

Arun District Council

REPORT TO:	Economy Committee - 02 February 2023
SUBJECT:	Tourism Hospitality & Visitor Economy Study
LEAD OFFICER:	Director of Growth/ Group Head of Economy
LEAD MEMBER:	Councillor Andy Cooper
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:	
<p>The Council's Vision identifies the economy as one of four themes, alongside wellbeing, housing and the environment. In this case the economy theme has two relevant aims:</p> <ul style="list-style-type: none">• Use regeneration opportunities to attract new and relocating businesses to the district.• Encourage the development of the district as a key tourist destination, supporting and enabling improvements and activities to increase visitor spend. <p>This will be achieved by the positive and focused promotion of Arun's tourist destinations as more than a 'day trip' and supporting the delivery of more accommodation for visitors to the district.</p>	
DIRECTORATE POLICY CONTEXT:	
<p>The Business & Economy Group service has a number of different functions, all working towards the following service vision of 'creating a District that has a vibrant and growing economy'.</p> <p>This includes promoting Arun, and its distinct locations, as a tourism destination and helping hospitality and tourism businesses to develop a local offer. Further, this includes working with sub regional partners to better use our resources.</p> <p>The vision for planning is 'to enhance the quality of the natural and built environment, protect the district's natural and heritage assets and to promote economic growth in a sustainable manner, striking a balance between the need for development and the protection of scarce resources'.</p>	
FINANCIAL SUMMARY:	
<p>There are no known financial implications arising directly from this report for this financial year. Any future identified financial implications will be discussed at future meetings.</p>	

1. PURPOSE OF REPORT

- 1.1. The purpose of the report is to introduce the Tourism Hospitality & Visitor Economy Study to the Economy Committee, and to advise, and seek approval from members of the next steps for the implementation of the recommendations by the Business and Economy Group Team.

2. RECOMMENDATIONS

That the Economy Committee agrees the following: -

- 2.1. Produce a refreshed 'Visitor Economy Strategy'
- 2.2. Investigate opportunities for active partnership in delivering visitor accommodation
- 2.3. Continue to seek investment in public realm, the seafront, and in key infrastructure

3. EXECUTIVE SUMMARY

- 3.1. In May 2022 a Tourism Hospitality & Visitor Economy Study date was prepared with the objective of providing a review of the provision of tourism infrastructure across the Arun District planning area, alongside an assessment of future demand. The study also identifies how the sector might grow, together with the spatial implications of this growth, to support emerging planning policy in the new Local Plan.
- 3.2. The study was discussed and endorsed by the Planning Policy Committee in June 2022 as it was originally commissioned for planning purposes. However, its outputs are far-reaching and will directly impact on the work of the Business & Economy Team.
- 3.3. This committee report provides a summary of the study and identifies the recommendations that are relevant to the Business & Economy team. It also advises members of the next likely steps for the implementation of those recommendations and asks for these to be supported.

4. DETAIL

- 4.1 A study of Arun's visitor economy has been undertaken with the objective being to provide a review of the provision of tourism infrastructure across the Arun District planning area, alongside an assessment of future demand, and from this to identify how the sector might grow together with the spatial implications of this growth, to support emerging planning policy in the new Local Plan. However, the outputs of the study and opportunities identified are far-reaching and extend beyond the remit of the planning department and will impact on the Business and Economy Team and some other council departments.

- 4.2 The approach to the study has involved an initial analysis of current demand and supply as a baseline, followed by an assessment of future demand through identifying drivers to growth locally, trends in the market nationally, and the ambitions for expansion and new development from existing operators, as well as those looking to be represented in the study area. Information was identified from a number of sources including engagement and consultation across public and private sectors.
- 4.3 Tourism is identified within the study as being an important sector of Arun's economy, making a significant contribution to employment and spending in the area. In 2019 it was identified that Arun had 4m visitors, which amounted to £221m of direct spend and supported 4,360 FTE jobs. Staying visitors contributed much more of this spend (£116m from 0.61m staying visitors) compared to £105m from 3.43m day visitors. Two thirds of staying visitors were on holiday, and a further third were visiting friends and relatives. Business tourism represented only 5% of staying visitors. The study also identifies that there is a very seasonal market.

Key Points of the Study

- 4.4 A number of key points have been identified by the study, including the following:
- Overcoming seasonality through broadening markets and products and focusing on longer stays (particularly staying visitors), provides an opportunity to further boost the contribution this sector makes and the benefits it brings.
 - Arun has no clear brand proposition, with a diverse offer focused around heritage, traditional seaside holidays, nature and outdoor activities giving it potential for broad appeal that can be enhanced by working with linked offers Sussex-wide.
 - Whilst there is a significant supply of visitor economy infrastructure (239 accommodation establishments offering over 16,000 bedspaces, and 344 other visitor economy linked businesses), there are signs of a need for quality improvement in some of the supply.
 - There are indications of gaps in supply with shortages of accommodation being widely felt amongst stakeholders, particularly in the peak season. This includes both basic branded stock such as budget hotels, but also more innovative offers such as glamping, eco lodges and accommodation with a 'wow' factor.
 - Similarly, gaps were also identified in terms of a more diverse food and drink offer, walking and cycling infrastructure, as well as other outdoor activities such as water sports (areas of growth in the market that Arun could benefit from).
 - There are clear opportunities for the sector to attract new markets, and there are ambitions within the sector to grow, and to expand the offer physically, from the addition of serviced and non-serviced accommodation to existing accommodation sites and attractions, to new cafes, bars and artisan food offers, and more facilities for outdoor activity markets.

- Wider destination development remains an important backcloth to what the private sector may deliver, so the regeneration work of the Council, the focus on public realm, the seafront, transport improvements and other infrastructure remain critically important to set the scene for investment.
- There is a distinct sustainability thread to emerging Council policy that chimes well with where the market is moving, and the visitor economy can reflect eco-friendly principles in the design of visitor accommodation which if sufficiently innovative can be a draw to the market itself.
- Arun's visitor economy sector seems to be bouncing back from Covid, with market and product development trends (many of which have been accelerated by Covid), presenting opportunities to attract new markets and diversify the area's product offer whilst reducing seasonality through broadening market appeal.
- The main obstacles to bringing development forward are identified as funding, planning and site availability. Therefore, a positive planning framework and the availability and deliverability of suitable sites are key to securing their investment.
- The Council has adopted a new Vision which includes a focus on developing Arun as a key tourist destination, encouraging the development of more visitor accommodation to secure more staying visits and associated economic benefit. There are some major regeneration projects happening that present opportunities to improve the infrastructure and environment of Arun as a destination as well as presenting opportunities to deliver new hotels and visitor accommodation.
- There is a need for an updated and refreshed Visitor Economy Strategy. This strategy should help and direct the sector to move forward in an integrated way, with clear target markets and a product development strategy and action plan to meet the needs of these target markets. An accommodation development-led strategy would ensure Arun gains maximum benefit from the opportunity for growth in visitor activity and captures associated spend. A sustainability focus to this strategy would also help deliver some of the Council's wider objectives around climate change.

4.5 The study also identifies that there is a strong interest from national hotel and visitor accommodation developers, operators and brand owners in providing new and/or improved accommodation provision within the district, some of which could deliver developments of scale with significant economic benefits. Any such development would help attract a broader range of visitors thereby enhancing the district's overall appeal and competitiveness. It is recommended that the Council take advantage of the interest generated through the production of this study to work closely with relevant hotel and tourist accommodation providers to assist in the development of further accommodation.

In particular, having reviewed the national and local picture of demand, it is likely that there may be interest in the following:

Hotels

- There is interest for a hotel accommodation in Bognor Regis 60 – 150 rooms.
- There is interest for a hotel accommodation in Littlehampton 60 – 100 rooms.
- There is interest for a hotel accommodation in Arundel 80 – 150 rooms.

Budget hotels

- There is interest for a budget hotel in Bognor Regis which has 80 rooms: and
- There is interest for a budget hotel in Littlehampton that has 60-80 rooms.

Boutique Hotels

- There is interest for a small boutique or country house hotel in Arun that has 30-40 rooms.
- There is interest for an aparthotel (i.e., serviced apartment complex) in Arun that has 60-70 rooms.

Leisure Hotels

- There is interest for Walking/cycling Hotel that has 70+ rooms.
- There is interest for Pub accommodation that has 30+ rooms.

Caravan and Camping

- There is interest for 120 pitch caravan/motorhome pitches/20 pod/lodges site in Bognor Regis and Littlehampton.

Eco-sustainable Wellness niche

- There is interest for Sustainable eco-lodge and nature-based resorts – eco-cabin 6-8 units including smaller 10- 40 units and larger 100-200 units.
- There is interest for treehouse resort 7-10 units and wellness resort 20-30 units.

Lodge style development

- There is interest for at least a lodge style development of 120-200 units in Bognor Regis with leisure facilities or 40-50 lodges without leisure facilities.
- There is also interest for at least a lodge style development of 120-200 units in Littlehampton with leisure facilities or 40-50 lodges without leisure facilities.

4.6. A more detailed table is provided on pages 40 and 41 of the study.

Recommended Actions of the Study

4.7. The study proposes several actions for the Council to consider, the most important one is for the Council (as a whole, with various departments working collectively) to firm up its position on the role it might play in responding to the opportunities identified – from ‘laissez-faire’ to a more pro-active and planned approach, to help secure delivery. When the study was presented to the Planning

Policy Committee in June 2022, Members agreed with the recommendation that the Council takes a 'proactive' approach to bring forward tourist accommodation development by working with stakeholders to identify suitable site opportunities, including examining the Council's own estate.

4.8. In summary, the following actions are recommended for the Business & Economy Team working with other Council departments.

- Produce or commission a refreshed 'Visitor Economy Strategy' This work may be progressed in the near future by Business & Economy Officers.
- Take a more 'hands on' (pro-active) approach to steering, directing and bringing forward development, working closely with interested developers and helping to identify suitable sites with planning potential, including those owned by the Council and key stakeholders such as the County Council. The main aim related to this theme being to 'encourage the development of the district as a key tourist destination, supporting and enabling improvements and activities to increase visitor spend'.
- The Council could decide to be an active partner in delivering visitor accommodation. There could be scope for the Council to partner with one or more developer/operators that has expressed interest – through contributing land to a joint venture, or potentially to be the investor in a scheme. This work would be led by the Business & Economy Team, working with other Council departments.
- Continue to invest in public realm, the seafront, and in key infrastructure that can help create the right climate for investment by private sector accommodation developers, but also support them, for example the proposed cycle route between Littlehampton and Arundel. Action is already being extensively undertaken by Business & Economy Officers, as currently evidenced through the extensive works underway in Littlehampton, and previously in Bognor Regis.

The Planning Context

4.9. For context, the study also identified the following recommended actions for the Planning department:

- Improving the text supporting the Local Plan tourism policy, related to the sense of the market opportunities identified in this study and the sorts of development that the Council would like to see based on this evidence (see study paragraph 6.1.4), including emphasising and developing the sustainable tourism product (e.g., green design). Such improvements can be made when the Council resumes the review of the Local Plan.
- Consider allocating one or more sites for larger scale visitor accommodation development, such as a holiday lodge park. The allocation of one or more sites may be considered as part of the review of the Local Plan, with further evidence prepared to support such an approach if required. This element will also require an ongoing dialogue with potential operators.

- 4.10 Whilst it is positive to note that the study makes a number of recommendations that the council could take with regard to tourist and visitor accommodation, it should also be noted that the main obstacles to bringing development forward are identified as funding, planning and site availability. Therefore, a positive planning framework and the availability of suitable sites are identified as being key to securing their investment.
- 4.11. A separate report has already been presented to the Planning Policy Committee which agreed with the recommendations, that:
- The Tourism Hospitality & Visitor Economy Study forms part of the evidence base for the Local Plan Update and is published on the Council's evidence web pages
 - The Council will support policies within the Local Plan update that encourage the forms and range of hotel and visitor accommodation identified in the study
 - The Council supports the future provision of a new large scale holiday site either through an allocation in the Local Plan Update, or through the use of an appropriately worded policy

Recommended Business & Economy Approach

- 4.12. It is clear that the main recommendations **from the study** for further action, are largely related to the Business & Economy Team, albeit with input from other departments in some of the actions (such as Planning & Property & Estates). Of relevance to this committee are the following recommendations, which shall be discussed below :
- Visitor Economy Strategy
 - Pro-active approach to steering, directing and bringing forward development
 - Active Partnership in Delivering Visitor Accommodation
 - Continue to invest in public realm, the seafront, and in key infrastructure

Recommendation 1: 'Visitor Economy Strategy'

- 4.13. Whilst the council does have a Visitor Economy Strategy, this is a few years old, and the tourism study identified that a refreshed 'Visitor Economy Strategy' should be prepared. It should be noted that this was also a recommendation in the Blue Sail 'Strategy review of tourism services study' (September 2020). This earlier study identified that a refreshed Tourism Strategy should clearly set out what the Council wants to achieve as a destination and bring focus and clarity to the actions that are needed. It is important to remember that the Blue Sail study states that "You can't do everything, given limited resources, so the plan will help you to be very targeted in choosing where to focus". It is noted that the production of such a document is also an opportunity for the council to engage stakeholders more closely.

- 4.14. Such a strategy could either be produced 'in house' or by a specialist consultancy on behalf of officers. Either option has resource issues for the Business and Economy team, and the production would need to be planned according to resource and budget availability.
- 4.15. It is recommended that this action be progressed for the many benefits that it can achieve, and that the work is scheduled into the forward work programme of the Business and Economy team. Further information regarding the production of such a strategy will be presented back to this committee.

Recommendation 2: Pro-active Approach to Steering, Directing and Bringing Forward Development

- 4.16. The key recommendation from the study (which has already been endorsed by the Planning Policy Committee), is that the Council takes 'pro-active' approach to bring forward tourist accommodation development through working with relevant hotel and tourist accommodation providers, along with stakeholders to identify suitable sites opportunities for the development of further accommodation (as set out in section 1.6 bullet 2 of this report). This will include examining the Council's own estate and that of key stakeholders such as the County Council for any suitable land which can be used for tourist related accommodation development.
- 4.17. The soft market testing undertaken as part of the study has essentially 'warmed up' interest from national hotel and visitor accommodation developers and operators, in being represented in Arun. It is recommended that the Council should take advantage of this and take a pro-active role in furthering this interest.
- 4.18. This action would be led by the Business and Economy team where the officers lead on issues of tourism, partnerships, business support and high streets. Officers would take a pro-active stance and contact and work alongside the companies that have identified an interest in developing within the district.
- 4.19. Essentially, the intention is that the officers would be a point of contact and liaise with interested developers etc to help them identify land, promote council owned land and help them to work with officers from other relevant departments across the council in order to secure an interest and make sure that the development takes place, in the best locations, following correct design guidance and to an appropriate timescale.
- 4.20. This approach would require input from a number of departments across the Council to be involved and offer both their knowledge and time to their Business & Economy colleagues and the interested companies. The following departments are identified as including Business & Economy, Planning Policy, Development Management (DM), and Property and Estates.

- 4.21. It is therefore recommended that in order for this approach to succeed that an officer working group be established that includes officers from all those departments identified. This officer working group would be led by a Business & Economy Team Officer and the Tourism Development Officer.
- 4.22. Such an action could help to deliver elements of major regeneration schemes in the two coastal seaside towns and would help the Council to deliver its vision, especially the theme of 'Fulfilling Arun's economic potential'. The main aim related to this theme being to 'Encourage the development of the district as a key tourist destination, supporting and enabling improvements and activities to increase visitor spend'.

Recommendation 3: Active Partnership in Delivering Visitor Accommodation

- 4.23. The study also recommended that the Council could decide to be an active partner in delivering visitor accommodation. There could be scope for the Council to partner with one or more developer/operators that has expressed interest – through contributing land to a joint venture, or potentially to be the investor in a scheme. The study has found examples of local authorities also beginning to invest in other forms of accommodation – Bournemouth Christchurch & Poole have developed beach huts with sleeping accommodation and are apparently about to develop some beachfront apartments and a restaurant. In doing so they are generating an income from the asset but also helping develop the destination's infrastructure in key locations.
- 4.24. Extensive works and negotiations have already been undertaken as part of the work on the leasehold of the Regis Centre and the proposal for a hotel next to the Bognor Regis Town Hall. The outcome will be an improved tourism accommodation offer for the town, and it is hoped that this will encourage further investment from other companies.
- 4.25. It is recommended that further options be investigated by the Business & Economy Team and Property and Estates regarding future partnerships with one or more of the developer/operators that have expressed interest in developing some form of tourist accommodation through the tourism study. This could either be through contributing land to a joint venture, or potentially to be the investor in a scheme. This option would require a significant amount of investment from the council in terms of officer time and finances but could yield significant benefits for the district. If this recommendation is approved, it is considered that further committee reports will be presented back to this committee.

Recommendation 4: Continue to invest in public realm, the seafront, and in key infrastructure

- 4.26. A noteworthy recommendation is for the Council to continue to invest in public realm, the seafront, and in key infrastructure that can help create the right climate for investment by private sector accommodation developers, but also support them. The study notes the proposed cycle route between Littlehampton and Arundel (Arun Greenway Cycle Route) as an example.

- 4.27. The Business and Economy team are already working on the improvement of the public realm in Littlehampton Town Centre and the seafront and will continue to devote time and resources to ensuring that a positive outcome is achieved. Continuing the ethos proposed by the study, Members' attention is also drawn to the planned Bognor Regis Esplanade Public Realm Improvements scheme by West Sussex and The Pier Road Closure plans which also seem to fit with the concept of destination development.
- 4.28. It is also recommended that officers continue to work with external stakeholders in order to ensure that both the public realm and seafronts of both coastal towns continue to develop and improve in order to ensure that they remain attractive destinations.

Other current associated workstreams

- 4.29. In addition to the Visitor Economy Study and the comments already included in this report, Business and Economy Group officers are also delivering other current work streams which are considered to fit in to the spirit of the Visitor Economy Study, for example:
- Officers have commissioned Marketing Agency 'Buzzword Creative' to deliver a Digital Awareness Campaign for the Arun District, (destination brand 'Sussex by the Sea'). Commissioned to run from June 2022 – July 2023, ongoing work with the Marketing Agency is bearing fruit, with a growth in visitors to the website portal and its blog content, which in turn signposts visitors to our town destination partners' websites for more information plus, significant growth in social media engagement and more planned PR and partnership work in 2023.
 - Officers are also working with delivery partners to promote and deliver a series of visitor economy sector skills workshops and networking opportunities to upskill businesses, build resilience and innovation and encourage collaboration, and continue to work with the Experience West Sussex Partnership and Tourism Southeast on other projects.

Conclusions

- 4.30. Whilst this study has been commissioned for planning purposes, its outputs are much more far-reaching and involve a wider audience in order to maximise uptake of the opportunities identified.
- 4.31. Overall, this review has a very positive story to tell of opportunity for visitor economy sector growth, the attraction of a broader market and the development of a diversified offer, all of which with the right frameworks in place can play an important part in helping deliver the Council's vision for Arun going forward.

5. CONSULTATION

- 5.1. Consultation to date is as detailed in this report, including the discussions had during the Planning Policy Committee meeting in June 2022.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1. Not to accept the proposed recommendations

7. COMMENTS BY THE INTERIM GROUP HEAD OF FINANCE/SECTION 151 OFFICER

- 7.1. At this stage, there are no known financial implications arising directly from this report for this financial year. Any future identified financial implications will be considered at future meetings

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1. At this stage officers believe there are no risk assessment issues to consider. If the proposals of the report are agreed by the Committee, there will be risk assessments made and reviewed for each project or workstream, where necessary.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

- 9.1. At this stage, officers believe there are no legal issues arising from this report

10. HUMAN RESOURCES IMPACT

- 10.1. Officers believe at this stage that there would be no Human Resources impacts arising from the work described in this report

11. HEALTH & SAFETY IMPACT

- 11.1. Whilst no direct health and safety impacts have been identified in relation to this report, the potential long-term outcomes, including active partnering to provide visitor accommodation, may introduce new or additional health and safety risks for the organisation that will require appropriate risk management.

12. PROPERTY & ESTATES IMPACT

- 12.1. At this stage, officers believe the only impact on the Property & Estate Team would be to provide advice on identifying council owned land and officer time to attend future working group meetings, when they are arranged.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

- 13.1. Officers believe at this stage that the recommendations do not impact characteristics outlined in the Equality Act 2010

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

- 14.1 Officers believe at this stage that there are no specific climate change & environmental impact issues which need to be considered from the proposals in the report. However, as plans, projects and collaborations move forward the impact on increased tourism and related infrastructure on the environment, climate and biodiversity will be considered; and more sustainable options taken forwarded where possible.

15. CRIME AND DISORDER REDUCTION IMPACT

- 15.1. Officers believe at this stage that there are no direct impacts on Crime and Disorder Reduction arising from this report. However, it should be noted that any future development plans must consider their impact on crime and disorder, and public safety.

16 HUMAN RIGHTS IMPACT

- 16.1 Officers believe at this stage that there are no relevant implications arising from these proposals that will affect or potentially affect any individual.

17 FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

- 17.1 Officers believe at this stage that there are no specific Freedom of Information or Data Protection issues arising from the proposals in the report

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BACKGROUND DOCUMENTS:

Tourism Hospitality & Visitor Economy Study

[Leisure, recreation and culture - planning policy | Arun District Council](#)

[June 2022 Planning Policy Meeting and Minutes, Item 55](#)