deemed inappropriate in a National Park or other sensitive setting. The viability concern has also been mentioned in relation to camping barns, which require a relatively high development cost but as low cost accommodation bring in limited returns.

7.5. Site Availability & Deliverability

7.5.1 While Hotel Solutions has identified over 40 strong sites for hotel and visitor accommodation development across the D2N2 area, there are a number of locations where site availability is a barrier to accommodation development. This is clearly the case in the Peak District National Park, where very few sites were identified for hotel and visitor accommodation development projects of any scale. Bakewell is a location where hotel companies have found it difficult to satisfy their requirements due to a lack of available hotel sites in the town centre. There are also issues with regard to town centre hotel sites in Newark, Retford and Worksop. While Travelodge is currently progressing a hotel scheme on the site of the former Robin Hood Hotel in Newark town centre, Premier Inn has so far been unable to satisfy its requirement for a town centre hotel here. The hotel sites around the town do not meet its requirements. In Retford, while there is a proposal for a hotel as part of the North Road development, a town centre hotel would be more beneficial in terms of regenerating Retford town centre. Similarly, in Worksop, a new hotel in the town centre would help to boost the town centre economy, but a suitable site has not as yet come forward. Chapel-en-le-Frith/ the A6 Growth Corridor is a further location of potential for a budget hotel where a suitable site has not so far been identified.

- 7.5.2 A further issue in some locations relates to competition from higher value uses, particularly residential where this is permissible, but can also apply to other uses in mixed use schemes such as offices, student accommodation and retail, the majority of which can out-bid a hotel use on value. This could be a factor in the D2N2 area's market towns and cities, and can help explain why some sites put forward for hotel development, or even granted permission, have gone to other uses.
- 7.5.3 Local authorities with often significant stocks of land and buildings have an opportunity to secure hotel and visitor accommodation development via their ownership. However they are still required to get best value for any use, and under pressure to maximise value, which means that they are often unable or unwilling to consider hotels and other forms of visitor accommodation.

8. VISITOR ACCOMMODATION DEVELOPMENT OPPORTUNITIES

8.1 The Evidence

8.1.1. The findings of the different modules of research combine to show significant interest in, and market potential for, the development of all forms of non-serviced accommodation (holiday cottages, holiday lodges and lodge parks, holiday villages, holiday parks, caravan and camping sites, camping pods, glamping, hostels and outdoor education centres) across the D2N2 area, particularly in the Derbyshire Peak District, Sherwood Forest and The National Forest. The evidence shows:

- A non-serviced accommodation sector that is performing very strongly, with many non-serviced accommodation businesses consistently filling and turning business away at weekends and during the summer, resulting in frequent shortages of all types of non-serviced accommodation to fully satisfy demand at these times;
- Strong demand for high quality accommodation, which generally trades at the highest levels of occupancy and price;
- Sizeable catchment populations in surrounding towns and cities that are interested in taking relaxing and active short breaks in the D2N2 countryside, and clear potential for future growth in these markets;
- Good potential for the D2N2 area to capitalise on the current trends in non-serviced accommodation development;
- Strong potential to attract family and friend get togethers and celebration weekends, because of the D2N2 area's central location in the country
- Strong interest from land and property owners in non-serviced visitor accommodation development, and interest from local, regional and national branded non-serviced accommodation operators in opening new operations in the D2N2 area.

8.1..2 Demand for non-serviced accommodation is however seasonal, suggesting a need for incremental supply growth in order to avoid overly diluting winter trade.

8.1.3. The research findings also show potential for the development of good quality B&Bs and guest houses, inns, and restaurants with rooms, based on the current performance of these types of accommodation across the D2N2 area; the extent to which such businesses are filling and turning business away; their potential to cater for weekend demand from wedding parties, people visiting friends and relatives and event visitors, and midweek demand from business visitors and contractors; and their appeal for short breaks in some locations, in particular the Derbyshire Peak District and Newark & Sherwood.

8.1.4. In terms of hotel demand, the evidence shows:

- A strong and growing short break market for hotels in the Derbyshire Peak District, with hotels achieving high occupancies and room rates and frequently filling and turning business away at weekends and during the summer;
- A budget hotel sector that is performing very strongly in most locations, with hotels consistently filling and turning away significant business both during the week and at weekends;
- Comparatively low achieved room rates for 3 and 4 star hotels as a result of highly competitive local corporate markets and predominately price-driven weekend demand;
- Some niche hotel products that are trading very well, including golf hotels and the Warner Leisure Hotels' adults only Thoresby Hall Hotel.

8.1.5. This evidence shows:

- Potential for additional hotel provision in the Derbyshire Peak District, both in terms of the expansion of existing hotels and some new country house, boutique and budget hotels;
- Scope for new budget hotels in many parts of the D2N2 area;
- Significant challenges in bringing forward new full-service 3 and 4 star hotels until corporate demand grows, the cultural, retail, attractions and events offer develops, and achieved room rates increase.
- Potential for some niche hotel products, including golf hotels, luxury and boutique country house hotels, private house hotels, market town boutique hotels, luxury family hotels and spa hotels, given suitable properties for conversion.

8.2 Development of Existing Visitor Accommodation Businesses

8.2.1. Investment in existing visitor accommodation businesses is a clear priority in terms of:

- Upgrading to meet ever rising market expectations, attract new markets , improve trading performance and extend the season;
- Expansion to meet peak period demand that accommodation businesses do not currently have the capacity to satisfy;
- The development of additional facilities, e.g. spa and leisure facilities and function rooms, to provide extra income streams, attract new markets, extend the season and attract winter demand.

8.2.2. Opportunities and priorities for investment in existing accommodation businesses are as follows:

Hotels

- Refurbishment and upgrading, including possible repositioning under a leading international hotel brand or to boutique, budget boutique and perhaps lifestyle hotels in some cases. A number of D2N2 3 and 4 star hotels are currently unable to command good room rates because of the quality of their product: investment is needed to allow them to trade to their full potential.
- Bedroom extensions to meet peak period demand.
- The development of leisure and spa facilities to boost appeal for leisure breaks.
- The development of banqueting facilities to help develop weddings and functions trade.
- Expanded or new restaurant capacity.

Inns/Pub Accommodation

- Refurbishment and upgrading, including repositioning to boutique inns in some cases.
- The opening of additional en-suite guest bedrooms.

B&Bs/ Guest Houses

- Refurbishment and upgrading, including repositioning to a boutique standard in some cases.
- Expansion in terms of opening up additional en-suite bedrooms or the provision of accommodation units in gardens and grounds e.g. camping pods or glamping units.
- Development of facilities for walkers and cyclists e.g. drying rooms and cycle storage.

Holiday Cottages and Holiday Lodge Parks

- Refurbishment and upgrading, including to a contemporary/ boutique standard in some cases. More modern kitchens and bathrooms are a priority.
- The addition of hot tubs, which can help to attract winter demand.
- The opening of additional units.
- The development of leisure facilities, e.g. swimming pools, games rooms, hot tubs and saunas, at holiday cottage complexes and holiday lodge parks.
- The development of function and meetings rooms at holiday cottage complexes to attract weddings, corporate events, and cater for family and friend get togethers and celebration weekends.
- Facilities for cyclists, including cycle storage, bike wash areas and cycle hire arrangements.

Caravan and Camping Sites

- Continuous investment is needed in site infrastructure, landscaping, toilet and shower blocks (including heated units to attract winter trade), and other on-site facilities such as laundry rooms and children's play areas.
- The expansion of existing touring caravan and camping sites, where they have land available, to cater for demand at peak times. Many sites are frequently full and turn business away at weekends and during school holiday periods. The expansion of sites may make them more viable and allow investment in site facilities.
- The development of existing larger child-friendly sites in terms of adding leisure facilities, games rooms and children's activities.

- The introduction of eco-activities e.g. nature study, foraging.
- Improving green credentials through measures such as the use of biomass, solar or wind energy, composting, recycling, and planting to improve biodiversity.
- The provision of more hard standings for touring caravans and motor homes to enable sites to extend their season and allow trading during periods of wet weather and into the winter months.
- Additional seasonal tourer pitches¹, which can provide sites with a good base of guaranteed income, whatever the weather.
- The introduction of camping pods and/or some form of glamping units.
- The development of permanent on-site accommodation for site managers for the purposes of winter opening, site security and maintenance.
- Facilities for cyclists.
- The extension of site operating seasons into the winter months and possibly year-round operation.

Glamping Operations

- Upgrading glamping units.
- Expansion through the provision of additional glamping units.
- The extension of the operating season for glamping sites, including year-round trading.
- The addition of hot tubs.
- The development of facilities such as shops, meeting rooms, games rooms and indoor leisure facilities.
- Central communal spaces for family and friend groups to socialise together.
- The provision of staff accommodation to help glamping sites develop midweek and winter business.

¹ Where owners leave touring caravans on a site for the season to use them periodically for weekend stays, midweek breaks and holidays.

8.3 Opportunities for New Visitor Accommodation Development

8.3.1. The research findings also show good potential for the development of new accommodation businesses of all types in order to meet current peak period shortages and capitalise on hotel and visitor accommodation development trends. Without new accommodation supply tourism growth in the D2N2 area will clearly be constrained.

8.3.2. In terms of the opportunities for new visitor accommodation development, the research findings show the following:

Non-Serviced Accommodation

Holiday Villages and Resorts

- The £400m Peak Resort project is currently being progressed on the Birchall Estate at Unstone to the north west of Chesterfield. The project website (www.peak-worldwide.com) indicates that the scheme has planning permission but does not include a timeline for the progression of the project.

Holiday Cottages

- There is clear potential for additional holiday cottages to meet peak season demand, in terms of barn conversions and the letting of residential properties. There could be potential for all standards of holiday cottage but the priority should be for high quality accommodation, including some 5 star, fully en-suite and boutique holiday cottages.
- There could be scope for some luxury holiday cottage complexes with leisure facilities, communal dining, meeting and socialising spaces for large groups, weddings and corporate events.
- There is potential for more 'super cottages' that can cater for the growing demand for large family and friend get togethers, celebrations and house parties.
- There is scope for some 'Access Exceptional' self-catering cottages that are specially designed for independent wheelchair users. The market for such accommodation is quite niche however, so significant provision is not warranted.

Holiday Lodges and Holiday Lodge Parks

- Our research shows potential for holiday lodge development across the D2N2 area, especially in the Derbyshire Peak District, Sherwood Forest and The National Forest, in terms of:
 - Individual rental holiday lodges or small complexes of lodges;
 - Woodland or lakeside holiday lodge parks with lodges for ownership and/or rental. This could include some holiday lodge parks of scale (100+ lodges) with central leisure and catering facilities;
 - Eco lodges, small complexes of eco lodges and eco lodge parks;
 - Fishing lodges associated with existing or new fishing lakes;
 - Golf lodges on golf courses, for rental, timeshare or purchase;
 - Holiday lodges at equestrian centres.

Current planning policy in the Peak District National Park, which does not allow holiday lodge development, prevents these opportunities from being taken up in the National Park.

Treehouses

- There is scope potentially for some treehouse developments in suitable woodland and forest settings. This is a very niche accommodation product, which is expensive to build and to stay in. Its development is likely to be very slow therefore.

Caravan Holiday Home Parks

- There could be potential for the development of new holiday parks in the D2N2 area, given suitable sites. Our research shows strong demand for caravan holiday home ownership and rental in Derbyshire and Nottinghamshire, and a relatively limited current supply. There is likely to be interest from national holiday park operators, given the sizeable catchment populations for caravan holiday home sales that surround the two counties, and the general paucity of suitable sites for holiday park development across the country. There could be potential for holiday parks linked to water sports, perhaps at some of the worked out gravel pits in the Trent Valley.

Touring Caravan and Camping Sites

- The research findings show potential for:
 - Further small scale touring caravan and camping sites across the D2N2 area (of up to 30-50 pitches) and further certificated sites¹, particularly on farms and next to country pubs.
 - Some larger caravan and camping sites, given suitable sites that can achieve planning permission;
 - More camp sites;
 - The development of eco camping sites - small, low impact, environmentally-friendly, off-grid sites.

There are clear shortages of caravan and camping provision at weekends and during the summer in many parts of Derbyshire and Nottinghamshire. Caravanning and camping is however seasonal, so care is needed to avoid encouraging too rapid a growth in supply that could dilute winter trade.

Camping Pods

- In addition to the potential for caravan and camping sites to add camping pods, there could also be scope for the development of small camping pod sites;
- There could be merit in looking at the development of a camping pod network along the Pennine Way and linked to the developing cycle route network in the Derbyshire Peak District.

Glamping

- There is clear scope for the development of further glamping sites across the D2N2 area. This type of accommodation has so far been very slow to develop in Derbyshire and Nottinghamshire.

¹ 5 pitch sites that are certificated to operate by the Caravan Club or Camping and Caravanning Club without the need for planning permission

Group & Youth Accommodation

- The YHA expressed interested in opening further hostels in the Derbyshire Peak District, and might consider a hostel in Nottingham.
- There could be an opportunity for further luxury hostels in Nottingham.
- There could be scope for additional outdoor education centres and children's activity holiday centres, perhaps in Nottinghamshire, where the supply of such accommodation is currently very limited. The Derbyshire Peak District already has a good supply of outdoor education centres, although there could be scope here also, for modern, higher quality centres.

Serviced Accommodation

Hotels

- Our research shows no immediate potential for further 3 or 4 star or boutique hotels in **Derby City Centre**. Sustained growth in hotel occupancy and a substantial improvement in achieved room rates will be needed before the city can support new full service hotel development. There could be scope for further budget hotel development in Derby (although there is no current budget hotel operator interest in the city), but this would perpetuate the low room rates in the city, particularly at weekends, and is likely to weaken the potential for securing new full service hotels in Derby. There could also be potential in the short term for additional serviced apartment provision in the city. The scope for full service hotel development in Derby is more in the longer-term, as the regeneration of the city is progressed, and Derby's cultural, retail and evening offer develops, particularly if the new performance venue is progressed. The hotel development strategy for the city should at this stage focus on encouraging investment in the upgrading of existing 3 and 4 star hotels, building a stronger corporate market for hotel accommodation, and developing a city centre cultural, evening and retail offer that will allow Derby to develop as a city break destination. The priorities for hotel development should be about developing a more diverse city centre hotel offer in the medium to longer-term, that will meet corporate market requirements and attract the key leisure markets that Derby wants to attract at weekends. This suggests a focus on boutique, budget boutique, lifestyle and themed hotels in the Cathedral Quarter to attract Cultural Explorers and Millennials. There is also merit

in considering the potential for a hotel to be incorporated into the performance venue scheme. Derby could see the closure of some of its lower quality independent hotels that may be struggling to compete with the new city centre budget hotels. This could be beneficial however in terms of boosting demand and room rates for the city's remaining hotels.

- The **Infinity Park** business park might support a 3 or 4 star hotel and/or a limited service hotel, depending on the occupiers that it attracts. The business park lacks visibility to passing trade however. A site on the A50, close to the business park would be a stronger proposition.
- There is clear potential in **Chesterfield** for additional budget hotels. Existing budget hotels here are achieving high occupancy levels and consistently denying significant business both during the week and at weekends. There is immediate potential for a new budget hotel. The Elderway Premier Inn should meet this requirement. In the medium to longer term there are likely to be further opportunities for further budget/limited service hotels in Chesterfield, as the Chesterfield Waterside and other major regeneration schemes are progressed in the town, depending on how quickly they are progressed and the occupiers they attract. It is difficult to see scope for a new full service 3 or 4 star hotel in Chesterfield as achieved room rates for such hotels are currently too low, and there is no evidence of consistent denials at this level in the market. The opportunity for a hotel of this standard would certainly be in the longer-term, depending on the levels of new business that the regeneration schemes deliver. With 4 new hotels currently proposed in Chesterfield and the prospect of the Chesterfield Hotel reopening, there is a danger of an oversupply of hotel provision in the town if all of the proposed hotels are progressed within a short space of time.
- The **Markham Vale** Business Park may be able to support a budget/limited service hotel as it develops, depending on the occupiers and business uses that it attracts.

- In the **Derbyshire Peak District** there is scope for additional luxury and boutique country house hotels with spas, given suitable properties for conversion. This could also include a luxury family hotel, an adults only (Warner Leisure) hotel, and perhaps a spa hotel. With firm interest now in taking forward the proposed new-build hotel on the site of the former Marquis of Granby hotel at Bamford, this could help meet this need. There is potential for market town boutique hotels through the repositioning of existing hotels and/or the conversion of suitable buildings in towns such as Bakewell, Ashbourne, Castleton, Matlock, Hathersage, and perhaps Wirksworth and Cromford. The success of the established and newly opened budget hotels in the Derbyshire Peak District shows clear potential for further budget hotels in Bakewell (where a Premier Inn is being progressed), Matlock and Ashbourne. We also believe that Chapel-en-le-Frith might be able to support a budget hotel, given the local corporate demand here, particularly from Ferodo. Budget hotels in these towns are however likely to challenge some existing hotels and guest houses, at least initially following their opening. .
- There is also clear potential for another budget hotel in **Buxton**, and scope here for the development of boutique hotels through the conversion of suitable properties. We believe that the opening of The Crescent Hotel and Thermal Spa will provide the catalyst for a significant improvement in Buxton's hotel offer, including the development of new high quality hotels.
- There could be scope for a budget hotel in **Belper**. There is very little accommodation in the town and evidence of corporate business from Belper being displaced to hotels in surrounding areas. A budget hotel here could also serve the local VFR and wedding party market and could potentially also attract people that want to visit the Derwent Valley Mills World Heritage Site and the Peak District. A budget hotel here could impact the existing hotels, pub accommodation and guest houses that serve Belper.
- There is potential we feel for a budget hotel in **Ilkeston**. This is a sizeable town with no current hotel provision. A budget hotel here could serve the local corporate market and weekend demand from people attending weddings and family parties and visiting friends and relatives.

- We believe that the proposed hotel at **Denby Pottery** could find a good market in terms of serving Belper, Ripley, Ilkeston and Alfreton corporate demand, group tours and a weddings market. Our research showed evidence of budget hotels in Ripley and Alfreton frequently denying business, both during the week and at weekends; there is no hotel currently in Ilkeston, and very little hotel accommodation serving Belper.
- **Swadlincote** is another large town in Derbyshire with no current hotel provision. There could be sufficient local corporate, weddings and VFR demand here to support a budget hotel.
- **Melbourne** and **Repton** may be able to support small boutique hotels, given their current lack of hotel provision and potential local drivers such as Repton School, Calke Abbey and Donington Park.
- Our research shows no immediate need for additional hotels in **Nottingham City Centre**. While hotel occupancies are strong on Tuesday, Wednesday, Friday and Saturday nights, and there is evidence of shortages of hotel provision in the city on these nights, achieved room rates are currently too low to support new full service 3 and 4 star and boutique hotels and there is no clear need for additional budget hotels. Having said this, **The Guildhall** is a unique opportunity in Nottingham city centre for a new luxury boutique or lifestyle hotel. A hotel at this level in the market could have a beneficial effect in terms of helping to increase hotel room rates in the city. This is undoubtedly a hotel scheme that is worth progressing, although under current market conditions in the city it is likely to require some form of public sector investment support if it is to come to fruition. There could also be potential in the short-term for additional serviced apartment provision in Nottingham. The priority over the next 2-3 years is otherwise to encourage investment in existing hotels and allow Nottingham's hotel market to grow so that achieved room rates increase to a level that will be able to support additional full service hotel provision. There is a need to wait until the major regeneration projects start to deliver additional business for hotels and a stronger city break offer, before new hotels can be supported. The focus for the medium to long term should be about developing a hotel offer in the city that will meet the needs of the emerging Generation Y corporate traveller and city break taker.

This points to the development of branded boutique hotels, lifestyle hotels, budget boutique hotels, themed hotels and branded aparthotels. Major construction projects are also likely to boost demand for budget hotels. The hotel development strategy for Nottingham would however need to be adjusted if the proposed convention centre goes ahead. It would require an on-site 4 star hotel and a mix of different standards of hotel within walking distance, so would provide a new geographic focus for hotel development in the city.

- In the **Nottingham suburbs** we believe that there could be potential for new budget hotels at West Bridgford, in Beeston town centre, and possibly one of the northern suburbs (Arnold, Bulwell or Sherwood). Suburban budget hotels in Nottingham are generally trading at very high occupancies and consistently filling and turning away significant business, both during the week and at weekends.
- The **Nottingham University and Enterprise Corridor** may be able to support new hotel provision, including potentially at a 3 or 4 star level, given the scale of business development that is taking place here.
- There is no clear potential for new hotels in the **J25-27 M1 Corridor**. The Ibis budget hotel that is planned alongside the Novotel Nottingham Derby is intended to act as a overspill accommodation for this hotel.
- There is clear potential for budget hotel development in **Mansfield and Sutton-in-Ashfield**, and scope possibly for an upper-tier budget or 3 star hotel on one of the major business parks that are being developed here. There is a clear shortage of hotel accommodation in this location both during the week and at weekends. The business parks that are being developed here and population growth will drive further growth in hotel demand. A budget hotel in Mansfield town centre should be a priority to support town centre regeneration.
- Our research shows potential for new budget hotels in **Newark, Retford and Worksop**. Budget hotels in these locations are likely to have an impact on existing independent hotels, pub accommodation establishments and guest houses in the towns. There could also be scope for small boutique hotels in **Newark** and possibly also **Southwell**, given suitable properties for conversion.

- Our research shows potential for the development of **hotels on golf courses**, and possibly major **golf resorts** in Nottinghamshire and North Derbyshire.
- There could be scope for the the development of **luxury and/or boutique country house hotels** in Nottinghamshire and other locations in Derbyshire beyond the Peak District, given suitable country house properties for conversion. This could also include conversion to **luxury family hotels** and/or **spa hotels**. Kelham Hall is a particular opportunity in this respect.

Inns/Pub Accommodation

- There is clear potential for futher pubs in the D2N2 area to offer letting bedrooms either within their premises, through the conversion of suitable outbuildings, or possibly in terms of small-scale new-build guest bedroom extensions. This includes the development of new boutique inns.
- There could be potential for new build pubs with adjacent budget hotel bedrooms on the outskirts of some towns. The proposed lodge alongside Marston's Lock Keepr pub restaurant in Worksop is an example. Other target locations in the D2N2 area for Marston's pub restaurant developments are Belper, Bakewell, Derby, Swadlincote, Chesterfield, Ilkeston and Retford.

Restaurants with Rooms

- There could be potential for the development of high quality, possibly boutique guest bedrooms linked to existing or new restaurant operations.

B&Bs/ Guest Houses

- New B&Bs and guest houses will be needed to replace those that close as their owners retire. The priority will be high quality, en-suite B&Bs and guest houses, including some 5 star and boutique establishments.
- There may be scope for the development of B&B for Horses businesses in the Derbyshire Peak District, particularly along the Pennine Bridleway. These are B&Bs that also provide stabling and pasture for horses.

- Cyclist-friendly B&Bs will need to be encouraged in the Derbyshire Peak District to support its development as a cycling destination, especially along the cycle trail network that is being developed.

Wellness Retreats

- There may be scope for the development of wellness retreats in the D2N2 area. Such accommodation businesses are finding a strong market elsewhere in the country, and there is no reason to think that they should not be able to do so in Derbyshire and Nottinghamshire.

Wedding Venues with Accommodation

- Existing wedding venues with accommodation achieve high weekend occupancies. Accommodation can help to wedding venues to win business and provides an additional source of revenue. There could be scope for other established wedding venues to add accommodation and for new wedding venues that incorporate accommodation as part of their development. This could be in terms of hotel or B&B rooms, self-catering accommodation or perhaps glamping units.

9. PRIORITIES FOR PUBLIC SECTOR INTERVENTION

9.1 Rationale

9.1.1. Our research shows significant potential for visitor accommodation development across the D2N2 area, and a clear need for additional accommodation to achieve growth in the D2N2 visitor economy. Visitor accommodation development can also play wider roles in terms of:

- Improving the vitality of town centres, particularly in terms of helping to boost their evening economies;
- Keeping village and country pubs open and viable, maintaining them as a resource for local communities;
- Improving farming and country estate incomes and thus supporting agriculture and landscape management;
- Creating jobs for local people and self-employment opportunities;
- Sustaining existing tourism and leisure businesses, such as golf courses, fishing lakes, horse riding stables, wedding venues and visitor attractions;
- Finding new uses for redundant buildings and sites;
- Serving the needs of the business community, primarily in terms of hotel accommodation to allow companies to do business effectively, cater for their business visitors, and provide facilities for meetings and conferences.

9.1.2. The D2N2 visitor accommodation sector is clearly already responding to these opportunities, with new accommodation projects coming forward. Public sector bodies have a key role to play in supporting this process through their responsibilities in terms of planning. There is also a case for more proactive public sector intervention to help accelerate accommodation development, and encourage high quality provision and the development of new accommodation offers that can help to grow the market. There are also opportunities for local authorities to use their land and property assets for accommodation development, and to generate income streams from direct investment in hotel and visitor accommodation projects.

9.2 Priorities for Public Sector Intervention

9.2.1. The priorities for public sector intervention to support and accelerate visitor accommodation development in the D2N2 area are as follows:

- Work to raise awareness of the visitor accommodation development opportunities identified in the study.
- Positive planning policies and development management processes that as far as possible reflect the market opportunities for, and the commercial realities of, visitor accommodation development, whilst maintaining a balance in terms of environmental and landscape protection and the impact on local communities and traffic safety.
- Further work to help bring forward the hotel and visitor accommodation development sites identified through the Visitor Accommodation Strategy work and match them to potentially interested accommodation operators and developers.
- Reviews of local authority land and property assets, such as country parks, historic buildings, redundant office space, and outdoor education centres, to assess their potential for hotel and visitor accommodation development.
- Consideration of direct investment in hotel and visitor accommodation projects.
- Proactive initiatives to encourage the development of accommodation products that are only slowly developing in the D2N2 area and to support specific product development initiatives, in terms of glamping, pub accommodation and accommodation linked to the existing and developing cycle route network in the Derbyshire Peak District.
- The articulation of clear hotel development strategies for Derby and Nottingham to inform and influence the market in a direction that will help to grow city break demand for the two cities as their cultural, retail and attractions offers develop.
- Local company surveys in Mansfield, Belper, Ilkeston and Swadlincote to demonstrate that there is local corporate demand in the towns that will support hotel development.
- Business advice and consultancy support programmes to help bring forward and shape visitor accommodation development projects;
- Ongoing monitoring of visitor accommodation development and performance.

Raising Awareness of the Opportunities for Visitor Accommodation Development

9.2.2 The D2N2 Visitor Accommodation Strategy identifies significant potential for the development of a wide range of visitor accommodation offers across the D2N2 area. Work is now needed to raise awareness of these opportunities with all those that might have an interest in taking forward visitor accommodation projects, or be involved in supporting visitor accommodation development. This will include all relevant local authority officers (in planning, development management, estates, finance, economic development, regeneration, town centre management and tourism); local authority members; LEADER groups; the relevant officers of D2N2 LEP; existing hotel and accommodation business owners; land and property owners; property developers; existing leisure businesses that might be interested in adding accommodation; commercial property agents; consultants; and national, regional and local hotel and visitor accommodation operators, developers and investors. This may include re-packaging the findings into different formats for specific audiences e.g. location specific extracts or fact sheets for particular types of accommodation. This work should include providing feedback to the hotel and visitor accommodation businesses and developers that contributed to the research.

Positive Planning Policies and Processes for Hotel & Visitor Accommodation

9.2.3 A positive, flexible and enabling planning framework will be vital to support the future development of the D2N2 visitor accommodation sector in line with the identified opportunities. Operator and developer feedback indicated that planning is perceived to be a key barrier to investment in the sector. The nature of these planning barriers varies across the patch, for example between urban and rural locations, and was more acute in one or two locations, most notably in the Peak District National Park. Whilst it would be difficult to advocate a one size fits all approach to resolving these issues, it is possible to identify some general principles to make the planning framework more facilitating and supportive of visitor accommodation development. Given the opportunistic nature of much visitor accommodation development, it is important to recognise that D2N2 is competing for investment with other locations across the UK – ultimately, all else being equal, developers and operators will choose to focus their time and effort where they can be

confident that a site can be delivered. A positive planning framework then presents a real opportunity for Derbyshire and Nottinghamshire local authorities to show they are open for business.

9.2.4 Some of the key issues and principles in terms of planning are detailed below:

- **Planners should give due consideration in policy-making to the full range of different types of visitor accommodation** that the market research has identified potential for and interest in. This could include some developments of scale that require a countryside setting and new buildings which countryside policies may constrain. However, given the significant benefits that larger scale developments can bring we would advocate they should be considered if suitable sites that can achieve planning permission can be identified. Policies might usefully define what could be acceptable and the type of site e.g. woodland sites; sites needing remediation such as quarries; and non-natural landscapes like golf courses and country parks, where accommodation can complement and help sustain and existing leisure use.
- This policy approach might usefully be supported by councils pro-actively **identifying potential sites for developments of scale** outside built up areas, particularly where accommodation developers/operators have expressed interest in the area, and where there might be an opportunity to confer wider benefit e.g. re-use of characterful buildings, or supporting the viability of an attraction, estate or country park. We are aware of examples elsewhere of Planning Link Officers fulfilling this role, particularly in working with major landowners to work up masterplans for their estates with planning input, rather than submitting a series of piecemeal applications that are not necessarily integrated as a whole.
- **A co-operative and less confrontational relationship between planning teams and potential applicants** – whether they are developers, operators, investors or landowners – would certainly be welcomed by those from the sector that we consulted. The ability to get positive planning advice before an idea or scheme gets to application or even pre-application stage would be a step forward, so that developers can be supported in working up their proposals.

- This spirit of working together to get the right solution for a site or development also applies to **issues around design requirements and planning conditions**. It is important that planners understand the commercial implications of these on the viability of any scheme:
 - Design requirements can substantially increase costs, in some cases to the point where a project no longer stacks up; the test should be about reasonableness and finding a route to satisfy concerns on both sides without burdening a project to the point where it cannot work.
 - Planning conditions that limit operating periods and lengths of occupation can severely curtail the ability of an accommodation business to optimise its market potential e.g. in terms of winter opening or being able to take longer winter lets. There may well be other solutions that can overcome these concerns e.g. holiday occupancy conditions that would prevent permanent residential use.

- The need to cater for other operational needs of rural visitor accommodation should also be reflected in the planning approach – one example being the need for **on-site staff accommodation** for security, customer support, health and safety and to attract and retain key staff. This applies to hotels as well as other forms of accommodation e.g. caravan and camping sites, holiday parks and holiday lodge parks. Concerns about permanent residential use can be dealt with via planning conditions.

- There appears to be a particular issue about **holiday lodges** not being permitted in the Peak District National Park, the concern being about permanency compared to 'low impact' forms of accommodation such as camping. Holiday lodges are however being permitted in other National Parks, indicating that these developments can be consistent with their special purposes. Given the market potential, developer interest, and economic and employment benefits that lodge development can bring, it might be opportune to revisit this policy going forward with the new Local Plan, and to undertake some more detailed investigations to understand how the concerns of the Peak District NPA have been addressed elsewhere.

- Our research has identified potential for **developing accommodation along key walking or cycling routes**, which might be met by a mixture of camping, glamping, camping pods, bunkhouses, B&Bs, pub accommodation and hostels. Delivering this requires a joined up approach to plan a network of provision. Identifying locations that would be acceptable in planning terms for these types of accommodation will provide an important input into this network delivery.
- The planning response around developing visitor accommodation in urban areas is more about locational strategy for hotels and particularly the **application of the sequential test** to non-town centre hotel proposals. In some locations, strictly constraining hotel development in out of centre locations may help direct hotel development to town centres in order to underpin their vitality as well as support the evening economy. In other situations, there may be substantial drivers of demand outside the town or city centre e.g. major business parks, which on-site hotels could serve reducing the need to travel. There may also be pub restaurants in suburban locations where the development of hotel accommodation could help sustain their business as well as serve a local market, for example local companies and visitors to friends and relatives. An understanding of market drivers should therefore be built into any locational strategy for hotels, and some flexibility around the sequential test applied as required.

9.2.5 It is our experience from working on visitor accommodation studies across the country that many planners have little or no knowledge about the visitor accommodation sector, and increasingly there are few tourism professionals within local authorities to fall back on for input, and limited capacity within DMOs. It will therefore be important to disseminate information about the potential for visitor accommodation development to planning policy teams so that they can take this into account as they progress their Local Plans, and to Development Management teams to support their assessment of planning applications from the sector.

Site Investigations and Matching to Potential Interest

9.2.5. Hotel Solutions has identified over 40 strong sites for hotel and non-serviced visitor accommodation across the D2N2 area, and spoken to more than 30 hotel and accommodation operators and developers that expressed an interest in looking at suitable sites and accommodation development opportunities in Derbyshire and Nottinghamshire. Going forward there is a need for further work to:

- Inform site owners and agents that may not already be aware of the potential of their site, land and property for hotel or visitor accommodation development;
- Establish what help site owners and agents need to market their sites and other requirements for public sector support to help bring forward schemes, particularly in terms of funding;
- Undertake more detailed assessments of the opportunities for accommodation development on some sites, in particular some of the country parks and country estates that Hotel Solutions has identified as having potential for accommodation development;
- Match sites to potentially interested hotel and visitor accommodation operators and developers;
- Compile more detailed sites information if needed.

9.2.6. Other sites and properties should be included in this process as they come forward over time. Work is also needed to prioritise city centre hotel sites in Derby and Nottingham for longer-term hotel development as the market strengthens in each city.

9.2.7. There is also a need to follow up the hotel and visitor accommodation developer interest that Hotel Solutions has identified in order to better understand developer requirements, build an ongoing dialogue with developers, and feed suitable site opportunities through to them as they are firmed up.

Assessing the Accommodation Development Potential of Local Authority Land and Property Assets

9.2.8 Local authorities at county and district level are often the owners of significant amounts of land and property such as country parks, offices, outdoor education centres and historic buildings, some of which could be suitable for the development of visitor accommodation. With increasing pressures on councils to offset running costs and make the best use of their resources, there is an opportunity to review these assets to assess their potential for accommodation development, and to consider the options of the Council developing them, working with hotel and visitor accommodation companies to develop, operate, purchase or lease the property or land. Council ownership means that, subject to achieving best value, there is a real opportunity to influence accommodation development in a given location and to help bring it forward, at the same time producing financial gain to the local authority, either as a capital receipt or an ongoing income stream. Examples of council property being developed for visitor accommodation include The Crescent in Buxton, Kelham Hall in Newark, and The Guildhall in Nottingham. Consultancy support could aid this assessment process, as could putting local authorities in touch with accommodation operators and developers that can give them a view on the development potential of buildings and sites in their ownership.

Direct Public Sector Investment in Hotel and Visitor Accommodation Development Schemes

9.2.9 Councils across the UK have started to invest in hotel development projects for two main reasons: to bridge the funding gap for strategically important hotel projects that have been unable to secure commercial finance, and increasingly to generate a return and ongoing revenue stream for the council. D2N2 local authorities could look at such options to help bring forward hotel and visitor accommodation schemes. In some cases, LEPs have also used their funding pots to help secure strategically important hotel projects, and in the case of important heritage buildings, HLF funding has also played an important role in bringing hotel schemes forward. The Crescent at Buxton is a case in point. The Guildhall at Nottingham may require similar interventions to deliver an upscale hotel given the likely high costs associated with developing a listed building of this nature, and the rate weakness in the Nottingham market. Public sector investment may also have a role to play where the market for a hotel or other

form of visitor accommodation is unproven, helping to create confidence and de-risk investments where commercial finance requires more certainty. Appendix 13 provides examples of local authority, LEP and other public and voluntary sector support for hotel projects across the UK.

Clear Hotel Development Strategies for Derby and Nottingham

9.2.10 Whilst the research has shown no immediate potential for hotel development in Derby and Nottingham, there will be potential longer term alongside growth in the market as a result of wider regeneration initiatives and new drivers of demand coming on stream as the Derby Masterplan and Nottingham Growth Plan are implemented. In the meantime, whilst the market, and particularly rate grows, it will be important for the two cities to think through the type of hotel offer they want to attract to meet both corporate demand and help them develop as city break destinations, as part of, or alongside the development of Destination Management Plans for each city, and the implementation plans for the Derby Masterplan and Nottingham Growth Plan. Presenting this as a clearly articulated hotel strategy will provide an opportunity to influence the market going forward through putting out the message of what each city is seeking from the hotel sector and where this can be most appropriately delivered. The key priority should be the development of hotel offers that can meet growing markets such as Millennials and add value by bringing new business to the cities, such as branded boutique, budget boutique, lifestyle and themed hotels and branded aparthotels. In the case of Nottingham, The Guildhall should feature in terms of the role that an upscale hotel can play in raising rates and attracting high spending markets to the city. The strategies should also consider the potential for hotels linked to the convention centre proposal at Nottingham and the performance venue proposal at Derby. This may require some additional research as the business case for each facility evolves, to understand the volume and type of demand they will generate for hotel accommodation, and the required number of new hotel rooms that will be needed to service this demand. Conference centres require a critical mass of hotel accommodation at different levels in the market in walking distance of the venue, so certainty of these coming forward could require a different locational strategy.

Pro-active Initiatives

9.2.11 There is a case to be made for some pro-active initiatives focusing on types of accommodation that have been slow to develop in the D2N2 area for which there is identified potential, together with pro-activity related to specific tourism product development initiatives already underway. Three priorities have been identified:

Glamping Development

9.2.12 Glamping is rapidly growing in popularity in the UK, yet D2N2 has seen relatively few schemes coming forward. Glamping businesses that have opened in Derbyshire and Nottinghamshire have quickly found a strong market. There is scope for significant expansion of this type of accommodation, which could be appropriate to encourage in sensitive rural locations including the Peak District National Park. The public sector can play a role in encouraging and supporting the development of the glamping sector through a Glamping Development Programme for the D2N2 area as a whole, or separate programmes for each county.

Developing the Pub Accommodation Sector

9.2.13 The supply of inns and pub accommodation in the D2N2 area is variable in quality, ranging from basic standard accommodation serving contractors outside of tourist areas, to a good stock of pubs with rooms and boutique inns in the Derbyshire Peak District. A number of new inns and pubs with accommodation have opened and some have repositioned to become boutique inns. There are opportunities for existing pub accommodation businesses to upgrade and further develop, including adding guest bedrooms. Providing bedrooms can also help to ensure the commercial sustainability and future of pubs. There is active interest from pub companies such as Marston's and Greene King in adding rooms to pubs and developing new build pubs in suburban locations with small lodges attached, and from Revere and Wetherspoons in developing quality bedrooms as an upper floor use in characterful properties. Given this potential and interest, there could be scope for some form of Pub Accommodation Development Programme for the D2N2 area, or separate programmes for Derbyshire and Nottinghamshire.

Development of Accommodation to Support the Developing Cycle Route Network in the Derbyshire Peak District

- 9.2.14 Delivering a network of various forms of visitor accommodation along some of the key trails for cycling in the Derbyshire Peak District will require a plan to co-ordinate this, and a body with resource to oversee it. The starting point will be to take a detailed look at identifying gaps in provision and possible sites and locations that might offer potential for the development of accommodation to fill the identified gaps. A plan will then be needed to deliver the required accommodation. Resource will need to be identified to do this, possibly through the current ERDF funded initiative or depending on commitments a future funding bid.

Local Company Surveys to Demonstrate Corporate Demand for Hotel Accommodation in Unproven Markets

- 9.2.15 The research has identified a number of locations in the D2N2 area with little or no hotel provision where we believe there is potential for new hotels. These include Mansfield, Belper, Swadlincote and Ilkeston. These locations are either not on the target lists of hotel companies or if they are, as in the case of Mansfield, hotel company acquisitions teams are having to make a case for approval against limited evidence of demand. Undertaking local company surveys in these locations provides an opportunity to get both a quantitative and qualitative feel for corporate demand for hotel accommodation; market satisfaction with the existing hotels that companies are using; the standard of hotel that companies would like to see and where they should ideally be located; how much companies would be prepared to pay for hotel stays, and some supportive quotes from key corporate organisations that endorse new hotel provision.

Tailored Business & Quality Improvement Support for the Accommodation Sector

- 9.2.16 The provision of tailored business support and quality improvement initiatives would be beneficial for existing and prospective visitor accommodation operators across the D2N2 area and would contribute to capitalising on the identified visitor accommodation development opportunities. The Derbyshire ERDF bid may be able to pick this up for the county by incorporating a focus on visitor accommodation, and if so consideration should then be given to how to mirror this in Nottinghamshire.
- 9.2.17. Capital grants and preferential rate loans would be beneficial in terms of accelerating visitor accommodation development and achieving high quality new provision. LEADER and EAFRD are two potential sources of funding for rural tourist accommodation projects. The Midlands Engine Investment Fund and other LEP funds might also be potential sources of funding for hotel and visitor accommodation development schemes. Work is needed to ensure that the bodies responsible for the allocation of these funds take account of the study findings and take a more strategic approach to supporting visitor accommodation projects that are in line with the priorities identified and can produce optimum employment and economic benefits. Work is also needed to raise awareness of the potential availability of funding from these sources to support accommodation development projects.

Keeping a Finger on the Pulse

- 9.2.18 This study provides a snapshot of the D2N2 visitor accommodation sector and market at one point in time. Moving forward it will be important to monitor how the sector is developing and performing over time to establish ongoing priorities for the further development of visitor accommodation, and to evaluate the impact of any interventions to proactively support the development of the sector. This can best be achieved through periodic in depth research, rather than the establishment of ongoing accommodation occupancy surveys, which are very time consuming and costly to deliver.

9.3 Implementation

9.3.1 The D2N2 Visitor Accommodation Study has identified a wide range of opportunities for new visitor accommodation and the improvement and re-positioning of existing visitor accommodation businesses across the D2N2 area. There is a clear role for public sector intervention to support and accelerate hotel and visitor accommodation development in order to maximize destination benefit. As a separate output from the Visitor Accommodation Strategy, Hotel Solutions has produced a D2N2 Visitor Accommodation Acceleration Plan to provide a framework for public sector intervention over the next 3 years (2017-2019) to help bring forward hotel and visitor accommodation development in line with the identified opportunities. It sets out a series of programmes of action with suggested lead agencies, partners, budgets, funding sources and timescales. Some further work will be needed to fully flesh this out with the study partners, particularly in terms of roles and responsibilities, any in-post capacity to take tasks on, the possible need for a dedicated resource to champion the Plan, and a vehicle to co-ordinate and oversee programme delivery.

9.4 Concluding Thoughts

9.4.1 The D2N2 Visitor Accommodation Strategy identifies significant potential to grow D2N2's visitor economy through capitalising on a wide range of opportunities for visitor accommodation development across Derbyshire and Nottinghamshire. These opportunities represent a mixture of new-build developments, conversion and redevelopment of existing buildings, and the up-grading and re-positioning of existing visitor accommodation businesses. They can bring significant economic benefits as well as providing opportunities for farm, country estate and country park diversification, and new uses for country houses, redundant agricultural buildings, and land and property in local authority ownership, including outdoor education centres and office buildings that may be surplus to requirements.

9.4.2 There are clearly challenges to overcome – in terms of the market, planning and funding – and a requirement for sensitive development in keeping with the special qualities of the natural and built fabric of the D2N2 area and its component parts. Nonetheless, there remains a real opportunity for the development of the visitor accommodation product across the D2N2 area as part of a joined up approach to the wider development of tourism through the implementation of the DMO Destination Management Plans. With the right framework in place, the visitor accommodation sector can play a critical role in destination development, and together with the wider visitor economy, make a significant contribution to economic development and employment growth across the D2N2 area.