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Cambridge City Council

DEVELOPMENT PLAN SCRUTINY SUB-COMMITTEE

To: Councillors Reid (Chair), Saunders (Vice-Chair), Blencowe, Herbert, Marchant-Daisley and Tucker

Alternate Councillors: Stuart and Owers

Executive Councillor for Planning and Sustainable Transport: Councillor Ward

Despatched: Thursday 31 May 2012

Date: Tuesday, 12 June 2012
Time: 4.30 pm
Venue: Committee Room 1 & 2 - Guildhall
Contact: James Goddard **Direct Dial:** 01223 457015

AGENDA

1 APOLOGIES

To receive any apologies for absence.

2 DECLARATIONS OF INTEREST

Members are asked to declare at this stage any interests, which they may have in any of the following items on the agenda. If any member is unsure whether or not they should declare an interest on a particular matter, they are requested to seek advice from the Head of Legal Services **before** the meeting**.**

3 MINUTES

The minutes of the meeting held on 29 May 2012 will be approved at a future meeting.

4 PUBLIC QUESTIONS

5 **TERM OF REFERENCE** *(Pages 1 - 4)*

To note terms of reference at the start of the new municipal year *(Pages 1 - 4)*

6 **INTERIM PLANNING POLICY GUIDANCE: PROTECTION OF PUBLIC HOUSES IN THE CITY OF CAMBRIDGE** *(Pages 5 - 114)*

7 **EMPLOYMENT LAND REVIEW UPDATE** Planning Policy Manager *(Pages 115 - 138)*

8 **CAMBRIDGE HOTEL FUTURES STUDY** *(Pages 139 - 304)*

Information for the Public

QR Codes
(for use with Smart Phones)

Location

The meeting is in the Guildhall on the Market Square (CB2 3QJ).

Between 9 a.m. and 5 p.m. the building is accessible via Peas Hill, Guildhall Street and the Market Square entrances.

After 5 p.m. access is via the Peas Hill entrance.

All the meeting rooms (Committee Room 1, Committee 2 and the Council Chamber) are on the first floor, and are accessible via lifts or stairs.

Public Participation

Some meetings may have parts, which will be closed to the public, but the reasons for excluding the press and public will be given.

Most meetings have an opportunity for members of the public to ask questions or make statements.

To ask a question or make a statement please notify the Committee Manager (details listed on the front of the agenda) prior to the deadline.

- For questions and/or statements regarding items on the published agenda, the deadline is the start of the meeting.

- For questions and/or statements regarding items NOT on the published agenda, the deadline is 10 a.m. the day before the meeting.

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At the special meeting of the Environment Scrutiny Committee held on 24 May appointments were made to the Development Plan Scrutiny Sub-Committee. The newly appointed Sub-Committee is asked to note its Terms of Reference as listed below.

6.3.1 Development Plan Scrutiny Sub-Committee

Terms of Reference
Overview and scrutiny of the following functions for which the Executive Councillor for Planning and Sustainable Transport is responsible: Overview and Scrutiny of the following functions for which the Executive Councillor for Planning and Sustainable Transport is responsible: The development including the assembly of necessary evidence base and monitoring of the Council's plans, policies and strategies relating to: - Spatial planning, including the Local Development Framework, Supplementary Planning Documents and other planning guidance - Transport - Highways - Climate Change - Biodiversity - Flooding and drainage - Historic Environment It also includes responsibility for making the Council's contribution to the Regional Spatial Strategy, National Planning Policy Guidance consultations, plans and studies of other bodies (including but not limited to, EERA and EEDA), Cambridgeshire County Council, local authorities inCambridgeshire, Cambridgeshire Horizons and successor bodies including responsible regional authorities. NB. The final adoption of any plan, policy or strategy relating to the above Executive functions, or in any case where adoption is required by Council, will be within the Environment Scrutiny Committee's Terms of Reference

To carry out annual appraisals of Chief Officers
This working party is not open to the public

Terms of Reference: This working party is not open to the public

Joint Staff Employer Forum

The Forum will:

1. Be recognised as the means for corporate consultation and, where appropriate, arrange negotiations on matters with Council-wide implications which the Council has the power to decide and comment.

2. Make direct recommendations to the Executive or to the Civic Affairs Committee on matters with corporate implications

The general aims of the Forum are:

1. To ensure that the views of staff are obtained on issues of mutual concern or interest.

2. To provide a mechanism for feedback on the effectiveness of existing policies and procedures, including issues referred from departmental consultative forums.

3. To give staff representatives the opportunity to influence the decision of the employers on appropriate matters.

4. To allow staff representations to be raised with the employers on specific problems affecting staff.

The Forum will not discuss matters which are dealt with:

1. By the use of the grievance and disciplinary procedures.

2. At local level, in the first instance, i.e. items applicable only to a limited number of individuals or a limited area which should properly be discussed at departmental staff employer forums and do not have implications for corporate policies or procedures. This odes not apply to matters affecting minority groups.

3. By the Council, i.e. will not be able to veto, prospectively or retrospectively, decisions taken by the Council.

Equalities Panel

Terms Of Reference

- To monitor the Council's progress against the implementation of the Council's Race Equality Scheme
- To monitor relevant national and local performance indicators and the Council's progress against the Equality Standard for Local Government
- To monitor the Council's progress against the implementation of present and future equalities legislation
- To evaluate the equalities implications for the Council of the results of Council consultation
- To evaluate the work the Council is undertaking to help communities directly affected by equalities issues become more fully engaged in the work of the Council

Principles and Objectives
The Panel will support Council-led initiatives that:

- Play a leading role in the promotion of equalities and diversity.
- Celebrate the diversity of lifestyles, faiths and cultures of the local population.
- Respect and value differences.
- Challenge and aim to eradicate discrimination.
- Encourage the identification and sharing of good practice.
- Establish networks

Focus on the equality target groups:

- Black and Minority Ethnic communities, including Gypsies/Travellers, refugees and asylum seekers.
- Women and transgendered people.
- Disabled people.
- Lesbian, gay and bisexual people.
- Older people.
- Children and young people.
- Faith or belief groups.

and joint/partnership working internally and externally.

- Develop and implement positive action to achieve cultural change.
- Improve workforce representation in recruitment, training and promotion.
- Promote positive relations and tolerance in the workplace and community.

Relationship to the Council
The Panel is an independent body that supports the Council's decision-making process. The role of the Panel is to have balanced discussion around the Council's equalities progress and assist with forward planning. While not a 'committee' as such, the Panel reports annually to the Strategy & Resources Committee.

Cambridge City Council **Item**

To:	Executive Councillor for Planning and Sustainable Transport
Report by:	Head of Planning Services
Relevant scrutiny committee:	Development Plan Scrutiny Sub Committee 12/6/2012
Wards affected:	All Wards

DRAFT CAMBRIDGE PUBLIC HOUSE STUDY & DRAFT INTERIM PLANNING POLICY GUIDANCE ON THE PROTECTION OF PUBLIC HOUSES IN THE CITY OF CAMBRIDGE FOR CONSULTATION
Not a Key Decision

1. Executive summary

1.1 There are 86 public houses in Cambridge still trading or under refurbishment in Cambridge. In recent years more than 20 pubs in Cambridge have been lost to alternative uses, most for residential development, some converting fully to restaurants and some simply closing.

1.2 The Council, in order to assist with this issue, commissioned consultants to produce a Cambridge Public House Study (Appendix A). This work included an audit of public houses in Cambridge, to advise the council on the national and local market.

1.3 Alongside the Cambridge Public House Study, an Interim Planning Policy Guidance (IPPG) (Appendix B) has been produced in order to set out the principles for development affecting public house sites in Cambridge until the adoption of the new Local Plan (scheduled for April 2014). The IPPG recommends guidance for proposals affecting the loss of a public house (listed in the Section 5 of Appendix B) and has been prepared to take account of the following development management principles:

a) The need to preserve the important social/community function of the public house;
b) The need to preserve the important economic function of the public house; and
c) The need to allow flexibility in terms of responding to economic change.

1.4 The first step in developing the Interim Planning Policy Guidance is to prepare a report (Appendix B) for public consultation prior to adopting the guidance. The IPPG sets out the principles for development affecting public house sites in Cambridge and how applicants should justify their proposals for change of use/conversion/redevelopment (where planning permission is required) against the principles and criteria in this section.

1.5 A six week public consultation is proposed from Friday 15th June to Monday 27th July 2012.

2. Recommendations

2.1 This report is being submitted to the Development Plan Scrutiny Sub-Committee for prior consideration and comment before decision by the Executive Councillor for Planning and Sustainable Transport

2.2 The Executive Councillor is recommended:

a) To consider the findings of the draft Cambridge Public House Study by GVA Humberts Leisure (Appendix A);
b) To approve the draft Interim Planning Policy Guidance on The Protection of Public Houses in the City of Cambridge (Appendix B) for public consultation;
c) To approve the consultation arrangements as set out in Paragraphs 3.24 to 3.26 including the Schedule of Consultees in Appendix C.

3. Background

The National Pub Market

3.1 Nationally, the pub industry is facing difficult times with a deep recession, rising unemployment, pay cuts and restraint and reduction in real wages and salaries all leading to a reduction in disposable incomes. At the same time beer prices have increased due to increases in the cost of raw materials, transport costs, an increase in VAT and the excise tax duty escalator. This has compounded earlier difficulties made by the smoking ban, supermarket discounting of alcohol, and changing drinking habits.

3.2 Brewing and pubs are still key contributors the national economy with a Gross Value Added of £19.4 billion, generating tax revenue of more than £11 billion. Furthermore, whilst the level of employment is falling, the sector still supports some 950,000 jobs, highlighting the value of the pubs sector nationally, and its importance to the economy locally.

The Local Pub Market

3.3 The number of public house closures in Cambridge has become a local issue with many being converted for residential use or restaurants while others have simply closed.

3.4 As an attractive and prosperous city, there is strong demand for housing sites in Cambridge. Therefore, at the same time as the city's pubs are faced by declining demand, there appears to be strong pressure to convert pub sites into housing. However, despite these pressures, some entrepreneurs have been able to successfully reopen pubs, with the Milton Brewery successfully reopening the Devonshire Arms.

3.5 Pubs can play an important role in supporting the local economy and community in Cambridge. The Council, in order to assist with this issue, commissioned consultants to provide advice on determining the future viability of pubs and on planning policy to protect them from higher value residential development when the pub itself may still have a viable future in pub use.

The National Planning Policy Framework (NPPF)

3.6 The NPPF sets the achievement of sustainable development as its key focus. Sustainable development encompasses economic, social and environmental factors. Public houses contribute to and support all three of these factors and as such they have an essential role to play in the building and maintaining of a strong, responsive and competitive local economy. Without its pubs, Cambridge would be less able to attract the students, academics, entrepreneurs, young workers and tourists that its economy and future growth depend upon. Moreover, pubs help to support social and cultural well being by providing a place for social interaction within a community. Many pubs are also integral to the physical and cultural heritage of the city. A thriving local pub sector is therefore important to achieving sustainable development.

3.7 The NPPF provides support for economic development, development that promotes social inclusion & cohesion and community facilities. In particular, paragraph 70 deals with community facilities and services including public houses. It recommends that planning policies and decisions should:

- "plan positively for the provision and use of shared space, community facilities (such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship) and other local services to enhance the sustainability of communities and residential environments;
- guard against the unnecessary loss of valued facilities and services, particularly where this would reduce the community's ability to meet its day-to-day needs;
- ensure that established shops, facilities and services are able to develop and modernise in a way that is sustainable, and retained for the benefit of the community; and
- ensure an integrated approach to considering the location of housing, economic uses and community facilities and services."

3.8 National planning policy advises that community facilities including public houses enhance the sustainability of local communities and should be safeguarded and retained for the benefit of the community while allowing them to develop and modernise in a sustainable way.

3.9 In addition, paragraph 28 whilst targeted at rural areas is relevant to the outlying areas of Cambridge such as Trumpington and Cherry Hinton. It states that:

- "Planning policies should support economic growth in rural areas in order to create jobs and prosperity by taking a positive approach to sustainable new development. To promote a strong rural economy, local and neighbourhood plans should:

  (criteria 4) Promote the retention and development of local services and community facilities in villages, such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship."

3.10 With regard to maintaining flexibility to respond to changes in economic circumstances, paragraph 21 of the NPPF states that:

- "Investment in business should not be over-burdened by the combined requirements of planning policy expectations. Planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing. In drawing up Local Plans, local planning authorities should: (3) support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances".

3.11 Notwithstanding the terms of the IPPG, public houses will retain a significant degree of economic flexibility with their ability to change to any of Use Classes A1 (shops), A2 (financial and professional services) or A3 (restaurants and cafés) without planning consent.

Local Planning Policy Framework

3.12 The current policy framework relating to pubs and community facilities is set out in the Cambridge Local Plan (2006) (policies saved in July 2009) - Saved Policy 6/6 (Change of Use in the City Centre), Saved Policy 6/7 (Shopping Development and Change of Use in District and Local Centre's), Saved Policy 6/10 (Food & Drink Outlets) and Saved Policy 5/11 (Community Facilities: Protection of Existing Facilities). None of the first three policies seek to prevent the redevelopment or change of use of public houses. Furthermore, Policy 5/11 relates only to traditionally defined community facilities and does not include public houses within its remit. At the time of the previous Local Plan Review the loss of public houses was not an issue for local residents.

Cambridge Public House Study

3.13 The Public House Study's (Appendix A) findings of the research are as follows:

National & Regional

- It is increasingly difficult for public houses to increase prices to fully cover duty rises on alcohol;
- Supermarkets account for approximately 70% of all alcohol sales & 30% bought in on-licensed premises;
- The number of microbreweries has increased. There are now an estimated 900 brewers (including microbreweries) in the UK;
- Pubic house food sales have grown from 24% of total public house revenue in 2004 to 33% in 2009;
- All 4 major regional brewers have increased food sales as a proportion of total sales; and
- The number of 'gastro' public houses in the UK is increasing, reflecting national trend moving towards a restaurant business model and away from a traditional drinking establishment.

Cambridge

- Cambridge has 824 working age adults per public house comparatively higher than those of other historic university locations of Norwich (752), York (672), Brighton & Hove (672) and Bath (569) but lower than that of Oxford & Abington (874);
- The study audit visited 111 public house sites and confirmed that there were 86 public houses that continued to trade (of which 3 were being refurbished).

Tied, Managed & Freehouse

- An estimated 15 out of the 22 public house site closures are from the tenanted[1] estate;
- Managed public houses[2] have been more successful than tenanted public houses during the current recession; and
- The freehouse[3] sector is small with only 9 sites. Two of these are closed. Most freehold public houses cost between £200,000 and £350,000.

Pubs by Population Catchment

- There is a reasonable measure public house deficiency, especially for suburban community pubic houses. These tend to draw from a smaller catchment than the edge of centre community, city taverns or bars;
- For town centre public houses there is normally an alternative within 400 meters however these public houses are often serving a wider than local community market and support the local economy;
- Successful cities often have an attractive eating and drinking offer which appeals to students, academics, entrepreneurs and tourists. This means city centre public houses tend to specialise and that although there may be four very close together, three may address different city wide markets and only the fourth serves a local community.

Local Market Assessment

- Suburban community public houses require a larger market catchment including a higher socio-economic grouping to support diversification of an improved food/drink offer; and
- The closure of a disproportionate number of suburban community public houses has increased the deficiency in provision for a number of suburban communities.

3.14 The Cambridge Public House Study includes a number of policy options and recommendations to help inform the IPPG and the Local Plan Review. The recommendations include:

- A flexible policy that allows for the change of use of a public house when it can be proved that it is no longer needed as a commercial community facility;
- In parallel with a specific public house policy, an additional retail policy that prevents residential use on A4 (public houses) and A3 (restaurants) within shopping areas, to protect the vibrancy and vitality of these areas;
- The current Local Plan is under review and should strategic sites for new housing development come forward in the next plan period, there could be opportunities to provide public houses to satisfy local demand and create vibrant and sustainable communities. Consideration for an indicative ratio of 1 public house/2-3,000 homes in new urban extensions brought forward through the Local Plan Review;
- Allow the re-location of struggling, older public houses in areas of major change for redevelopment in return for the provision of a replacement public house (pub-restaurant) nearby.

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[1] A tenanted public house is owned by a public house company or a brewery but managed by landlords. The company makes its money charging rent and supplying the beer, while the landlord will run the pub as their own business

[2] These are generally owned by a public house company or a brewery and operate them with their own staff.

[3] A public house that is not controlled by a brewery and so is free to sell different brands of beer and ale.

The Interim Planning Policy Framework

3.15 The aim of the interim planning policy guidance on the protection of public houses is to provide guidance on how to determine planning application relating to the loss of a current or former public house to alternative uses. Once adopted, the IPPG will be a material consideration in determining planning applications to do with public houses in the City of Cambridge district. The issues relating to the loss of public houses in also being taken forward in the review of the Local Plan.

3.16 The report's research explains how public houses are an important part of the Cambridge economy, not just for the direct and indirect jobs they provide in the pub, supplier, food and brewing industries, but in supporting the City's main industries by attracting and providing a meeting place for students, academics, scientists and entrepreneurs, and in attracting young office workers, shoppers and tourists.

3.17 The IPPG recommends the following framework prior to adoption of the new Local Plan to clarify the circumstances when it is acceptable for a public house to be lost to alternative uses and when it is not acceptable. The guidance is based on the following Development Management Principles:

- The need to preserve the important social/community function of the public house;
- The need to preserve the important economic function of the public house; and
- The need to allow flexibility in terms of responding to economic change.

3.18 The guidance recommends the following guidance for proposals affecting the loss of a public house (listed in the Section 5 of Appendix B).

Development will only be permitted when evidence has been provided to satisfy the following criteria:

a) The public house has been marketed for 12 months as a public house free of tie and restrictive covenant and for alternative local commercial or community facility, at a price agreed with the Council following an independent professional valuation (paid for by the developer) and there has been no interest in either the free- or lease-hold either as a public house, restaurant or other use falling within the 'A' use classes or as a community facility falling with 'D1' use class; and
b) All reasonable efforts have been made to preserve the facility (including all diversification options explored – and evidence supplied to illustrate this) but it has been proven that it would not be economically viable to retain the building or site for its existing or any other 'A' or 'D1' class use; and
c) Adequate alternative pub provision exists, or replacement provision is made available, in an equally or more accessible location within 400 metres walking distance to provide one pub per 750 working age adults; and
d) It has been otherwise demonstrated that the local community no longer needs the public house or any alternative 'A' or 'D1' class use and its loss would not damage the availability of local commercial or community facilities that provide day-to-day needs in the local area.

3.19 Detailed guidance concerning criteria (a), (b) & (d) listed in paragraph 3.18 include:

- Detailed marketing strategies to satisfy criteria (a). These include the omission of restrictive covenants of the site's use as a public house and local community consultation;
- Detailed viability appraisals to satisfy criteria (b);
- Community engagement details to satisfy criteria (d). The benefits of this requirement include the opportunity for local communities to comment on the marketing strategy and ensure the community are aware of an existing or former public house site being put up for sale.

3.20 The guidance, listed in paragraph 3.18 will allow for the flexibility in the re-use of public houses for alternative commercial community leisure, retail and business uses falling within 'A' use classes as market circumstances dictate or as a community facility.

3.21 It is important to allow the flexibility for pubs to pass in and out of pub use according to market conditions; although, no permission is required to change use from a pub to a restaurant, A2 office or shop, permission is still required to change back to a public house. The City Council will consider applications on their merits for the reinstatement of a former public house use from an A1, A2, A3, A5, or D1 use (subject to highway and amenity considerations and normal conditions).

3.22 Any proposals to convert or redevelop a former public house (listed in the Section 5 of Appendix B) since converted to a different 'A' use to a non-A use, will still be subject to the above development management principles.

3.23 Any proposals for a former public house (not listed in the Section 5 of Appendix B) that is subject to a planning application for conversion to a non-A use will also be subject to the above development management principles where the vitality and, or vibrancy of the local neighbourhood would be adversely affected.

Consultation Arrangements

3.24 As explained earlier, it is considered that public consultation on the IPPG is important before progressing any further. This will ensure that the views of the public are taken into consideration before a firm approach is agreed.

3.25 It is proposed that a public consultation takes place on the draft IPPG and the background report following a meeting of the Development Plan Scrutiny Sub-Committee on the 12 June. A six week period of consultation is proposed, running from Friday 15th June to Monday 27th July 2012.

3.26 In line with the Council's adopted Statements of Community Involvement, the proposed consultation arrangements are as follows:

- Letters / e-mails including consultation details to be sent to statutory and general consultees.

- The IPPG and Cambridge Public House Study to be made available to view at the following locations:
  - The Councils' Websites – www.cambridge.gov.uk
  - Cambridge City Council's Customer Service Centre, Mandela House, St Andrew's Street, Cambridge.
  - Public Libraries in Cambridge.

- An on-line consultation system will be available on the Councils' websites in order for people to respond directly via the internet. Hard copies will be made available to those who do not have access to the internet.

Next Steps

3.27 The representations received will then be used to help guide the development of the IPPG and will be reported along with the final version of the IPPG to the Environment Scrutiny Committee Council Meeting on 9 October 2012.

4. Implications

Financial Implications

4.1 There are no significant direct staffing or procurement issues arising from this report. Staffing resources are already committed through the budget and service plan process. Funding may be necessary for consultation purposes but this can be found in existing consultation budgets.

Staffing Implications

4.2 There are no direct staffing implications arising from this report. The review of the Local Plan is already included in existing work plans.

Equal Opportunities Implications

4.3 The development of new public houses will need to bear in mind the needs of the disabled.

Environmental Implications

4.4 The guidance contained within the IPPG follows the principles of sustainable development as set out in the NPPF.

Consultation

4.5 Consultation arrangements are set in paragraphs 3.24 to 3.26 and are consistent with the Councils Code of best practice on consultation and community engagement.

Community Safety

4.6 There are no direct community safety implications arising from this report.

5. Background papers

5.1 These background papers were used in the preparation of this report:

- Cambridge Local Plan

6. Appendices

- Appendix A Cambridge Public House Study
- Appendix B Interim Planning Policy Guidance
- Appendix C Schedule of Consultees

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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GVA Humberts Leisure

Consultation

Draft Report

GVA Humberts
Leisure
10 Stratton Street
London
W1J 8JR

Cambridge Public House Study

May 2012

gva.co.uk/humbertsleisure

Prepared By Status: *Principal Planner* Date: 30 March 2012

Completed By Status: *Director Planning* Date: 24 May 2012

For and on behalf of GVA Humberts Leisure

Contents

1. Introduction

Background

1.1 There are 86 public houses still trading or under refurbishment in Cambridge. In recent years more than 20 pubs in Cambridge have been lost to alternative uses, most for residential development, some converting fully to restaurants, and some simply closing.

1.2 Nationally, the pub industry is facing difficult times with a deep recession, rising unemployment, pay cuts and restraint and reduction in real wages and salaries all leading to a reduction in disposable incomes. At the same time beer prices have increased due to increases in the cost of raw materials, transport costs, an increase in VAT and the excise tax duty escalator. This has compounded earlier difficulties made by the smoking ban, supermarket discounting of alcohol, and changing drinking habits.

1.3 According to the British Beer and Pub Association Britain was losing 45 pubs a week during 2009, and 25 a week in 2010. Pubs sold 140 million fewer pints last year as beer sales feel by 3.4% to the lowest since 2004. Clearly, even prosperous areas such as Cambridge have been affected by these adverse market conditions.

1.4 As an attractive and prosperous city, surrounded by a tight Green Belt, there is strong demand for housing sites in Cambridge. Therefore, at the same time as the city's pubs are faced by declining demand, there appears to be strong pressure to convert pub sites into housing. However, despite these pressures, some entreprenuers have been able to successfully reopen pubs, with the Milton Brewery successfully reopening the Devonshire Arms.

1.5 Despite the rate of closures, brewing and pubs are still key contributors the national economy with a Gross Value Added of £19.4 billion, generating tax revenue of more than £11 billion. Furthermore, whilst the level of employment is falling, the sector still supports some 950,000 jobs, highlighting the value of the pubs sector nationally, and its importance to the economy locally.

1.6 Public houses are not only important as a vital resource and social meeting place for communities they are also a vital part of the economic package of towns and cities, providing a key attraction for overseas and domestic tourists, an attraction for students in selecting their place of study, a meeting place to discuss businesses, a place for weary shoppers to rest, and providing a source of late night customers for local take-aways, restaurants and nightclubs. They are therefore an integral part of the local economy.

1.7 This is particularly the case in Cambridge whose economy relies on its ability to attract the brightest students, academics and entrepreneurs, in providing a place for these people to interact and exchange ideas, as well as upon being a popular destination for tourists.

1.8 Clearly, pubs can play an important role in supporting the local economy and community in Cambridge. The council therefore needs advice on determining the future viability of pubs and on planning policy to protect them from higher value residential development when the pub itself may still have a viable future in pub use.

1.9 Planning policy can only go so far. For example, planning permission is not required to convert a pub from its A4 use class to an A3 restaurant, A2 professional services office or A1 shop. In some ways it is important to retain the A4 to A3 flexibility as many pubs have only managed to survive the fall in demand for drink by diversifying into gastro-pubs selling a much improved range of food more in keeping with the middle-class surroundings of gentrified areas in which they may find themselves. Nevertheless, there are a number of other tools that can be investigated to help safeguard pubs.

GVA Humberts Leisure

1.10 GVA Humberts Leisure has therefore been commissioned to undertake an audit of public houses in Cambridge, to advise the council on the national and local market, and to prepare interim planning policy guidance. This report provides an overview of our audit and appraisal of the Cambridge pub market together with a review of planning policy as background evidence for the interim planing policy guidance.

1.11 GVA Humberts Leisure is the specialist sport, leisure and tourism advisory arm of GVA, one of the UK's top property consultancies. With twelve offices covering the whole of the UK, GVA Humberts Leisure has the capability to provide the full range of property advisory services to the leisure business across the regions.

1.12 Our Leisure Planning Consulting team is a leading advisor to leisure industry. Our specialist team advises many clients from the public sector on leisure planning policy. Our Licensed Leisure team is also a leading advisor to the public house industry conducting regular property and business valuations for national, regional and local operators.

Methodology

1.13 To complete this study we have undertaken the following work:-

- A review of market trends in the pub industry, including a comparison of Cambridge with a number of other historic university towns and cities;

- An audit of existing pub provision in Cambridge, including a visit to each pub by our surveyors to assess the characteristics of each pub and the type of market it is addressing;

- An assessment of the local pub market from the synthesis of this work;

- A review of national and local planning policy and decisions in relation to proposals for the change of use or redevelopment of pubs;

- Draft interim and long term planning policy guidance.

1.14 This draft report sets out our findings and recommendations for public consultation. Our final report will be amended following feedback from those consultations and will be completed with our final recommendations for consideration by the council.

2. National Market Trends

Introduction

2.1 In this chapter we provide a brief overview of the public house sector in the UK, covering recent national market trends and key factors impacting the industry. This will inform our subsequent analysis of the local market.

Market Size

2.2 Whilst the decline of the pub sector has been a long and gradual trend (with the number of pubs per head of the population falling considerably over the last century), this significant decline in pub supply appears to have accelerated over the last five to ten years or so.

2.3 The British Beer and Pubs Association (BBPA) estimate that there were 55,000 pubs in Britain in 2010 compared to around 59,000 in 2004. In 2009 alone, more than 2,350 pubs closed, equating to a record high of 52 closures a week in the first half of the year (and 45 per week over the full year).

2.4 Although the number of closures fell slightly in 2010 (1,300 in total), potentially indicating some easing of pressure on the market, the overall downward trend has continued with pubs still closing at an average rate of 16 per week in the second half of 2011. It is now estimated[1] that there are 52,000 pubs and bars across the UK.

Key Recent Market Trends

2.5 As outlined above, the UK pub sector has been declining over the last few decades, with a significant fall seen in the last five years or so.

2.6 Whilst much of the recent decline can be attributed to the current recession placing significant strain on consumer's disposable income, there have been a number of other factors over recent years which have combined to create increasingly difficult trading conditions, thus forcing a growing number of licensees out of the market. We discuss the key issues below.

[1] BBPA February 2012

1989 Beer Orders and the Rise of the Pubco

2.7 Due to the market dominance by a small number of breweries with large owned pub estates (such as Bass Charmington, Allied and Whitbread) by the late 1980s, the 1989 Beer Orders were passed through Parliament in order to try and encourage competition and consumer choice within the industry by limiting the level of permitted pub ownership by breweries.

2.8 However, the legislation seemingly had relatively little effect on the overall structure of the industry, with the main brewers responding by divesting their owned estates to standalone pub companies (pubco's) – meaning the dominance and structure remained largely unchanged.

Figure 2.1: Ownership of UK Pubs over Time by Type of Operator

Ownership Type	1989	2004	2009
National Brewers			
Tenants / Leased	22,000	0	0
Managed	10,000	0	0
Sub-total	***32,000***	***0***	***0***
Regional Brewers			
Tenants / Leased	9,000	5,972	6,500
Managed	3,000	2,617	2,400
Sub-total	***12,000***	***8,589***	***8,900***
Independent Pub Companies			
Tenants / Leased	Negligible	23,857	22,300
Managed	Negligible	10,268	6,100
Freehouses	16,000	16,850	18,230
Sub-total	***16,000***	***50,975***	***46,630***
Total	**60,000**	**59,564**	**55,530**
Source: Institute for Public Policy Research (IPPR)			

2.9 The Beer Orders essentially, therefore, saw the creation of standalone pub companies. These have continued to rise over the last few decades, with tenanted and managed pubco's owing over half of all pubs across the UK by 2009. Within this, it is estimated that the six largest pubco's (Punch Taverns, Enterprise Inns, Admiral Taverns, Mitchells & Butlers, Scottish & Newcastle Pub Company and Spirit Group) accounted for around one third of supply.

2.10 Furthermore, in 2011, the large pubco's still accounted for more than 20,600 pubs - thus highlighting the continued dominance of a few major players within the market, who continue to seek and develop opportunities in the right locations, despite wider economic and market conditions resulting in a significant number of pub closures over the last few years.

Smoking Ban

2.11 The Smoking Ban came into force in England in July 2007. Since then, it has had an impact on the pub industry by changing pub culture and arguably reducing the appeal of pubs for many of the adult pub-going population who smoke.

2.12 In particular, Mintel[2] estimate that C2DE[3] pub-goers aged 25 to 54 years have been amongst the most affected by the ban. Young to middle-age consumers, and those within the C2 socio-economic group, are typically amongst the most frequent pub goers, which highlights the potential impact of the ban on pub trade.

2.13 That aside, the ban has mostly been well received by the general public and licensees. Research by The Publican found that a quarter of pubs have attracted new customers as a result of the ban, and overall some 73% of licensees supported the ban staying in place.[4]

2.14 One of the biggest impacts arising from the ban has been for licensees to develop covered outside smoking areas. The impact of the smoking ban has been greatest for those pubs that are 'landlocked' without access to outdoor space for development, as consumers are more reluctant to stand outside in uncovered area to smoke (especially in the winter months), which has significantly impacted upon trade at these pubs.

Rising VAT and the Beer Duty Escalator

2.15 The higher and increasing level of taxation on beer continues to have a major impact on the profitability of pub businesses across the UK. Since 2004, it is estimated that beer duty has risen by 52% whilst beer sales in pubs have fallen by around 25%. In 2011alone, in addition to the 2.5% increase in VAT, beer duty rose by 7.2% (a minimum 2% above inflation rise), whilst at the same time, pub beer sales reportedly fell by a further 3.4%.

2.16 Although pubs are permitted to pass these costs onto consumers, it is becomingly increasingly difficult to inflate prices sufficiently to fully cover taxation costs, in view of

[2] Mintel Impact of the Recession on Consumers Leisure Habits May 2010
[3] Based on the standard socio-economic classifications of AB, C1, C2, D and E - whereby AB is the most affluent and E is the least.
[4] Institute for Public Policy Research January 2012 (referenced Sky News Online 2007)

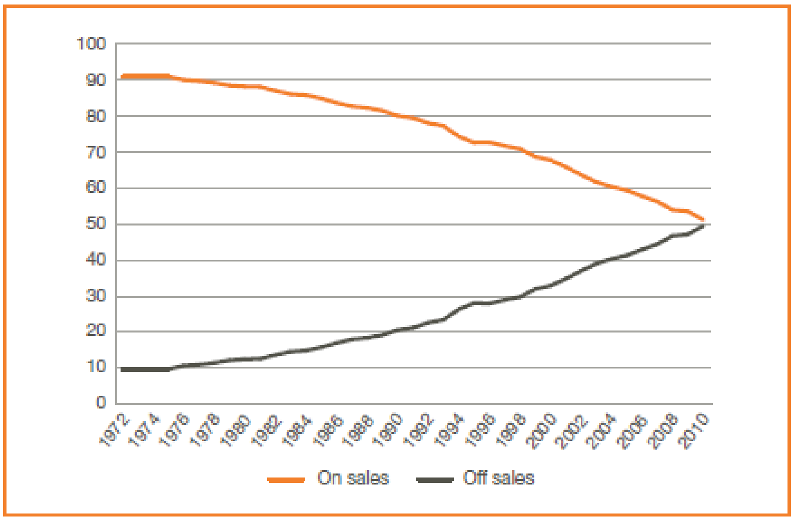
the reduced disposable income and spend on leisure activities amongst consumers and key target age and socio-economic groups due to the recession.

2.17 The further increase in alcohol tax announced in the March 2012 Budget is expected to put further and continued pressure on the sector as prices rise and consumer disposable income remains tight due to the economic climate.

Sales Growth in Off-licensed Premises

2.18 The growth in alcohol sales from off-licensed premises, particularly supermarkets, is another key factor in the decline of the British pub. The BBPA now estimates that supermarkets account for 70% of all alcohol sales, with only 30% bought in on-licensed premises.

Figure 2.2: UK Beer Sales via the 'On' and 'Off' Trades (% of total UK beer sales)



Source: IPPR

2.19 Much of this is due to the ability of supermarkets to absorb taxation costs and sell alcohol at a lower retail price (due to economies of scale), which has widened the gap between off-trade and on-trade consumption. Since 1987, the BBPA state that there has been a 187% increase in the price of beer in pubs compared to just a 52% increase in the price of beer sold through supermarkets and other off-licences. Not surprisingly, the BBPA are calling for the government follow many European governments in cutting VAT in food and beverage sold in pubs from 20% to 5% on the basis that they are in unfair competition with supermarket.

2.20 As a result, there has been a notable shift towards a culture of socialising and drinking / staying at home, both due to price and a growth in home entertainment such as games consoles, television and DVDs, which has, in turn, contributed to falling alcohol (particularly beer) sales in pubs. There has also been a rising culture of 'pre-loading' especially among young adults where groups meet up at each other houses before hand and drink cheap supermarket alcohol before venturing out later to pubs and clubs.

Rising Costs

2.21 Interestingly, since their rise, pubco's have become the subject of much controversy within the industry over claims of higher wholesale prices for their tenanted / tied pubs. This, combined with other rising costs (such as utility and material costs, as well as spend on entertainment to try and attract market share) and reduced consumer demand, is creating an increasingly difficult trading environment and is reportedly a key contributing factor in driving a growing number of tenants out of the market.

Rise of Microbreweries

2.22 One of the more positive trends within the industry has been the considerable rise in the number of microbreweries across the UK in recent decades. At the start of the 20th Century, it is estimated that there were more than 1,300 breweries spread across the country[5]. However, by 1970 this had fallen to just 141 located in a small number of key towns and cities, as the large brewing companies benefited from technological advances and economies of scale, thereby forcing smaller, less competitive breweries out of the industry.

2.23 This situation prompted the formation of the Campaign for Real Ale (CAMRA) in 1971, with the aim of improving consumer choice through promoting competition and diversity within the industry. This subsequently led to growing demand for quality and regional diversity which, in turn, saw a rise in the number of small regional breweries targeting more discerning customers who are willing to pay slightly more for quality, local brews.

2.24 It is estimated that by 2004 the number of breweries had risen to around 480 – fuelled largely by the growth in small-scale microbreweries in response to the changing consumer demand. At the same time, there has been a notable fall in the number of larger breweries (with an estimated 40 leaving the market since 2007), as small-scale production is not economically viable for these companies. Despite this, however, the leading regional breweries continue to profit with many acquiring smaller companies and their brands.

[5] UK Trade and Investment 21 June 2011

2.25 In more recent years, the tax breaks introduced by the previous Labour Government have acted as a further incentive for small-scale production. This combined with the growing popularity of regional brews, has further stimulated the trend which continues to go from strength to strength with a record number of microbreweries across the UK. It is estimated that there are now around 900 breweries in the UK, forming a key sector of Britain's brewing industry.

Impact of the Recession

2.26 The recession has impacted negatively on consumer spending; with a particular focus on a reduction in discretionary leisure expenditure (i.e. spending that is not deemed as essential). This has included reduced expenditure at food and beverage outlets. The recession has reversed a trend since the mid-1990s of year on year increases in alcohol consumption per head.

2.27 Although eating out and going out for a drink remain popular leisure activities (largely due to their relative everyday affordability and the social aspect involved), both frequency of visit and average expenditure at pubs/bars have fallen significantly in recent years, and there has been an increased reliance on price discounting / promotional offers within the eating out market to try and stimulate demand.

2.28 To emphasise this, between 2007 and 2009, Mintel[6] estimate that spend within the pub sector fell by some 7.7%, with 43% of consumers reportedly having cut back on expenditure at pubs/bars – albeit the same research indicates that, on the whole, a relatively small proportion (9%) of consumers plan to cut back further on this activity, suggesting that the market could be close to its lowest point.

2.29 This is further supported by research[7] indicating that the frequency of pub visits has risen in more recent months, with an estimated 7% rise over the last 6 months of 2011, up from 4.3 visits per month to an average of 4.6 visits across the UK. This has, however, been offset by a fall in average spend.

Increase in Food-led Sales

2.30 Due to the challenging trading conditions facing the industry and falling 'wet revenues', pubs are increasing relying on food sales to try and drive business and improve profitability. For example, Mintel[8] estimate that food sales have grown from

[6] Mintel Impact of the Recession on Consumers' Leisure Habits May 2010
[7] Zolfo Cooper Leisure Wallet Report Winter 2011/2012
[8] Mintel Impact of the Recession on Consumers' Leisure Habits May 2010

24% of total pub revenue in 2004 to around 31% in 2009. This is a tactical shift for many operators / licensees as, despite reduced consumer spend and a heavy reliance on price discounting, overall the eating out market (especially casual dining such as pub-restaurants) has remained one of the most resilient sectors compared to other leisure activities, and indeed compared to the British pubs market.

2.31 An analysis of pub sales in figure 2.3 shows that major regional brewers Greene King, Marstons, Mitchells & Butler and Fuller Smith & Turner have all achieved like for like sales growth during the recession, however, during this time each brewer has increased food sales as a proportion of total sales, suggesting the main cause of this growth has been from increased food sales.

Figure 2.3: Regional Brewer Sales Growth

Brewer	2009	2010	2011
Like for Like Sales Growth			
Green King	+1.7%	+3.5%	+4.9%
Marstons	-0.6%	+1.7%	+2.9%
Mitchell & Bulter	+1.6%	+2.8%	+2.6%
Fuller Smith & Turner	+3.0%	+2.7%	+3.9%
% Food of total sales			
Green King	**35%**	**37%**	**40%**
Marstons	**38%**	**40%**	**42%**
Mitchell & Bulter	**41%**	**47%**	**48%**
Fuller Smith & Turner	**27%**	**28%**	**29%**
Source: Fleurets 'On Market' Issue 12/01 from company Annual Reports			

2.32 This trend is further evidenced by the growing number of 'gastro' pubs that have emerged across the UK in recent years, and can also be seen at a local level with a significant proportion of pubs in Cambridge moving more towards the restaurant business model and away from a traditional drinking establishment.

2.33 It is important to note, however, that the higher rate of VAT in the UK in recent months is likely to have an impact on food sales and the competitive position of pubs in the future, as prices continue to rise.

Changes to Communities

2.34 Another key trend contributing to the overall decline of the British pub has been the change to local communities over time. Whereby, historically, the pub was typically at the heart of the local community, changing consumer lifestyles have meant that many pubs no longer form the same focal point for local communities – largely due to a much more transient population, with residents often having much more widely dispersed social networks.

2.35 In rural areas many villages have changed from local employment centres to second home locations with a considerably reduced local community / population base. In some cases, this has meant that the year-round population being served by a pub in a rural area has been decimated, with some second home owners only using their property(ies) on an irregular basis. In towns, pubs typically catering to local industrial workers have also suffered from the decline of these industries over time.

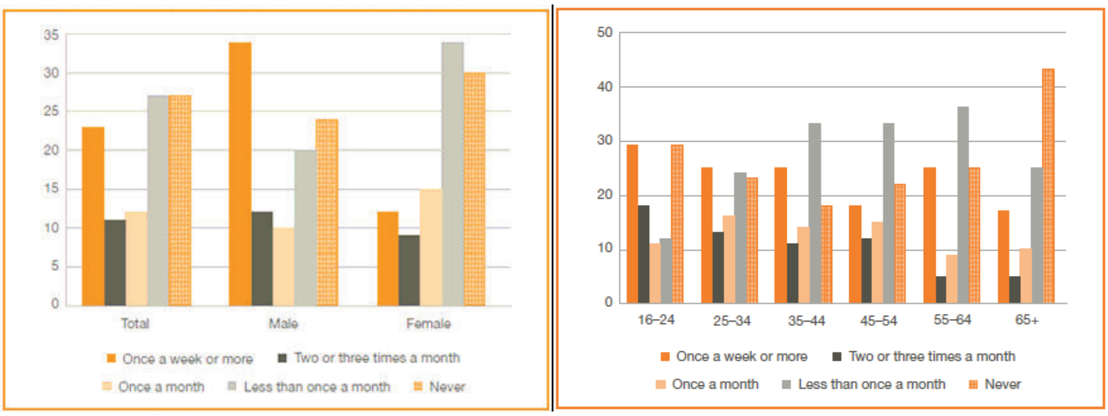
2.36 Long term changes in British tastes and liflestyles have also led to beer declining from 64% of alcohol sales in 1975 to just 37% by 2010. At the same time wine sales have increased from just 12% of alcohol consumption to 32%. This may also be linked to the emergence of a more equal society in which it is now just as acceptable for women to ‘go out for a drink’ as men. Pubs which have failed to adapt to this market by making their venues as welcoming to women as men, have suffered.

2.37 Arguably, these factors have often changed the nature of local communities which has, in turn, impacted on the role of the traditional community pub. In some areas, pub landlords have identified an opportunity to combine their offer with other local services that are under threat (for example, the village store and post office) to ensure their survival.

2.38 The ‘Pub is the Hub’ is a 'not for profit' advisory organisation which encourages local authorities, local communities, licensees, pub owners and breweries to work together to support, retain and locate services within rural pubs and has advised over 30 communities who have considered taking over their pub to ensure it stays as a community focal point. The organisation has managed to persuade some breweries and pub groups including, Punch Taverns and Enterprise Inns to let pubs to communities on a short term basis so that they can try it first

Typical User Profile

Figure 2.4: Pub Attendance by Gender and Age



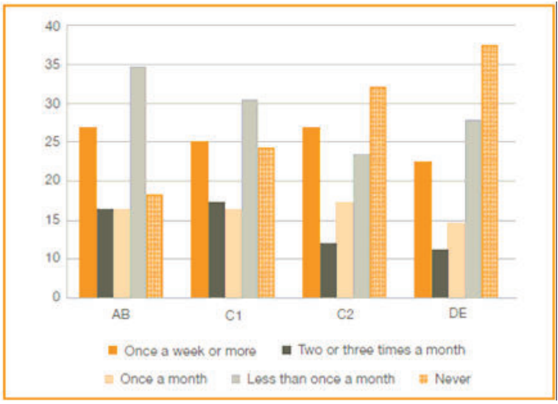
Source: IPPR

2.39 On average, it is estimated that just over 20% of the adult population visit a pub at least once a week. In terms of gender differentials, pubs are most frequently visited by adult males, with over one third visiting once a week or more. This compares to a similar proportion of women visiting less than once a month, if at all.

2.40 As shown, pubs are most popular amongst youths and young/middle-aged adults, with almost 30% of 16 to 24 years olds and around 25% of those aged 25 to 34 years visiting once a week or more.

2.41 Interestingly, however, a similar proportion of adults within these age categories never visit pubs. This could partly be attributed to rising national youth unemployment[9] and the young ethnic minority population base[10], which may have some implications for the industry in terms of the propensity for these adults to regularly visit pubs due to falling disposable income and religious beliefs.

Figure 2.5: Pub Attendance by Social Grade



Source: IPPR

2.42 Although pubs hold an appeal across all social grades[11], the most frequent users are more affluent AB and aspiring C2 individuals. It is estimated that more than a quarter of adults within these socio-economic classes visit the pub at least once a week.

2.43 However, the popularity amongst C2 residents is concerning as these individuals are likely to be amongst the most affected by the current recession, with research by Mintel showing that C2DEs are the most likely to have cut back on all leisure activities,

[9] Financial Times 6 February 2012
[10] University of Warwick, Profile of Black and Minority Ethnic Groups in the UK

particularly drinking out of the home.[12] Furthermore, as previously discussed, the same research estimates that C2DE pub-goers aged 25 to 54 are some of the most affected by the smoking ban, which combined with the impact of the recession, is likely to further shift pub culture towards food-led sales, particularly within the more affluent ABC1 eating out market.

National Market Summary

2.44 The BBPA estimate that the number of pubs in Britain has declined by 7,000 in the eight years since 2004, from 59,000 to 52,000, a fall of 12%.

2.45 Whilst, individually, the recession has arguably had one of the greatest impacts on the sector in recent years, collectively, the smoking ban, rise in VAT and Beer Duty, competition from super-markets and changing lifestyles have all combined to create an increasingly competitive and difficult trading environment over time. The recession has, therefore, intensified and to a certain extent, accelerated a downward trend that was already apparent within the sector, and which for many operators and licensees has been the final contributor to the eventual closure of their business.

2.46 Moreover, although pubs have a relatively broad appeal across most age and social grades, the frequency and propensity to visit declines with age. This profile in itself, means that with an aging population nationally, combined with rising youth / young adult unemployment and falling disposable income, is cause for concern within the industry and is likely to further impact upon sales in on-trade establishments.

2.47 The industry has been adapting to these pressures through some restructuring with the rise of micro-breweries, increase in food sales, and ultimately, pub closures.

[11] Standard socio-economic classifications where AB consumers are considered the most affluent, falling to the E socio-economic group representing the least affluent.
[12] Mintel Impact of the Recession on Consumers' Leisure Habits May 2010

3. BENCHMARKING ANALYSIS

Introduction

3.1 In the following chapter, we consider the ratio of pubs per head of the population in Cambridge relative to regional and national averages, as well as other comparable destinations which may have experienced similar issues in light of current economic and trading conditions and the overall decline of the British pub sector. This analysis will help us draw conclusions as to whether there is, potentially, an over or under supply of pubs within the City of Cambridge, and to help inform our subsequent recommendations.

National & Regional Analysis

3.2 According to the latest detailed analysis and breakdown of pub stock, it is estimated that there are currently 45,220 pubs across England.[13] Based on the most recent published working age population estimates[14], this equates to a national average of around one pub for every 713 working age adults in England.

Figure 3.1: Analysis of Pub Supply by Region, Per Head of the Resident Population

Region / Area	Total Number of Pubs	Resident Population (aged 16 to 64)	Adults per Pub
London	4,504	5,392,900	1,197
East of England	4,505	3,714,400	825
South East	6,962	5,444,500	782
North East	2,313	1,699,700	735
Total England	45,220	32,256,500	713
West Midlands	4,972	3,462,400	696
North West	6,714	4,478,200	667
Yorkshire & Humber	5,327	3,460,900	650
East Midlands	4,525	2,895,100	640
South West	5,398	3,313,300	614
Source: Oxford Economics / ONS			

[13] Oxford Economics, Beer and Pubs – Local Data (published 24th February 2012). Note: 'England' not 'Britain'
[14] Office for National Statistics, 2010 mid-year working age population estimates (16 to 64 years).

3.3 It is important to note that whilst we acknowledge that residents aged 65 years and above also visit pubs, the working age population (16 to 64 years) nevertheless represents the most suitable and consistent level of data available for comparative purposes across all regions / areas.

3.4 As shown, the East of England has one of the highest ratios of working age populations per pub, with 824 working age adults per pub. This is the highest proportion across provincial England, with only London having a higher ratio. This highlights that there is a relatively low supply of pubs, in the region relative to the average for England.

Local Analysis

3.5 The same data[15] provides a breakdown of pub supply by parliament constituency and indicates that there are currently 105 pubs / licensed premises in Cambridge. Clearly this is more than indicated by our own research which indicates that 86 pubs remain open (or subject to refurbishment). This may be a reflection of the time lag between the surveys and the fact that we believe that the Oxford Economics research team may have used local authority rating lists which will include pubs that are closed but not yet converted and therefore still rated as pubs. In this regard, the Cambridge City public houses rating list has 103 pubs, which is in close correlation with the figure of 105 used in the Oxford Economics survey. Therefore, although these figures may over-estimate the number of pubs still open we believe they provide a fair comparison between each location.

Figure 3.2 Analysis of Pub Supply per Head (All Working Age Residents)

Location / Area	Total Number of Pubs	Resident Population (aged 16 to 64)	Adults per Pub
Oxford & Abingdon	176	153,899	874
East of England	4,505	3,714,400	825
Cambridge	105	86,536	824
Norwich	171	128,665	752
Total England	45,220	32,256,500	713
York	197	132,398	672
Brighton & Hove	278	186,816	672
Canterbury	116	71,726	618
Durham	297	171,270	577
Bath	108	61,516	569

Source: GVAHL research

[15] Oxford Economics, Beer and Pubs – Local Data (published 24th February 2012)

3.6 As shown, the ratio of working age adults per pub in Cambridge is on par with the regional average. However, it would appear that Cambridge has one of the highest numbers of adults per pub compared to other historic university towns and tourist destinations such as Norwich, Brighton and Bath. Only Oxford comes out as having a higher number of adults per pub within the dataset of comparable cities. This would appear to be an indication of relative undersupply of pubs in Cambridge (and Oxford) compared to the national average and comparable towns.

3.7 Further, when considering the youth population alone (i.e. 16 to 24 years), who are the most frequent pub-goers, Cambridge has the highest number of young adults per pub among comparable cities.

Figure 3.3: Analysis of Pub Supply per Head (All Young Adults aged 16 to 24)

Location / Area	Total Number of Pubs	Resident Population (aged 16 to 24)	Young People per Pub
Cambridge	105	30,050	286
Oxford & Abingdon	176	44,978	256
Canterbury	116	24,972	215
Norwich	171	32,651	191
Bath	108	19,891	184
York	197	33,537	170
Brighton & Hove	278	43,151	155
Durham	297	38,150	129
Total England	45,220	6,256,900	139

Source: GVAHL research

3.8 It is worth noting at this point that Cambridge has 26 college bars. While these are restricted to the University students and staff, this will divert some spending, particularly by students, from the local pubs. The universities in other cities also have a number of student bars, however due to the collegiate system, with the exception of Oxford, they do not tend to have so many.

3.9 However, even if we add college bars to the total number of pubs in each of the other university towns, then as figure 3.4 shows we still find that Cambridge still has the highest number of young adults per pub and college bar within the data set of comparable towns.

Figure 3.4: Analysis of Pub and College Bar Supply per Head (All Young Adults aged 16 to 24)

Location / Area	College Bars	Total Number of Pubs and student bars	Resident Population (aged 16 to 24)	Young adults per Pub and college bar
Cambridge	26	131	30,050	229
Oxford & Abingdon	33	209	44,978	215
Canterbury	6	122	24,972	204
Norwich	4	175	32,651	186
Bath	5	113	19,891	176
York	7	197	33,537	170
Brighton & Hove	3	281	43,151	154
Durham	21	297	38,150	128

Source: GVAHL research (excludes nightclubs)

Benchmarking Summary

3.10 There are 713 working age adults per pub in England. By comparison, there are 824 adults of working age in Cambridge per pub, one of the highest ratios of adults to pub among similar historic university towns and cities. If we just look at the number of young adults per pub, as the age group with the greatest propensity to drink in pubs, we find that Cambridge has the highest number of young adults per pub among comparable towns. Even if we allow for the fact that Cambridge has a relative high number of college bars largely restricted to students in this age group, the city still has the highest number of young people per pub and college bar in the comparative dataset.

3.11 As a result, this benchmarking exercise would appear to illustrate that Cambridge has a relative under-supply of pubs compared to other historic university towns and cities which are also strong tourist destinations.

4. Local Market Assessment

Audit of Existing Provision

4.1 In order to inform this study our team has undertaken an audit of every remaining pub in Cambridge. The audit was undertaken in late February 2012. Each pub was visited by a surveyor from our team during the day and assessed according to an agreed standard audit questionnaire to consider pub type, local market, constraints, food offer, drink sales, entertainment, community offer, garden/yard size and quality, smoking area, facilities, maintained standard, investment potential, and accessibility (see Appendix a). A photograph was taken of each pub for future verification.

4.2 The survey results were then compiled in the form of an excel spreadsheet which incorporates further information acquired from desktop research such as electoral ward, population catchment, local plan designation, listed status, ownership, management, planning applications a summary of which is included as Appendix b. The survey results have subsequently been mapped according to key criteria such as pub type, ownership and immediate population catchment.

4.3 We have also briefly audited those that have been closed, but not yet redeveloped. Obviously, it has been difficult to assess these in as much detail as we have been unable to gain internal access.

4.4 Overall, our team audited 111 pub sites, of which 83 were still trading, 2 were closed but undergoing refurbishment (now re-opened), one, the Mill, had closed but was subject to an application for listed building consent for refurbishment works. These are the '86' pubs we refer to as still being 'open'.

4.5 Of the remaining 25;

- three, the former Cross Keys, Blackamoors Head, and the Druids had turned fully into restaurants (Japas, Meghana, and Tang, respectively),
- four, the former Hat & Feathers, Jubilee, Cow & Calf, and Duke of Argyle, had already been redeveloped for housing or flats,
- three, the Five Bells, Fleur de Lys, and Penny Ferry, had received permission for redevelopment,
- two, the Golden Pheasant and the Greyhound currently have applications pending for housing and industrial redevelopment respectively,

- two, the Queen Edith and the Unicorn, had both had recent applications for redevelopment refused,
- one, the Rosemary Branch had had an application for redevelopment withdrawn,
- one, the Rose & Crown had changed to A2 use (Estate Agents),
- one, Henrys, had closed with unimplemented planning permission to change from a café/bar to a restaurant, and
- 8 others were simply closed.

Market Structure by Type of Pub

4.6 Each pub was categorised according to the following types:-

- **Suburban Community Local** - local pubs situated within residential areas with a high proportion of regular local trade, usually with pub games and simple entertainment, often with a value food offering;
- **Edge of Centre Community** - pubs situated in residential areas outside but close to the town centre, possibly within a cluster of niche real ale or live venue pubs, often on an 'alternative' circuit attracting residents and students from the whole city, as well as locals. Ale led, but may also serve good food;
- **City/Village Tavern** - situated in village/city centres. Looks like a pub inside and out, lots of wood, serves ale. Customers include tourists, weekenders, shoppers, office workers during the day with lunchtime food and could be on the "circuit" for younger trade in the evenings, or could still be food led in evening;
- **City Bar** - situated in town/city centres. Doesn't have pub feel, unlikely to serve ales, less attractive to day-time tourists. Trendy, young trade with possible emphasis on loud piped music. Customers include shoppers, office workers during the day and early evening with lunchtime food and often on the "circuit" for younger 'trendy' trade in the later evenings.
- **Pub-Restaurant** - basically a restaurant dressed as a pub, where the emphasis is on food, but where you order from the bar and where you can still purchase a drink from the bar and take it to your table - e.g. Harvester, Beefeater, normally main road side with lots of parking.
- **Restaurant** - no longer a pub. You have to wait to be seated and cannot (or would not feel comfortable) buy drinks from the bar - even if there is one for show

4.7 These have been mapped in appendix c. This shows that the suburban community pubs are fairly evenly spread around the northern and eastern suburbs of Cambridge. There is also a tighter cluster of these pubs in the area of high density Victorian workers terraced houses to the north of the railway station between the railway and city centre ring road.

4.8 This same area also has an important cluster of Edge of Centre Community pubs and we consider that this area provides an important concentration of pubs not just for the residents in the immediate area but for residents from across the whole city as an area where they can congregate and socialise away from the more student and tourist dominated pubs of the city centre.

4.9 A second cluster of Edge of Centre Community pubs lies along the mostly residential area on the north and north east side of the city centre between Parkside and Jesus College. The community pubs in this area which includes King Street, famous among students for the King Street Run, as well as the Grafton Street shopping centre, are a little more 'chameleon' than those in the station area above, some serving workers, shoppers and tourists during the day in addition to a city wide and local community base at night.

4.10 City bars and taverns are clustered along Regent Street, St Andrew's Street and some other streets in the city centre. Here they serve workers and shoppers with food and drink by day before becoming more drink and music orientated towards young adults by night.

4.11 Another set of city taverns are clustered along the city centre riverside, where they attract tourists by day and city wide residents looking for a nice place to eat and drink in the evening, particularly summer evenings. A couple of the village pubs situated in Trumpington and Cherry Hinton serve a similar city wide role for residents, particularly at weekends.

4.12 Pub-restaurants are spread around the city either alongside main roads in the suburbs, where they also serve a role as community pubs, or within the city or village centres, where they serve more of a destination role.

4.13 The map does not show the categories of the closed pubs, with exception of the three former pubs still trading as restaurants. With regard to the others there obviously has to be some conjecture as to their former nature, however, our surveyors felt that 14 were most likely former suburban community locals, 4 were edge of city community, 1had been converted to restaurants prior to closure, and 3 were former city bars. This shows the particular pressure being felt by suburban community pubs.

Structure by Ownership

4.14 The survey also records pubs by ownership. This is mapped in appendix d and summarised in the table below:-

Figure 4.1 Pub site ownership in Cambridge

Owner	Open	Open (now Restaurant)	Closed	Total
Greene King	37	1	5	43
Punch Taverns	6	0	5	11
Enterprise Inns	9	0	0	9
Charles Wells	6	1	0	7
Pubmaster	2	1	3	6
Mitchell & Bultler	3	0	0	3
Everards	2	0	0	2
Spirit	2	0	0	2
Wetherspoons	2	0	0	2
Whitbread	1	0	1	2
Other Breweries	9	0	6	15
Freehouses	7	0	2	9
Totals	86	3	22	111

4.15 As this table shows, Greene King own a large proportion of the pubs in Cambridge. At least 43 of the pubs sites we have identified are, or were recently, owned by Greene King, 5 of which have been closed, and one (the former Cross Keys) has been turned into a restaurant (Japas). None of the other brewers or pub-co's comes close to the size of the Greene King estate in Cambridge. Greene King still own 37 of the remaining 86 pubs in Cambridge (43%). This means that Greene King has a very strong influence on the property market for public houses in Cambridge.

4.16 Punch Taverns have, or rather had, the next largest share of pubs with 11 sites, 5 of which have now been closed, almost half their total stock[16]. By contrast Enterprise, who own 9 pubs have not closed any of their pubs in recent years. Charles Wells own 7 sites, all of which are still open, although one pub (the Ancient Druids) has been turned into a Chinese restaurant. Pubmaster, also owned 6 sites until recently, but

[16] Punch did also owned the Fleur de Lys until recently, but this was sold to the tenant who in turn closed the pub and submitted an application to redevelop the site for housing. This pub is included with the Freehouses in the table at figure 4.1

only two are left open as pubs (the Osbourne and the Man on the Moon), while one is trading as a restaurant (Meghana) and three have all been closed (the Royal Standard, the Jubilee, and the Duke of Argyle). The Maypole, is the only former Pubmaster pub to have been sold as a pub, and this is now successfully trading as a freehold and is included in those figures.

4.17 Mitchells & Butler have three pubs, while Everards, Spirit and Wetherspoons have two each. Whitbread would have had a much larger estate before the Beer Orders. They now just operate the Travellers Rest under the Beefeater brand. The Golden Pheasant, a former pub and now a closed restaurant, was formerly a Whitbread pub, but may have passed through other hands since. Other breweries with single site ownership account for 15 pub sites of which 6 have closed. Freehouses account for 9 pub sites, of which 2 have closed (the Fleur de Lys and the Cow & Calf).

4.18 Clearly, some pub co's, notably Pubmaster and Punch, appear to have had an active disposal and/or redevelopment programme over the last few years. Greene King, also seem to have become more active with pub site closures of late, but few if any have been offered for sale as pubs. Pub closure has also been dominant among the pub co's and restaurant companies owning just a single site in the city. Many of these have been part of chains such as Old Orleans, the Slug & Lettuce, and Henry's which have all been subject to national rationalisation programmes during the recession.

Tied, Managed & Freehouse

4.19 We estimate that 15 of the 22 closed pubs have been drawn from the tenanted estate. Clearly this sector has particularly suffered during the recession. A tenanted pub needs to make enough money to provide a decent living for the tenant and their family, as well as providing a return for the freehold pub-owner. Most tenants are also 'tied' to purchasing their drinks through the pub-co or brewery owner. On the other hand, it does provide a relatively easy entry into the business for tenants who only need to raise about £30,000 to £50,000 to acquire a tenancy. However, this can, in turn lead some into the industry who are not suited to the business.

4.20 It is generally considered that managed pubs have done better than tenanted pubs during the recession, and indeed it is in the larger managed pubs that many of the pub-co's, brewery and restaurant chains have been investing during the last few years. Nonetheless, as we have said, three of the closed 'pubs' – Old Orleans, Henry's and the Slug & Lettuce – are former managed pubs which have all arisen from rationalisation programmes.

4.21 The freehouse sector is quite small in Cambridge with just 9 sites, of which two have closed. One of these was never really run as a free house for any length of time. A free house is not tied to any particular brewery, leaving it free to negotiate its own prices for the drinks it sells. However, the freeholder does need to earn enough to repay either the owners or the bank's investment. Most freehold pubs cost between £200,000 and £350,000, depending on size and location, therefore making it more difficult to enter the business than to take over a tenancy. Indeed, many successful free house landlords have learnt their trade in the tenancy sector.

Pubs by Population Catchment

4.22 We have also mapped pubs with simple 400m walking catchments to identify areas of under-provision and the affect of pub closure. This distance is generally accepted as being a comfortable 5 minute walk and is often applied to planning for the planning of adequate provision of community facilities to serve residential areas – for example public transport services and children's play areas[17]. It is therefore a reasonable measure pub deficiency, especially for suburban community pubs which will tend to draw from a smaller catchment than edge of centre community, city taverns or bars.

4.23 We have also sought to estimate the total and working population within the 400m catchment of each pub. This can be done in one of two ways. We can take the total population of all Enumeration Districts partly within the catchment which will always result in an over-estimate of the population within the catchment. Or, we can take the aggregate population of the Enumeration Districts with a centre point within the 400m catchment circle. This is more likely to reach an average population for the catchment area, but may result in an underestimate in some cases. Both population estimates are presented in the audit spreadsheet, but we use the lower estimate for the rest of this anaylsis.

4.24 Appendix e provides a map showing the current areas of deficit including those pubs that have closed but that have not yet applied for or been given permission for redevelopment. Appendix f shows how the areas of deficit would be increased through the permanent closure of these pubs.

[17] See: i) Urban Design Compendium Part I, Building walkable neighbourhoods, Section 3.2.1
ii) Sustainable Settlements: A Guide for Planners, Designers and Developers Sustainable Communities: The Potential for Eco-Neighbourhoods by Barton cites, Figure 6.2 - Possible Standards for Accessibility to Local Facilities'
iii) National Playing Fields Association Standards for play provision; criteria for Local Equipped Area of Play

4.25 Comparison of the two maps shows the particular importance of retaining The Queen Edith (ref no 96). An estimated 912 working age adults live with within 400m of this pub significantly above the national, regional or local average. Without this pub, the community in these areas would not have a pub within easy walking distance. The same could be said of the Rosemary Branch (41), however, this is within a largely industrial area with a relatively small estimated population of only 215 working age adults within 400m. Obviously, this is significantly less adults per pub than the national, regional or local average.

4.26 The maps also shows that the permanent loss of the Grove (99), the Haymakers (95), the Fleur de Lys (90) will also have a significant affect on the community pub provision for the residential communities around these pubs, where more than half of those within their 400m catchment now have to walk more than 400m to reach their closest pub. It is a similar situation with regard to the Greyhound (98), however, as with the Rosemary Branch, this pub lies at the entrance to an industrial area. Although there is a relatively healthy adult catchment population of 866, some of these are within 400m of other pubs and most would have to cross a busy road to reach the pub.

4.27 The permanent loss of the Carpenters Arms (87) and the Royal Standard (91) would also lead to the loss of a community facility for a proportion of the 2,612 and 2,985 working age adults respectively within 400m of each pub.

4.28 Obviously, for any of the town centre pubs currently under closure there will normally be an alternative pub within 400m walking distance. However, these pubs are serving a wider than local community market and there are wider considerations with regard to the functioning of the local economy and its ability to attract tourists and the brightest students, academics and entrepreneurs. Just as with other successful city economies the city's eating and drinking offer is a key factor in attracting young people and tourists. In addition, the city centre pubs tend to specialise, so that although there may be four very close together, three may address rather different city wide markets, and the only the fourth may address a local community market.

4.29 To illustrate this affect we have produced a third map, as appendix g, which just shows 400m catchments around the suburban community local pubs, on the basis that the other types of pub serve a much wider city-based market. This illustrates the much thinner spread of pubs serving a straightforward local community role.

Local Market Assessment

4.30 By combining the information from our assessment of market trends with the audit of existing provision we can begin to put together a picture of the health of the local pub market.

4.31 Clearly there has been a recent decline during the recession in the national pub market, and this has affected Cambridge, just as anywhere else. However, in comparison with the England average and with other historic university cities, Cambridge would appear to have a disproportionately low number of pubs per person, even when accounting for the relatively large number of college bars for the younger (student) market. Therefore, in quantitative terms there does not appear to be an oversupply of pubs in Cambridge relative to population size. If anything there would appear to be a shortage.

4.32 In qualitative terms it would appear that closure has affected all types of pub. However, the greatest impact appears to have been upon the suburban community local, which might be expected given the disproportionate impact of the smoking ban, high bar prices, low supermarket prices, and unemployment on the C2DE socio-economic groups and their propensity to visit their local pub. In some of these suburban areas it is more difficult for the pubs to diversify into an improved food/drink offer as that may require a larger market catchment and one drawn from a higher socio-economic grouping.

4.33 In spatial terms, the closure of a disproportionate number of suburban community locals has increased the deficiency in provision for a number of suburban communities.

4.34 Spatially, our market assessment has also demonstrated the importance of the following clusters of pubs:-

- A cluster of edge of centre and local community pubs between the railway and city centre serving both a city wide and local market for residents.
- A band of edge of centre community pubs to the north of the city centre serving shoppers and workers during the day and residents and students at night.
- A cluster of city bars and taverns along Regent Street, St Andrew's Street and some other streets in the city centre serving tourists, workers and shoppers with food and drink by day and local young adults by night.
- A set of city taverns clustered along the riverside where they attract tourists by day and city wide residents by night.

4.35 The maintenance of each of these clusters is important to the continue prosperity of the Cambridge economy, in particular to its retail, tourism, office, academic and high technology sectors. An attractive city centre with places to eat and drink is particularly important to Cambridge to maintain its appeal to shoppers, tourists, students, professionals and entrepreneurs that drive the local economy.

5. Review of Planning Policy & Decisions

Introduction

5.1 In this chapter we review of national and local planning policy as it affects applications to redevelop or change the use of public houses. This includes a review of relevant policy at other local authorities. We also review planning application decisions both locally and in other districts through officer's reports and inspector's decisions to review how the issue has been dealt with by applicants, local authorities and inspectors to identify significant lessons for policy.

Planning Policy Review

5.2 In this section, underlining is added to policy text to add emphasis or pick out the most relevant text.

National Planning Policy Framework

5.3 National planning policy is now set out in the Coalition Government's National Planning Policy Framework (NPPF) as recently published on 27 March 2012. All previous Planning Policy Guidance Notes (PPGs) and Statements (PPSs) have now been replaced by the NPPF, and therefore are not discussed any further in this report.

5.4 The NPPF sets the achievement of sustainable development as its key focus. In this regard paragraph 7 states that:

> *"There are three dimensions to sustainable development: economic, social and environmental. These dimensions give rise to the need for the planning system to perform a number of roles:*
>
> ***an economic role –** contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places at the right time to support growth and innovation; and by identifying and co-ordinating development requirements, including the provision of infrastructure;*
>
> ***a social role** – supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community's needs and support its health, social and cultural well-being; and…"*

5.5 Public houses support these two roles. They are a unique part of British culture and as such they have an essential role to play in the building and maintaining a strong, responsive and competitive local economy. Without its pubs, Cambridge will not be able to attract the students, academics, entrepreneurs, young workers and tourists that its economy and future growth depend upon. Moreover, pubs help to support social and cultural well-being by providing a place for social interaction within a community. A thriving local pub sector is therefore important to achieving sustainable development.

5.6 Paragraph 21 states that in drawing up local plans, local planning authorities should *"support existing business sectors, taking account of whether they are expanding or contracting…policies should be flexible enough …to allow for a rapid response to changes in economic circumstances"*. Paragraph 22 states that: *"Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose"*. It is therefore important that any local planning policy to support the local pub sector is still flexible enough to allow for that sector to expand or contract in response to changing economic circumstances.

5.7 Paragraph 23 states that Local Authorities should *"recognise town centres as the heart of their communities and pursue policies to support their viability and vitality"*. More than ever, pubs and bars, are an important part of the vitality of the town centre, making it an attractive place for people to live in, work in, and visit.

5.8 Paragraph 156 also set the strategic priorities for the area in the Local Plan and that these should include policies to deliver: *"the provision of health, security, community and cultural infrastructure and other local facilities; and"*.

5.9 Under "Promoting Healthy Communities", paragraph 69 states that:

> *"The planning system can <u>play an important role in facilitating social interaction</u> and creating healthy, inclusive communities. Local planning authorities should create a shared vision with communities of the residential environment and <u>facilities they wish to see</u>. To support this, local planning authorities should aim to involve all sections of the community in the development of Local Plans and in planning decisions, and should facilitate neighbourhood planning. Planning policies and decisions, in turn, should aim to achieve places which promote*
>
> - *<u>opportunities for meetings between members of the community who might not otherwise come into contact with each other</u>, including through mixed-use developments, strong neighbourhood centres and active street frontages which bring together those who work, live and play in the vicinity;*

- *safe and accessible environments where crime and disorder, and the fear of crime, do not undermine quality of life or community cohesion; and*
- *safe and accessible developments, containing clear and legible pedestrian routes, and high quality public space, which encourage the active and continual use of public areas."*

5.10 The public house has long been an established part of the community, one that people want to have access to and one that promotes social interaction. It is therefore a valid local planning policy objective to retain public houses in order to provide such a place for social interaction.

5.11 Paragraph 70 is probably the most important and we know from discussions with your development control officers that they have referred to this guidance in recent refusals of applications to convert or demolish public houses. Paragraph 126 is about delivering community facilities and services. It recommends that planning policies and decisions should:

- *plan positively for the provision and use of shared space, community facilities (such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship) and other local services to enhance the sustainability of communities and residential environments;*
- *guard against the unnecessary loss of valued facilities and services, particularly where this would reduce the community's ability to meet its day-to-day needs;*
- *ensure that established shops, facilities and services are able to develop and modernise in a way that is sustainable, and retained for the benefit of the community; and"*

5.12 The important thing here is that national planning policy advises us that community facilities (including public houses) that enhance the sustainability of local communities should be safeguarded.

5.13 Paragraph 28 states that:

Planning policies should support economic growth in rural areas in order to create jobs and prosperity by taking a positive approach to sustainable new development. To promote a strong rural economy, local and neighbourhood plans should:…

- *promote the retention and development of local services and community facilities in villages, such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship."*

5.14 Although this policy relates to rural areas, we believe that it relates to the retention of public houses in outlying areas of Cambridge such as Trumpington and Cherry Hinton.

5.15 This 'sets the scene' for more local policies that clarify which facilities are essential for community needs.

Local Planning Policy

5.16 In this section we look at the adopted Cambridge Local Plan and any relevant documents produced so far in the Local Plan Review process.

Cambridge City Council Local Plan 2006

5.17 We understand that the Cambridge Local Plan was formally adopted at a meeting of full council on 20 July 2006, following a period of review, which began in 2001.

5.18 Saved Policy 6/6 "Change of Use in the City Centre" states that:

"Change of use from A1 to A2, A3, A4 or A5 uses at ground floor level will only be permitted:

a) in primary shopping frontages where the proposal would not harm the contribution the frontage makes to the vitality and viability of the City Centre; and

b) in secondary shopping frontages where the percentage of A1 uses does not fall below 60% (measured by number of units), except for Regent Street / St Andrew's Street (south of Downing Street) where the percentage of A1 uses should not fall below 25%, and Bridge Street (north of Round Church Street) where the percentage of A1 uses should not fall below 40%."

5.19 This Policy relates solely to change of A1 retail units in city centre's and seeks to protect their loss to other A uses. This Policy therefore provides no protection for other A uses such as public houses, or for restaurants that were formerly public houses.

5.20 We note that Paragraph 6.23 of the postamble states that both the Regent Street/St Andrews Street and Bridge Street secondary shopping frontages have a high proportion of restaurants/cafes/pubs and that these make for a distinctive character.

5.21 Saved Policy 6/7 "Shopping Development and Change of Use in District and Local Centre's" states that:

"Additional development within classes A1, A2, A3, A4 and A5 will be permitted in District and Local Centre's if it will serve the local community and is of an appropriate nature and scale to the centre.

Change of use from A1 to A2, A3, A4 or A5 in District and Local Centre's will only be permitted provided the percentage of A1 uses does not fall below 60% (measured by number of units). Change of use from A1 to other uses will not be permitted."

5.22 Again, this policy only protects A1 uses rather than A3 or A4 uses. However, it could be adapted into a new Policy as part of the Local Plan Review and used to also protect all A uses. This would retain sufficient flexibility to allow for a change of use from A4 drinking establishment uses into say A3 restaurant & café uses in response to market changes, but prevent the loss of non-A1 uses to non-A uses such as residential within District and Local shopping parades.

5.23 Saved Policy 6/10 "Food & Drink Outlets" states that:

"Developments for Use Classes A3, A4 and A5 (food and drink) will only be permitted:

a) where the proposal will not give rise to unacceptable environmental problems or nuisance and the individual and cumulative impact of the development is considered acceptable; and

b) it is in an existing centre or is part of a mixed use area in an urban extension or the Station Area."

5.24 There is no element to this Policy which seeks to protect existing public houses. Furthermore, this Policy effectively deters any new public house applications from being made in residential areas – where there might be a demand for a community public house.

5.25 Overall, the 2006 Local Plan policies on change of use of A class uses are absent on the principle of protecting public houses from redevelopment or conversion to other uses. It should be recognised that the loss of public houses was not an issue back in 2006. However, there is a Policy that has regard to the protection of Community Facilities – however, pubs are excluded from the definition of community facilities in paragraph 5.20-23 of the Plan.

5.26 Saved Policy 5/11 "Community Facilities: Protection of Existing Facilities" states that:

"Development leading to the loss of community facilities will only be permitted if it can be demonstrated:

a) the facility can be replaced to at least its existing level and quality within the new development; or *b) the facility is to be relocated to another appropriate premises or site of similar accessibility for its users; or*

c) that there is no longer a need within the local community for the facility or that the need can be adequately met at an alternative facility of similar accessibility for its users.

The redevelopment of school sites for other uses will be permitted only if it can be demonstrated that they are not required in the longer term for continued education use."

5.27 While this Policy could be useful in defending applications/appeals to convert public houses pubs are not specifically referred to in the Local Plan. In the policy postamble, community facilities are considered to be those that "*help meet the varied needs of the residents of Cambridge for health, education and public services, as well as social, cultural and religious activities".* We would contend that certain community pubs are capable of providing for these needs particularly those where a meeting space is available. To fulfil the terms of this Policy, Developers are required: *"to provide adequate evidence of a lack of local need, accessibility to users, the capacity of alternative facilities and of the level of demand from other organisations providing community facilities in order to justify the loss of a community facility."*

5.28 The Policy postamble goes on to request the following information:

- *details of site marketing attempts made to attract other community uses for which the premises are suitable;*
- *demonstration of site accessibility to users by all means of transport including foot and cycle;*
- *details of current or most recent use of facilities;*
- *evidence of spare capacity or agreement to accommodate displaced users at other equivalent facilities with similar accessibility for users; and*
- *a local survey to establish the level of interest in and viability of the continued use of the premises as a community facility.*

5.29 With the exception of the second and perhaps the fourth bullets, the requirements could quite easily be adapted and incorporated into a policy designed to protect community pubs.

Local Plan Review

5.30 A new Cambridge Local Plan is currently being prepared and we understand that the current stage is the preparation and completion of the evidence base and the issues and options consultation is scheduled for June to July 2012.

Planning Policies of other Local Planning Authorities

5.31 In this section, we look at planning policies dealing with the protection of public houses as adopted or proposed by local planning authorities elsewhere in England. We will start with those authorities which neighbour or are in the same region (Eastern England) as Cambridge (where applicable). We will then look at planning policies from other local authorities.

Norwich City Council

5.32 Norwich City Council is proposing through their Local Development Framework a specific policy that seeks to protect community pubs. The proposed policy forms part of the Development Management Policies Document, which underwent public consultation between 27 January and 24 March 2011.

5.33 Proposed Policy DM22 "Provision and Enhancement of Community Facilities" is listed under the Community Facilities section of the document. The relevant section of the proposed policy states that:

> *"Protection of community facilities*
>
> *Development resulting in the loss of an existing community facility (excluding community public houses listed in appendix 6) will only be permitted where:*
>
> *a) adequate alternative provision exists or will be provided in an equally or more accessible location within 800 metres walking distance; or*
>
> *b) all reasonable efforts have been made to preserve the facility but it has been proven that it would not be economically viable to retain the building or site for its existing use; and*
>
> *c) the property or site has been marketed to the satisfaction of the Local Planning Authority in order to confirm that there is no interest in the property or site for the current use or a different community use.*
>
> *Development resulting in the loss of community public houses, listed in appendix 6, will only be permitted where criteria b) and c) above are satisfied.*

Where it is demonstrated that an existing community use is not viable, preference will be given to the change of use or redevelopment to other community uses before non community uses are considered. The redevelopment of all existing community sites and premises should provide a new community facility as part of the proposal.

The involvement of the local community will be sought in identifying the importance of local facilities and in developing appropriate solutions for their retention and enhancement."

5.34 So, in order for a community public house to be redeveloped/converted in Norwich, it will be necessary to prove that it is not economically viable to preserve the public house and that the public house has been marketed in order to confirm that there is no interest in it either as a public house or other community facility.

5.35 Appendix 6 of the draft document sets out a list of protected pubs and states that: *"Pubs merit protection for their value as heritage assets, whether designated or undesignated. This may include their intrinsic value as longstanding community facilities irrespective of any architectural or historic merit they may possess."* It goes on to say that for inclusion in the list, the building must:

(a) have an established use as a public house or café bar (use class A4); and

(b) have served the community as licensed premises for a significant period of time (1900 or before), or if built after that date, have been purpose built as a public house to serve the local community within a housing area or estate. Priority will be given to protection of public houses which are the last such public house in the area.

5.36 The list in Appendix 6 contains some 75 pubs which meet the criteria above but Norwich City Council state that they are seeking views of the local community on whether the pubs listed are the most appropriate pubs to seek to protect. We agree that it may be appropriate to protect a public house in view of its intrinsic value as a longstanding community facility.

Peterborough City Council

5.37 Peterborough have a Policy in their adopted Core Strategy Document (Policy CS18 "Culture Leisure and Tourism") which discusses the encouragement and promotion of such developments. The final paragraph states that:

"The existing cultural, leisure and tourism facilities will be protected and enhanced. Planning permission will only be granted for a scheme which would result in the loss of an existing cultural, leisure or tourism facility if it can be demonstrated that the use

is no longer viable, or an appropriate alternative is to be provided, which is at least equivalent to that lost in terms of quantity and quality and is in a sustainable location to best meet the needs of users."

5.38 However, this only provides broad guidance and indeed, there is nothing specific to say that 'cultural, leisure or tourism facilities' includes public houses. We note that there are no public house specific policies in the proposed Development Management Policies document.

5.39 The glossary to the adopted Core Strategy does clarify that community infrastructure/facilities can include public houses but there is no specific community facility protection policy.

London Borough of Merton

5.40 Merton's Unitary Development Plan was adopted in October 2003. Saved Policy L.16 "Protection of Public Houses" states that:

"THE COUNCIL WILL NOT PERMIT THE REDEVELOPMENT OR CHANGE OF USE OF ESTABLISHED PUBLIC HOUSES TO OTHER USES EXCEPT WHERE:

a. THE APPLICANT CAN SHOW THAT THE PUBLIC HOUSE IS NO LONGER ECONOMICALLY VIABLE

b. THE APPLICANT CAN SHOW THAT REASONABLE ATTEMPTS HAVE BEEN MADE TO MARKET THE SITE AS A PUBLIC HOUSE

c. THERE IS ALTERNATIVE PROVISION WITHIN THE LOCAL AREA"

5.41 The postamble goes on to say that:

"4.216 Public houses in residential areas can provide a valuable community facility and some public houses have community/function rooms that can be used for a variety of uses. In recognition of the fact that public houses can play a valuable role as a local and community facility established public houses should be protected from redevelopment or change of use. This policy would not apply to public houses within designated town centres (as shown on the proposals map).

4.217 In order to satisfy the tests set out in this policy applicants need to provide evidence clearly showing that the public house is no longer economically viable and that the property has been marketed as a public house for a reasonable period usually no less than a period of 2 years. This is likely to mean showing evidence of the appointment of property consultant/estate agent to handle the marketing of the property and records of how and where the property has been marketed.

Applicants may also carry out an assessment of the needs of the local community for community facilities to show that the public house is no longer needed and that alternative provision is available in the area."

5.42 Merton is currently consulting on their Draft Policies and Sites Development Management Document (30/01/12 to 23/03/12). Proposed Policy R5 "Food and Drink/Leisure and Entertainment uses" states that:

"Protection of public houses

(g) Proposals that will result in the loss of a public house will only be permitted where all the following criteria are met:

1) *the applicant can demonstrate to the council's satisfaction that the public house is no longer economically viable through full and proper marketing; and,*

2) *there are alternative public houses located within the local area".*

5.43 The post amble goes on to clarify that pubs must be marketed for 2 and a half years; and that alternative provision must be within 800m from the site.

5.44 We consider both the existing and proposed policies (which are essentially the same) to be useful in terms of defining what is a community public house - particularly that it is those in residential not commercial areas and it is those with a function room. However such a Policy would not be well suited to Cambridge as it would always be possible to show that there is alternative provision.

Other Local Authorities

5.45 We have looked through a selection of Supplementary Planning Guidance (SPG) produced by Local planning Authorities across England. These included the following (in no particular order)

- West Berkshire Council – Supplementary Planning Guidance "No.19 Public Houses";
- Ribble Valley Borough Council – Supplementary Planning Guidance "The Retention of Public Houses in Rural Areas";
- Huntingdonshire District Council – Supplementary Planning Guidance "Retention of Shops, Post Offices and Public Houses in Villages"; and

- Mid Suffolk District Council – Supplementary Planning Guidance "Retention of Shops, Post Offices and Public Houses in Villages".

5.46 Clearly, the majority of those above deal with loss of rural pubs. However, we consider it useful to look at their approach and see if anything can be transferred to a more urban setting.

5.47 West Berkshire's SPG has a section setting out criteria to be used in the assessment of applications for development resulting in the loss of a public house. It states that:

"6.1 The criteria to be used in the assessment of applications for development resulting in the loss of a public house, will be as follows:

1. *whether it would have an adverse effect on the local character, diversity and amenity of the area;*
2. *whether it can be demonstrated that alternative acceptable public house provision exists (defined in terms of location, size, range of facilities and quality of provision) or can be made available in the local area/community;*
3. *evidence exists that the loss of the public house would comprise an unacceptable decline in the standard of community services for locals and visitors;*
4. *whether it can be demonstrated that the public house is no longer economically viable and that all reasonable attempts have been made to sell or let the building as a public house at a realistic price for no less than 6 months*

Any attempts to sell the business at a price which reflects its current use should relate to the business in its entirety, and not to parts of it, for example the buildings without the accompanying garden or car park. Evidence to demonstrate a sale has been unsuccessful would need to include estate agents literature, schedules of potential purchasers and trading figures.

A commercial viability study should accompany any application for redevelopment or change of use. Evidence should be produced to show what measures have been taken in an attempt to return a public house to a viable business. This could include details of commercial initiatives introduced, development proposals for the business etc.

Other Considerations

The partial redevelopment or change of use of a key facility (such as the car park or garden) will not be permitted where it is considered that this may prejudice its *economic viability or future operation. The Council will encourage the combination of services or activities, such as post offices, shops or related brewing functions with the existing public house use. Where redevelopment or change of use is acceptable, all normal planning control criteria would apply, including impact on amenity, design, access, parking etc*

6.2 The loss of a public house from a village or rural community can be especially severe if it is the only remaining facility in the area and is a focal point for the community. Public houses in this situation are vital to the wellbeing and social structure of the area. The importance of any particular public house as a community facility can be gauged by discussions with both the Parish Council and local residents.

6.3 It must be accepted that planning authorities cannot control the closure of businesses where there is little or no support and which are not economically viable. In principle, favourable consideration will be given to proposals which may help to support and diversify activities which serve the retention of the public house."

5.48 We have already seen parts 2 and 4 of the listed criteria in other policies/policy notes. However, parts 1 and 3 are new. Notwithstanding, we suspect that part 1 (impact on character) would be dealt with as part of the redevelopment application and in most cases if a particular building is considered to be a key part of the local character then it would be listed or form part of a Conservation Area. Part 3 might not apply so well to an urban setting as there are likely to be community centres, libraries, leisure centres etc that can provide the necessary community service to local people.

5.49 The Ribble Valley's SPG advises that applicants will need to demonstrate that a public house is no longer economically viable and has been adequately marketed. There is nothing new here. However, the SPG goes on to say that an application will be refused if it is considered *"that the closure of the public house is likely to have a significant detrimental impact upon the visual impact attractiveness and social or economic vitality of the village"*. The SPG also discusses alternative ways to keep pubs open including the setting up on micro-breweries, sharing the premises with other businesses including chemists/post office, hiring rooms out to local meetings and offering take away services.

5.50 Huntingdonshire's SPG again reflects those criteria that we have seen before. However, they also state that:

"Planning Permission will not be granted for a change of use that would result in the loss of the last remaining public house in a village unless it can be demonstrated that:

(2) There is little evidence of public support for retention of the facility"

5.51 Clearly this only applies in this case when it is the last public house in the village and therefore this will not apply to Cambridge. However, there is the potential to adapt something like this into an IPPG for Cambridge. Requiring developers to carry out community consultation beforehand (i.e. to assess local opinions on loss of the public house) and submitting this with the application would not only be in the spirit of localism but also accord with community consultation objectives. The planners could then use this information as an indicator of community value.

5.52 Mid Suffolk's SPG again reflects the guidance and advice we have seen elsewhere. However, one key difference is that there is a specific distance given for the assessment of alternative facilities. This is defined as either within the settlement boundary or within 300m of it. This could be modified for use in a policy protecting urban pubs.

Pubs and Places (2nd Edition)

5.53 Whilst not an actual Planning Policy or SPG, we consider that this Institute for Public Policy Research document as published in January 2012 is useful in terms of the way it defines community pubs – and that this could have a bearing on the production of new supplementary planning guidance.

5.54 Section 1.1 "What is a Community Public House" includes:

"In this report we are concerned specifically with community pubs, which market researchers CGA Strategy define as 'pubs that serve predominately their local residential community'. These pubs make up 57 per cent of the total licensed on trade in the UK (CGA Strategy 2009). These can be distinguished from town centre bars which serve mainly after-work or weekend drinkers and which have been the focus of concerns about binge drinking in recent years. Community pubs can also be distinguished from food-led pubs, which people visit predominantly to have a meal rather than to drink

Community pubs have two distinct but intrinsically related functions. One is as a retail outlet to sell alcoholic drinks and the other is as a place for social interaction (Boston 1975). The drink and the socialising of course go hand in hand: after a few alcoholic drinks, the often random social encounters that occur in pubs become much easier as people shed their inhibitions. A public house without drink would not be a public house.

At the same time, pubs are not just about beer: if everyone visited a public house to drink alcohol on their own, a definitive component of public house culture would be *lost. The community public house at its heart is an institution for social drinking and it is from fulfilling that function that so many of its positive benefits flow."*

5.55 This would appear to suggest that community pubs are those in residential areas and which are not food focussed. We are not sure that this is correct. The majority of pubs now serve food of every increasing quality, but this does not undermine their role as a local community facility, rather it enhances it and makes them more attractive to women and families.

5.56 The Report also mentions at 2.3.2 that there used to be a trend for pubs to serve industrial areas and the male working class population who would go for a pint on their way home. This may no longer apply in the modern landscape but there may be an argument that some of Cambridge's pubs serve office/business uses or other large employment centres that might be outside of the city centre.

5.57 Section 3.1 of the report deals with Social Networks. It highlights the importance of pubs as places to meet people and spend time with family. It might be the case then that pubs are more likely to be considered community pubs if they are open to all – for example children (and potentially pets). Such pubs could be considered to offer an inclusive community function.

5.58 Chapter 4 of the report talks about how to measure the community value of a public house and discusses the 'social return on investment' (SROI) approach (page 44 of the report). The Report describes SROI as:

"SROI is a way of understanding, measuring and reporting the social, economic and environmental value that is created by an organisation. It enables us to quantify the social costs and benefits of an organisation and express them in monetary terms, even if they don't actually have a price tag attached to them in real life."

5.59 We have not set out the full process of assessing SROI in this report as it is explained sufficiently in the IPPR report. However, it could be possible to require developers to carry put SROI on pubs they wish to develop and for this to be a part of supplementary planning guidance. Certainly the IPPR report considers that: *"This type of methodology could be employed by publicans seeking to apply for third sector grants, for example. Or it could be employed by local authorities in seeking to determine which pubs in their area could qualify for business rate relief."*

Policy Summary

5.60 The new National Planning Policy Framework seeks to support sustainable communities and in this context public houses may be valued for their economic role in supporting local economies, their social role in providing a local facility social interaction, and their environmental role in providing an intrinsic part of the cultural and historic heritage of the areas in which they are sited.

5.61 The Framework states that local authorities should plan positively for the provision of community facilities such as public houses, guard against their unnecessary loss, and ensure that policies are flexible enough to allow such facilities to modernise and be retained for the benefit of the community (paragraph 70).

5.62 Norwich City Council are currently proposing a policy to form part of their LDF that will protect community pubs and require developers to prove they are no longer economically viable and have been marketed as a public house for an adequate length of time. Norwich currently define community pubs as those with an established use and longstanding presence. They are consulting on whether this is the right approach.

5.63 Meanwhile, Merton Council have an existing policy (and propose similar in their LDF) which is useful in terms of defining what is a community public house - that it is those in residential not commercial areas and it is those with a function room. Protection of these is then offered on the basis of whether the public house is economically viable, whether it has been marketed (the same as Norwich's approach) but also whether there is alternative provision in the local area. We are not sure whether this last criterion is useful as it is likely, for the most part, that in an historic urban context there are more than likely to be other public houses in a particular local area, however, that doesn't mean that there may be economic, social or environmental reasons to justify their retention.

5.64 We also looked at a number of more rural based policies. These offered additional criteria such as (a) whether an adverse effect on local character/diversity/amenity; (b) whether evidence exists to show that the loss of public house comprises unacceptable decline in the standard of community services; and (c) whether there is evidence that there is no public support for the retention of the public house. However, we are not sure whether these all translate well to the urban area.

5.65 Finally, we looked at the IPPR's Pubs & Places Report which offers criteria as to what is a community pub. The Report also discusses the social interaction aspect and highlights the value of pubs as places to meet the family. The 'social return on investment' (SROI) approach is also discussed and this could be a useful approach to measuring the value of a public house – potentially one that developers could be required to do as part of the application submission.

Review of Planning Decisions

5.66 In this section, we are principally analysing planning decisions concerned with the loss of or redevelopment of public houses. In particular, we look at a selection of recent national appeal decisions. We also look at the planning history of those pubs that Cambridge has lost in recent years.

Relevant National Appeal Decisions

5.67 We have reviewed a number of the appeal decisions relating to public houses principally looking for any definitions of (a) community use; (b) viability; and (c) adequate marketing. Those decisions we looked at are as follows:

- 37 MANOR ROAD, SOUTH HINKSEY, OXFORD OX1 5AS;
- 38 HIGH STREET, RISELEY, BEDFORD MK44 1DX;
- FORMER PUBLIC HOUSE SITE, THE GREEN, SCHOOL ROAD, MAWSLEY CHASE, MAWSLEY VILLAGE, NORTHAMPTONSHIRE;
- THE CROWS NEST, 64-66 HAZLETON WAY, WATERLOOVILLE PO8 9BT;
- THE SWAN PUBLIC HOUSE, ALDERTON, SUFFOLK IP12 3BL;
- THE SWAN, 42 PARK STREET, ST ALBANS, HERTFORDSHIRE;
- THE WHITE SWAN INN, MAIN STREET, SHAWELL, LEICESTERSHIRE LE17 6AG; and
- WORTHENBURY ARMS, CHURCH ROAD, WORTHENBURY, LL13 0AN (WALES).

37 Manor Road (Ref 100-074-761)

5.68 This appeal concerned a change of use from a mixed use A4 public house and C3 house to a wholly residential use. The site is located within a village just outside of the City Council boundary but whilst considered isolated is not a typically rural location. The public house had closed in 2008.

5.69 The Council were concerned that the loss of the public house would have severe implications for thriving and sustainable communities. Vale of the White Horse's adopted Policy requires evidence on whether the public house is an important local community facility and whether the continued use as a public house would be economically viable.

5.70 The Inspector noted that the public had indicated that the public house had been home to some informal groups, that the public were currently operating a 'mock public house' in a house, that the public house garden area was valuable in terms of safe play space for children and that aside from the village hall, there were no other community facilities in walking distance. The Inspector thus considered the public house to be an important local facility.

5.71 The Inspector went on to note that there was significant evidence from local residents that poor operation of the public house was a contributory factor to the poor financial return. The Inspector also considered that proposals to increase profitability had not been thoroughly pursued. There were also concerns as to the market coverage for the public house use and the high asking price.

5.72 The Inspector concluded with:

> **There is evidence the public house is an important local community facility and it has not been demonstrated that the continued use as a public house would not be economically viable. The proposal conflicts with the provisions of the development plan, in particular Policy CF5 of the Vale of White Horse Local Plan. For the reasons given above I conclude that the appeal should be dismissed.**

5.73 The appeal was dismissed on 07 November 2011.

38 High Street (Ref 100-070-509)

5.74 This appeal concerned a change of use from a public house (The Five Bells) to a single house. The site is located within a village. The main issue was whether the proposal would result in the undesirable loss of an important community facility. The public house had closed in December 2008.

5.75 The Inspector noted that there were two pubs in the village and that the population was around 1000. The Inspector considered that if the Five Bells were lost then there would only be 1 public house for 1000 people and that this would be a disproportionate low level of public house provision. Further the other public house was primarily focused with dining than drinking.

5.76 The public house previously offered local sports teams, a quiz, a venue for local committees and other social events. These have transferred elsewhere but the Inspector ruled that these would be better placed operating from a public house – and that the second public house had not taken on these activities. There was therefore an impact on local services and communities.

5.77 As with the first case (Oxford), the appellant had not taken steps to diversify the business in this case by adding a kitchen and serving food. Furthermore, there was doubt raised as to the how the asking price had been come to and the financial analysis was considered to be insufficiently thorough.

5.78 The appeal was dismissed on 12 January 2011.

Former Public house Site, Mawsley Village (Ref 100-072-932)

5.79 This appeal concerned the development of eight houses on a former public house site in a village. The village was a new settlement of 750 dwellings and the land had been allocated in the masterplan as a public house site. Planning permission had previously been granted for a public house but had not been implemented and had lapsed. One of the three issues was whether the proposal would result in the loss of an opportunity to provide a local facility important in sustaining the social and economic life of the settlement.

5.80 The Inspector found no realistic alternatives within the village ruling out the community hall (which has a bar) on the basis that it did not serve food.

5.81 The Inspector noted that the guide price was set before the commencement of the recession, that there was no indication that it had been revised after this time and that the bulk of the marketing had been during the recession. Furthermore, there was no viability appraisal and the village had grown to 1000 dwellings thus raising the argument that a public house could be sustained locally.

5.82 The appeal was dismissed (not just on the above issue) on 12 July 2011.

The Crows Nest (Ref 100-075-933)

5.83 This appeal concerned the demolition of the public house and erection of 3 dwellings. The site is located in suburban Waterlooville in a predominantly residential area.

5.84 We understand that a previous appeal for 4 dwellings had been dismissed in part because the public house had not been marketed at a realistic price to test whether the premises could be operated as a public house in the future or converted to another community facility.

5.85 The main issues were:

> a) Whether the premises are no longer viable as a public house and whether they are viable for any other use which would provide a beneficial facility to the local community.
>
> b) Whether the public house is important to the local community or it is no longer required for a community use or there is an easily accessible existing or new facility for the community it serves.

5.86 As regards the marketing this is discussed at length in the decision and the Inspector notes the improvements from the first application which included approaches to community groups & other local public house/restaurant owners, a reduced asking price, marketing in the rental sector and the use of a signboard. However, the marketing period lasted only 6 months not the 12 as required by the Policy.

5.87 The Inspector noted that the local estate had 1,755 homes. There was alternative public house provision within the 2km walking distance set out in PPG13 (as the crow flies) but that not all residents had alternative provision within the 800m distance which the Government's Manual for Streets refers to as a 'walkable neighbourhood'. The Inspector ruled that the 800m distance was more akin to 'easily accessible' than the 2km distance.

5.88 The Inspector did go on to say however that if it had been proved that a public house (or other community use) would not have been viable then the issue of ease of accessibility to alternative facilities would not have been an issue. The Inspector concluded that:

> 21. The overall conclusion is that the appeal should be dismissed because, contrary to CS Policy DM2 and its supporting text, the premises have not been marketed at a realistic freehold or leasehold price for the required full 12 months to test whether they would be viable to either continue in use as a public house or to be used for another facility beneficial to the local community.

5.89 The appeal was dismissed on 07 February 2012.

The Swan Public House (Ref 100-067-073)

5.90 This appeal concerned the change of use from a public house to a dwelling. The site is located in a village in Suffolk. The main issue was whether there is sufficient justification to go against policies that seek to support services in villages.

5.91 The Inspector noted that the public house was within walking distance of a number of dwellings, is close to the church and village shop and its loss would be detrimental to the well-being and needs of the local community. The Inspector agreed that the public house was struggling (and that the financial information supported this) but that there was no information that a change in ownership would suffer the same issues. There were also issues with how the marketing price had been arrived at. The Inspector concluded with:

> 11. In conclusion, while I have every sympathy with the appellant's predicament, loss of the public house would be at the expense of wider community interests. The evidence before me does not support a departure from the policy aims of retaining facilities that contribute to a community's vitality. No other matters raised are sufficient to override my conclusions or my decision to dismiss the appeal.

5.92 The appeal was dismissed on 09 April 2010.

The Swan, St Albans (Ref 100-062-173)

5.93 Three appeals were made, one of which concerned demolition of a vacant public house in a Conservation Area, another sought consent for 7 terraced houses and the third a large advertisement hoarding. The public house was located in a town centre fringe area. One of the issues was harm to the community from the loss of public house.

5.94 Whilst not the only issue with the appeals, the Inspector considered that it had not been shown that the viability for alternative uses of the building such as community uses or housing had been fully explored. The Inspector did not give any significant weight to the loss of the community facility as there was plenty of other provision nearby.

5.95 All of the appeals were dismissed on 12 May 2009.

The White Swan Inn (Ref 100-073-341)

5.96 This appeal concerned the change of use from a public house to a dwelling. The site is located in a small village in the countryside. The main issues were the viability of the public house and whether the loss of the public house would represent a socially and environmentally unsustainable form of development.

5.97 The public house had diversified to an extent in that 11 holiday chalets had been allowed in a paddock to the rear (partially implemented) and a house erected on the former garden area.

5.98 The Inspector noted that the public house had made a little profit in 2003-2005 but had effectively been running at a loss since 2006. The business had changed from 2006 onwards with the removal of a Skittles alley and focus on dining. This was coupled with a change to the opening hours and these factors deterred previous regulars. There were issues with the viability evidence and the Inspector also noted that there no evidence of concerted and varied attempts to attract new customers.

5.99 The Inspector found evidence that the public house had been an integral part of the community until the focus moved towards dining. It was considered that the public house remains as a potential community facility.

5.100 The Appeal was dismissed on 09 April 2010.

Worthenbury Arms (Ref 100-067-165)

5.101 This appeal concerned the loss of and conversion of a public house to two residential units. The public house is located in the countryside. Planning permission had previously been granted (2005) for residential development on the car park and part conversion of the public house to residential. The latter was not implemented and the public house closed in 2007. The main issue was whether the proposal conflicts with policies designed to retain community facilities in rural areas.

5.102 Evidence was provided that demonstrated that the public house was not a viable concern prior to its closure in 2007 and that it had been marketed with no offers received between then and February 2010. The Inspector was therefore satisfied on the issues of viability and marketing.

5.103 The Inspector noted that villagers had expressed concern as regards the lack of anywhere for them to socialise and the impact of the loss on the community but the Chief Planner's evidence to the planning committee suggested that the public house was not fully supported when it had been open.

5.104 The appeal was allowed on 27 April 2010.

Conclusions

5.105 Our main conclusions arising from the above appeal analysis are as follows:

- Indicators to an important local/community facility can include: (a) public house is home to informal groups and sports teams, (b) the public house garden area is valuable in terms of safe play space for children, (c) any other community facilities in walking distance, (d) the public house offers a quiz/is a venue for local committees and offers other social events;
- The poor operation of a public house can be a contributory factor to the poor financial return – and this could be determined using evidence from the public;

- Applicants/Appellants need to investigate proposals to increase the use of the public house business perhaps through complementary functions or diversification;

- Applicants/Appellants need to investigate whether a different business model and/or different owner/operator might result in the public house being more economically viable;

- Inspectors raised concerns regarded the marketing and asking price. For example: (a) Is the marketing strategy & price suitable to the recession? (b) Was there a signboard and did this include all necessary information and not deter any other community uses? (c) Did the appellant make approaches to local community groups and other public house/restaurant operators? (d) Did the appellant market the property for rent as well as sale? (e) Was the property marketed for at least 12 months;

- Inspectors will take account of the number of pubs versus the size of the local population – and they will also take account of the business focus of other nearby pubs (i.e. dining versus drinking) & the characteristics of other local community facilities;

- Inspectors will look at whether the alternative provision is easily accessible – and this is better reflected by the 800m 'walkable' distance than the 2km walking distance formerly set out in PPG13; and

Planning Decisions Relating to Pubs Lost in Cambridge

5.106 We have also analysed the planning history for previous pub losses in Cambridge. The table below shows each public house and the reasons we have found for its closure – whether planning or otherwise.

Figure 5.1: What happened to the Pubs that Closed (As at 19/03/12)

Public house	Planning History re: redevelopment/change of use/conversion	Owner/former Owner (if known)	When Closed (if known)	Other Reason for Closure (if known)?
The Zebra	None as yet	Ex Greene King	Feb 2012	This link http://tinyurl.com/7xsnj5w states that it was sold to a developer.
The Carpenters Arms	11/1066/FUL Conversion of Public House and letting rooms to residential apartments and first floor rear extension (Refused by Members - APPEAL in Progress)	Punch Taverns	August 2011	

Penny Ferry	09/1200/FUL Erection of five 4-bed houses (following demolition of former public house) (Refused - APPEAL ALLOWED)	Greene King		
The Unicorn	11/1105/FUL Partial demolition of single storey rear extension and change of use from public house to single dwellinghouse with access onto High Street (Refused and Appeal in progress – Hearing in April 2012)	Greene King	2011	
Rose And Crown	10/1090/FUL Change of use from public house (A4) with ancillary living accommodation to 6-bed flat (1st and 2nd floors), 1-bed flat (ground floor) and Letting Agent (A2) (ground floor) and basement office (B1) (Approved)	Greene King	July 2008	
The Fleur De Lys	10/1039/FUL for Demolition of outbuildings to existing building. Refurbishment and re-use of existing building with new three storey extension to form student accommodation consisting of 12no studios and 2no 1bed self-contained units (Approved)	Ex Punch Taverns	10 July 2010	This public house became The Fleur Bar & Bistro in 2007 and closed its doors on 10 July 2010.
Queen Edith	10/0815/FUL Erection of 8 dwellings (following demolition of existing Public House) (Refused no appeal)	Punch Taverns	10/12/11	http://www.cambridge-news.co.uk/Home/Public house-facing-closure-over-12000-tax-bill-09122011.htm
The Royal Standard	08/0766/CL2PD Certificate of lawful use S192 for A3 use (restaurants and cafes) (Approved) 11/0872/FUL Erection of 5 houses and conversion/extension to provide student accommodation (sixteen units) (Refused no appeal) 12/0248/FUL Erection of 5 houses and conversion/extension to provide student accommodation (13 units) (Pending) CAMRA proposing to submit application to turn back into public house.	Bennell Developments	Public house closed 2006	Became a restaurant.
Slug And Lettuce	n/a		Bills Café opened in June 2011	Now a Bills Café/Restaurant/Store
Five Bells (143-145 High Street)	11/0264/FUL Planning permission for the development of six terraced dwellings and associated works (Approved)	Camstead Homes	September 2010? (website said was derelict and	One Councillor opposed the plans at the South Area Committee. Cllr Dryden said: *"The Five Bells was a village*

			vandalised for a year up to Sep 11).	*amenity and a great community public house. With the Unicorn boarded up, the Robin Hood more a restaurant than a public house and plans to make the Red Lion into more of a restaurant, we have lost our last real public house."*
Former Hat And Feathers	10/0522/FUL Conversion and extension of former Public House for residential purpose, to accommodate 4 studio (1-bed) flats, and part demolition. Alteration and rebuild of single storey extension to form two 2-bed flats together with associated landscaping, car parking and access arrangements (Approved)	Ex Punch 50/50 Investments Ltd.	2006?	Online Readers Comment dated 19/03/2006: *"The Hat & Feathers is now closed, boarded up, and for sale."*
The Jubilee	10/0132/FUL Erection of 5 dwelling houses and two studio apartments with associated garden space (following demolition of existing 'Jubilee' public house) (Approved)	Ex-Punch Beechwood Estates Co. (NB same address as Bennell Developments – see Royal Standard above)	Summer 2009	closedpubs.co.uk: *"It had become run-down under Punch Taverns' ownership"*
Henrys	11/1569/FUL Refurbishment of an existing bar/cafe into a restaurant including replacing 3 windows & adjust the entrance position, the removal of a brick wall to allow the entrance to be rotated by 90 degrees to improve visibility and access (Approved)	Ex Scottish & Newcastle(?) Application by Las Iguanas	?	Now a restaurant.
Cow And Calf	C/00/0311 Erection of 6 dwellings (2 houses, 2 studios - basement/ ground floor; 2 maisonettes - first/second floors) together with underground car parking, cycle and refuse storage. (Approved) C/02/1079 Erection of 3No. houses and 3No. Flats/Maisonettes. (Approved)	Beauville Properties	2000?	http://www.cambridge-camra.org.uk/ale/300/cow-calf.html states that it was sold by Council.
Blackamoors Head	Recent online applications suggest changed into a restaurant.	Ex-Pubmaster	2005	Online Reader's comment dated 24/09/2005: *"The Blackamoors Head has recently closed, and a Backstreet Bistro has opened in its place."*

The Haymakers	n/a	Punch Taverns	July 2011	Landlord states here http://www.cambridge-news.co.uk/Home/Cambridge-public house-to-close-its-doors-13072011.htm that was due to: "*The reasons for that are a lack of business, incredibly high business rates and rent which is unmanageable set by Punch Taverns.*" Public house is the Hub Candidate.
The Ancient Druids, Napier Street	Changed to a Restaurant	Ex-Charles Wells	2008?	*"The Ancient Druids was situated on Napier Street. This was the intended replacement for an earlier public house of the same name situated at 34 Fitzroy Street. However, due to its position by a rear service area of the Grafton Shopping Centre, it eventually failed. It is now a Chinese restaurant."* (Closedpubs.co.uk)
Five Bells (126 - 128 Newmarket Road)		Ex Greene King. Currently boarded up and owned by "DAP Cambridge Ltd" (a car supply business).	Closed in 2010, possibly earlier	The public house is used for storage with no plans to change.
The Greyhound	11/1051/CLUED Application for a Certificate of Lawfulness under section 191 for use of building for either A1, A2, A3 or A4 use (Approved) 12/0255/FUL - Demolition and erection of B1/B2 /B8 use (Pending)	Ex-Wellington Inns Essex County Council Pension Fund	2008	Online reviews suggest a badly run/run down public house. Lambert Smith Hampton advertising site in December 2011 for retail.
The Grove	Article on the web dated 22/12/11 – *"The city's Sikh Society, which is looking for a permanent meeting place in Cambridge for its members, is hoping to turn a former public house into a community centre."*	Greene King	08/09/2011	Owners Greene King closed The Grove after discussions with Cambridgeshire police's licensing team.
The Rosemary Branch	11/1042/FUL - development of 8 houses and 3 flats following demolition of public house (Withdrawn)	Ex Punch Taverns Campbell Properties Ltd	Most recent review on Beer intheEvening.com was dated 27/10/11	Web comment - A spokeswoman for Punch Taverns said the brewery sold the property to a developer on March 18 2011

The Locomotive	Now a restaurant.		Between mid 2008 and late 2009	Closed in mid 2008 following Drugs Raid. Review on beerintheevening.com dated 29/11/09 states is now a restaurant
The Golden Pheasant	Became a restaurant. 12/0086/FUL - Proposed residential development (11 dwellings) and retail unit (2 bed flat) at 169 - 173 High Street (Pending)	Ex Whitbread		Sold in 1999 by Whitbreads and became the "Saigon City Restaurant".
Seven Stars	12/0233/FUL - Change of use from public house and extension to form 5 no. flats (Pending)	Greene King	Open as of 07/03/2012	

5.107 Using a few general assumptions, we can take the following data from the above table:

- There are a total of 24 pubs listed;
- 5 pubs 'closed' because they became restaurants;
- 1 public house became a restaurant and then an application for housing[18] was lodged;
- 6 pubs had applications for housing approved;
- 7 pubs currently have applications/appeals pending (or have had refusals for) housing;
- Of the 6 pubs previously or currently owned by Greene King (that we have been able to confirm), 3 have seen applications for housing with 1 approved. 3 pubs simply closed;
- Of the 4 pubs previously or currently owned by Punch Taverns (that we have been able to confirm), 3 have seen applications for housing with 1 approved; and
- Aside from Bennell Developments Ltd and Beechwood Estates Co (who share the same address, could be the same company and have each submitted one application for housing), there is no evidence that applications are being

[18] Housing includes Student Accommodation and mixed use development that include flats.

submitted by the same developer or that a developer is buying up pubs as an investment opportunity.

5.108 There are obvious trends from the above aside from 13 of the 25 being subject to applications for housing. Whilst a number of pubs did 'close' because they became restaurants, only one has since been subject to an application for housing.

5.109 The Penny Ferry Public house was subject to an application for "Erection of five 4-bed houses (following demolition of former public house)". This was refused by the Planning Committee. None of the refusal reasons related to the loss of the public house. A subsequent appeal was recently allowed (14 March 2012). We have reviewed the Inspectors decision and note that paragraphs 5 – 6 deal with the principle of development. The Inspector made no mention of the loss of the public house and its community function (however, this is perhaps not surprising as this was not an issue raised by the Council in either the decision notice or appeal statement).

6. Policy Options & Recommendations

Market Summary

6.1 Pubs are a vital part of sustainable communities, providing a place for social interaction to help bind communities together and providing an important part of the economy in attracting tourists, students, young workers and entrepreneurs to the city.

6.2 There is no doubt that the public house sector has been facing unprecedented pressure in recent years. The smoking ban, beer tax accelerator, discounted supermarket alcohol, changing consumer tastes, and disproportionately high unemployment in the core young adult market have brought severe challenges to the industry.

6.3 Cambridge has not been immune from these national trends with more than 20 pubs closing over the last few years. However, the sector is still strong, and where certain pubs with the right characteristics and location have been taken over by new independent operators or invested in by major national managed pub companies or regional brewers they have turned around their business and are thriving. In particular, there has been a drive across the industry to increase the proportion of income derived from food sales to substitute for declining beer sales by tapping into other markets.

6.4 With one of the top universities in the world, expanding research and science parks, and an attractive historic city centre for tourists, it is one of most prosperous cities in the UK. This puts pressure on a housing supply restricted by the Green Belt that surrounds the city. In many cases, therefore, the value of a public house site for residential purposes can be greater than its value as a viable pub business. This is especially the case for larger sites with car parks and pub gardens – the same pubs best able to adapt to the smoking ban and changing trends towards food.

6.5 Bringing together a planning policy to help the Council deal with these competing forces is no easy task, however, there are a number of potential policy approaches to the issue of pub closures in Cambridge.

Policy Options

A Market-Led Approach

6.6 One option would be to leave things as they are to market forces, with little or no policy to guide applications for the change of use or redevelopment of pub sites.

6.7 This could potentially allow the market to dictate the correct supply of pubs to serve local market demand in Cambridge. The closure of failing or underperforming pubs would allow other pubs to benefit from increased custom and thereby enhance their trading and performance.

6.8 However, this policy option assumes a perfect market, and due to other existing policy, most notably the Green Belt, and the success of the local economy, Cambridge has an imperfect housing market. If one were to leave the pub sector to the market, then one would also need to remove any other constraints and leave housing development to the market. One would also have to remove all residential amenity policies, licensing and environmental health regulations that make it so difficult to open up a new pub in residential areas.

6.9 Moreover, this approach would not accord with national planning policy which requires local authorities to guard against the loss of valued local community facilities including pubs and ensure that they are retained for the benefit of the community.

A Protective Approach

6.10 An alternative approach would be to have an effective moratorium to prevent any further pub closures.

6.11 However, planning policy cannot stop a pub from being closed if the business fails. Neither, can planning controls prevent pubs from converting to restaurants as a change of use from a use class A4 pub to class A3 restaurant, A2 professional services office, or A1 shop, are all permitted development allowed by the Use Classes Order.

6.12 Moreover, this approach would also be against national planning policy which advises councils that their local planning policies must be flexible enough to allow rapid response to changes in economic circumstances and ensure that they are able to modernise in a way that is sustainable.

A Flexible Approach

6.13 A third alternative, therefore, would be to develop a policy response which is flexible in allowing pubs to change use to other ‘A’ class uses – shops, professional services, restaurants or take-aways, and in turn for such uses to change back to pub use where there is a market. This provides flexibility for those pubs which are struggling to change to alternative business uses while retaining the vibrancy and use of the site as a local commercial community facility which could be returned to pub use in the future if there were a change in the market.

6.14 For those sites for which there is no longer a viable alternative ‘A’ class use, policy could be flexible to provide the site owner with guidance on the detailed information that would be required by the council in order to demonstrate that actively marketing the site to pub, other community facilities and other ‘A’ use class operators has not resulted in any market interest over a certain period, and that no viable local business can be developed in the site.

6.15 To provide protection for the community need that pubs serve, a policy could be formulated which resists the loss of pubs that serve a local market of at least 750 working age adults, but more flexible to those that serve a smaller catchment.

6.16 Policy could also provided added protection for clusters of pubs considered important for the functioning of the local economy.

Recommendations

Public House Policy

6.17 We would recommend a flexible policy that allows for the change of use of public houses within the ‘A’ use class and provides criteria for the consideration of the redevelopment of such sites to a non-A class use where they may no longer be viable as a commercial community facility. We consider that this is the only policy approach that we believe can address national planning policy and the permitted development rights of pub owners to change use within the Use Classes Order.

Retail Policy

6.18 In parallel with a specific policy for public house sites we would recommend that an additional retail policy be fed into the Local Plan Review to provide protection for A2, A3, A4, and A5 use classes within defined primary and secondary shopping frontages of the City Centre and within District and Local Centres. Currently, there is policy (6/6 and 6/7) to control the change of use of A1 premises. However, there is no policy to control the loss of other A use classes to non-A uses.

6.19 Modern shopping areas include a range of retail premises across the ‘A’ classes and this adds to their interest and diversity. This vitality will be adversely affected over time if there is no policy to prevent residential development on non-A1 uses (including A4 pubs and A3 restaurants) within shopping areas.

Urban Extensions

6.20 The current Local Plan is under review and should strategic sites for new housing development come forward in the next plan period, there could be opportunities to provide public houses to satisfy local demand and create vibrant and sustainable communities.

6.21 In this context we would not suggest a ratio of one pub per 750 working age adults as used in the rest of this report. That average is derived from much smaller pubs than an operator would seek to develop today. We would therefore suggest consideration of one pub/pub-restaurant per 2,000 – 3,000 new households, co-located with other commercial, retail and community facilities including recreational and amenity open space, on prominent sites with good visibility on the main arterial transport route into and out of the new community.

Area's of Restructuring and Redevelopment

6.22 Newmarket Road is an area undergoing particular transition in which a former Victorian shopping parade has been severed in two by a railed dual carriageway and left behind by a largely car bourn new retail park. Two pubs, the Rose & Crown and Five Bells have already closed in this area and turned into alternative business uses. An application has been submitted to redevelop a third, the Seven Stars, for residential.

6.23 Cambridge City Council has prepared the Eastern Gate Development Framework Supplementary Planning Document (SPD) to address the widespread recognition of the need to improve the physical environment around Newmarket Road.

6.24 We are aware of national and regional pub operators seeking sites for new pubs in prominent sites, on major arterial routes, fronting retail or leisure parks. Therefore, it may be that agreement could be reached with the owners of older pubs which are struggling in locations of major change for redevelopment in return for the provision of a replacement public house (pub-restaurant) nearby.

Report

Appendices

Report

Appendix A

Audit Questionnaire

ID	
Pub Name	
Address	
Postcode	

MANAGEMENT	
Brewery/ Pub Co	
Free House	
Freeholder	
Tenant	
Manager	

FOOD OFFER	
Snack Food	
Pub Food	
Gastro/Fine	

INVESTMENT POTENTIAL	
Function Room	
B&B	
Conservatory	
Beer Garden	
Play Equipment	
Live music, Stand-up	

ENTERTAINMENT	
TV	
Sky	
Pool Table	
Fruit Machine	
Quiz Machine	
Dart Board	
Duke/ Music Box	
Separate Sports/TV Room	

MAINTAINED STANDARD	
Poor	
Average	
Good	

COMMUNITY OFFER	
Pub Team(s)	
Pub Events (e.g. Quiz)	
Meeting Place (e.g. societies)	

PUB TYPE	
Suburban Community Local	
Edge of Centre Community	
City Tavern	
City Bar	
Pub-Restaurant	
Restaurant	
Other (describe)	

DRINKS OFFER	
Cask Ale	

ACCESSIBILITY	
Parking Spaces	
Bus Stop	
Train Station	
Cycle Spaces / Room for?	
Disabled Access	
Disabled Toilets	

FACILITIES				
Garden		Seating		
		Hard Surfaced		
		Quality	Good	
			Average	
			Poor	
		Space for Play		
		Play Equipment		
Yard		Seating		
Smoking Area		Seating		
		Covered		
		Heaters		
		Patio		
		Ash trays		
Separate Restaurant				
Bar Area				
Function Rooms				
Manager's Accommodation				
Letting Rooms				

SURROUNDING USES	
Adjacent Property Type	
Residential Properties within 50 m	
Public House within 400 m	

SURROUNDING DEVELOPMENT	
Planned development within 400 m	

PHOTOGRAPHS			
FRONT	INSIDE	YARD/GARDEN	CAR PARK

OTHER COMMENTS

Report

Appendix B

Audit Spreadsheet

ID	Pub Name	Address	Open / Closed	All ED pop 16-64 year old within 400m	Centre Pt pop 16-64 year old within 400m	Brewery/Pub Co	Suburban Community Local	Edge of City Community	City Tavern	City Bar	Pub-Restaurant	Restaurant	Snack Food	Pub Food	Gastro/Fine	Garden	Yard	Smoking Area	Bar Area	Separate Restaurant	Function Room	Letting Rooms
IDENTIFICATION				POPULATION: Wider Catchment	POPULATION: Catchment	MANAGEMENT	PUB TYPE*						FOOD OFFER*			FACILITIES: Garden/Yard		FACILITIES: Smoking				
1	Bath House, The	3 Benedict Street	Open	9,041	1,503	√ Greene King			√					√			over canal	√	√			
2	Mill, The	14 Mill Lane	but	8,124	2,401	University, leased			√				√									
3	Maypole, The	20A Portugal Place	Open	7,103	2,660	Freehouse		√						√			√	√	√		√	
4	Unicorn, The	22 Church Lane	Open	1,394	108	Enterprise			√					√		√	√	√	√	√		√
5	Baroosh	8 Market Passage	Open	8,727	1,974	√				√				√				√	√		√	
6	County Arms, The	43 Castle Street	Open	6,855	2,906	√ Everards		√						√			√	√	√			
7	Castle Inn, The	36-38 Castle Street	Open	6,855	3,144	Adnams Ale		√						√			√	√	√			
8	St Radegund	129 King Street	Open	6,502	1,617	Freehouse		√										√	√			
9	Emperor, The	21 Hills Road	Open	5,923	1,656	Enterprise		√						√			√	√	√		√	
10	Earl of Derby	129 Hills Road	Open	1,607	population	√ Greene King			√					√			√	√	√			√
11	Prince Regent	19 Regent Street	Open	4,441	1,448	√ Greene King			√					√			√	√	√			
12	Fountain Inn, The	12 Regent Street	Refurbished)	6,013	2,088	Company				√					√				√			
13	Baron of Beef, The	19 Bridge Street	Open	6,656	2,660	√ Greene King		√						√				√	√			
14	Snug, The	67 Lensfield Road	Open	3,999	314	Enterprise				√				√				√	√			
15	Red Bull, The	11 Barton Road	Open	5,646	1,089	Enterprise	√							√			√	√	√			
16	Thames	68 King Street	Open	5,853	2,935	√ Greene King		√									√	√	√			
17	King Street Run, The	88 King Street	Open	6,032	3,120	Enterprise		√					√					√	√			
18	Six Bells	11 Covent Garden	Open	4,943	2,937	√ Greene King	√							√			√	√	√			
19	Flying Pig, The	106 Hills Road	Open	3,765	1,285	Punch		√						√			√	√	√			
20	Osbourne Arms, The	108 Hills Road	Open	3,158	1,285	Pubmaster		√					√				√		√			
21	All Bar One	36 St Andrews Street	Open	6,823	2,262	Butler			√					√					√			
22	Burleigh Arms,	9-11 Newmarket Road	Open	4,357	1,739	√ Charles Wells		√						√		√	√	√	√	bar/restaura		
23	Bakers, The	176 East Road	Open	4,851	2,793	√Greene King		√						√		√		√				
24	Snug, The	170 East Road	Open	5,070	2,391	2 in Cambridge)		√						√			√	√				
25	Dobblers Inn, The	184 Sturton Street	Open	3,999	2,417	√ Charles Wells	√										√	√	√			
26	Earl of Beaconsfield	133 Mill Road	Open	6,216	3,424	Punch	√						√				√	√	√			
27	Corner House	231 Newmarket Road	Open	2,734	1,406	√ Greene King	√							√			√	√	√			
28	Boathouse, The	14 Chesterton Road	Open	6,223	2,023	√ Greene King			√					√		√	√	√	√		√	
29	Green Dragon	5 Water Street	Open	3,390	1,339	√ Greene King	√							√		√		√	√			
30	First & Last, The	18 Melbourne Place	Open	6,367	2,242	√ Greene King					√				√		√	√	√	√sep rooms		
31	Empress, The	72 Thoday Street	Open	5,615	3,470	Freehouse		√						√			√	√	√			
32	Portland Arms, The	129 Chesterton Road	Open	3,940	1,668	√ Greene King	√							√		√	√	√	√			√
33	Tivoli, The	16 Chesterton Road	Open	6,223	2,023	√ Weatherspoons			√					√					√			
34	Live and Let Live	40 Mawson Road	Open	4,428	2,630	Freehouse		√					√									
35	Wrestlers, The	337 Newmarket Road	Open	2,672	865	Charles Wells	√							Thai				√				
36	Bird, The	73 Newmarket Road	Open	4,380	1,793	√ Greene King		√														
37	Robin Hood	1 Fulbourn Road	Open	2,305	998	(Eating Inns)					√			√		√	√	√	√	√		
38	Cow, The	Corn Exchange Street	Open	8,420	3,200	Orchid Inns					√			√				√	√			
39	Sir Isaac Newton	84 Castle Street	Open	6,643	2,314	Greene King		√						√		√		√	√			√
40	Rock, The	200 Cherry Hinton Road	Open	4,236	1,626	√ Greene King	√							√			√	√	√			
41	Rosemary Branch, The	503 Coldhams Lane	Closed	899	215	ex-Punch	√									√		√				
42	White Swan, The	109 Mill Road	Open	6,400	3,128	√ Greene King	√							√		√	√	√	√			
43	Milton Arms, The	205 Milton Road	Open	3,476	1,698	(Hungry Horse)	√							√		√		√	√			
44	Hopbine	11-12 Fair Street	Open	5,342	1,805	Freehouse		√						√		x	x	x				
45	Old Spring, The	1 Ferry Path	Open	4,525	1,520	Green King					√				√	√ (Terrace)	√	√	√			
46	Jenny Wren, The	80 Campkin Road	Open	3,545	1,997	√ Greene King	√							√			√	√	√		?	
47	Eagle, The	Benedict Street	Open	8,443	1,503	√ Greene King			√					√			√	√	√	Sort Of		
48	Castle, The	37 St Andrews Streets	Open	4,557	2,262	Greene King					√				√				√			√
49	Carlton Arms, The	Carlton Way	Open	3,687	1,796	Enterprise	√							√		√		√	√			
50	Jolly Scholar, The	1 King Street	Open	9,284	2,572	Punch				√					√			√	√	√	√	
51	Green Man, The	55 High Street	Open	1,133	293	Mitchell & Butlers					√				√	√			√		√	
52	Regal, The	38-39 St Andrews Street	Open	4,736	2,262	(Wetherspoons)			√					√			√	√	√	√		
53	Geldart, The	1 Ainsworth Street	Open	4,254	2,618	√ Punch Taverns	√								√		√	√	√			
54	Med, The	Perne Road	Open	3,884	1,300	Enterprise					√				√		√	√	√	√	√	
55	Devonshire Arms	1 Devonshire Road	Open	6,045	2,666	Milton Brewery		√									√	√	√		2 x bars	
56	Cambridge Blue, The	85-87 Gwydir Street	for refurb)	5,736	2,366	Freehouse		√						√								
57	Kingston Arms	33 Kingston Street	Open	6,254	3,017	Freehouse		√							√		√	√	√			
58	Anchor, The	Silver Street	Open	8,124	2,401	√ Greene King			√					√			√	√	√			
59	Great Northern, The	1-3 Station Road	Open	3,527	1,552	Punch				√				√			√				√	
60	Tram Depot The	5 Dover Street	Open	4,854	2,753	Everards			√													
61	Fort St George	Victoria Avenue	Open	3,938	1,524	√ Greene King			√					√		√	√	√	√	√		
62	Alexandra Arms, The	22-24 Gwydir Street	Open	4,885	2,760	√ Greene King	√							√			√	√	√			

IDENTIFICATION				POPULATION		MANAGEMENT	PUB TYPE*						FOOD OFFER*			FACILITIES						
				Wider Catchment	Catchment											Garden/Yard		Smoking				
ID	Pub Name	Address	Open / Closed	All ED pop 16-64 year old within 400m	Centre Pt pop 16-64 year old within 400m	Brewery/Pub Co	Suburban Community Local	Edge of City Community	City Tavern	City Bar	Pub-Restaurant	Restaurant	Snack Food	Pub Food	Gastro/Fine	Garden	Yard	Smoking Area	Bar Area	Separate Restaurant	Function Room	Letting Rooms
63	Seven Stars, The	249 Newmarket Road	Open	2,386	922	√ Greene King	√									√		√	√			
64	Punter, The	3 Pound Hill	Open	4,810	2,242	Enterprise					√				√		√	√	√		√	
65	Avery, The	69-73 Regent Street	Open	5,259	1,255	√ Greene King			√					√					√			
66	Mitre, The	17-18 Bridge Street	Open	6,656	2,660	(Mitchells & Butler)		√						√			√	√	√			
67	Travellers Rest	Huntington Road	Open	1,335	201	(Beefeater)					√			√								
68	Red Lion	20 Mill End Road	Open	3,159	1,020	√ Greene King			√					√		√	√	√	√		√	
69	Elm Tree, The	Orchard Street	Open	6,187	2,242	Banks & Taylors?)		√									√	√				x
70	Salisbury Arms, The	76 Tenison Road	Open	4,376	3,080	√ Charles Wells	√							√				√				
71	Clarendon Arms	35-36 Clarendon Street	Open	7,018	1,633	Greene King		√						√			√	√	√			
72	Waterman, The	32 Chesterton Road	Open	4,376	1,668	Punch	√							√	√		√	√	√			√
73	Tally Ho, The	77 High Street	Open	1,771	433	Greene King	√							√		√		√				
74	Ship, The	Northfield Avenue	Open	3,419	2,066	√ Charles Wells	√							√		√		√				
75	Grapes, The	19 Histon Road	Open	6,460	3,110	Greene King	√							√			√	√	√			
76	Golden Hind, The	355 Milton Road	Open	2,786	1,186	Spirit					√			√			√	√	√			
77	Granta, The	14 Newnham Terrace	Open	5,771	1,164	Greene King			√					√			√	√				
78	Pickerill Inn, The	30 Magdalene Street	Open	5,187	3,877	Spirit			√					√			√		√			
79	Panton Arms	43 Panton Street	Open	4,085	1,562	Greene King		√						√			√	√	√		√	
80	Alma, The	26 Russell Court	Open	4,277	1,562	Greene King		√						√			√		√		√	
81	Brook, The	25 Brookfields	Open	3,349	1,439	Greene King	√							√		√	√	√	√			
82	Ranch, The	100 Histon Road	Open	5,258	2,898	Enterprise	√							√		√		√	√		√	√
83	Free Press, The	7 Prospect Row	Open	4,393	2,581	Greene King		√						√		√	√	√	√			
84	Man on the Moon	2 Norfolk Street	Open	4,910	3,112	Pubmaster		√										√	√		Music)	
85	Revolution	3-8 Downing Street	Open	6,823	2,262	Inventive Leisure				√				√								
86	Zebra	80 Maids Causeway	Closed	4,676	1,633	ex-Greene King	√							√			√	√				
87	Carpenters Arms, The	182 Victoria Road	Closed	4,968	2,612	Punch		√						√		√	√					
88	Penny Ferry, The	110 Water Street	Closed			√ Greene King			√							√						
89	Unicorn, The	15 High Street	Closed	3,159	1,199	√ Greene King		√									√	√	√			
90	Fleur de Lys	73 Humberstone Road	Closed	3,654	1,656	Punch)	√															
91	Royal Standard, The	292 Mill Road	Closed	5,517	2,985	Pubmaster	√									√						
92	Slug & Lettuce	34-35 Green Street	Closed	8,727	1,974	Group				√												
93	d'Arry's Cookhouse	2-4 King Street	Open	9,284	2,572	5 pubs)					√				√							
94	Japas	9 Saxon Street	Open (rest)	3,999	921	Greene King						√			√							
95	Haymakers, The	54 High Street, Chesterton	Closed	2,793	1,439	Punch	√							√		√		√	√	√	√	
96	Queen Edith, The	Wulfstan Way	Closed	2,662	912	Ltd (ex Punch)	√										√	√	√			
97	Golden Pheasant	169 High Street Chesterton	Closed	3,532	1,318	ex-Whitbread						√		√								
98	Greyhound, The	93 Coldhams Lane	Closed	1,830	866	ex-Wellington Inns	√							√								
99	The Grove	Arbury Court	Closed	3,113	1,607	Greene King	√							√								
101	St Johns Chop House	21-24 Northampton Street	Open	4,810	2,242	Cambs Cuisine					√				√		√			√		
102	Feathers	35 Barton Road	Closed			Punch	√															
103	Jubilee	73 Catharine Street	Closed			Pubmaster	√															
104	Henry's	Quayside	Closed	5,427	3,877	Konicis				√												
105	Cow & Calf	Pound Hill	Closed			Freehouse	√															
106	Meghana	205 Victoria Road	Open (rest)	7,328	3,103	ex-Pubmaster						√			√							
107	Restaurant & Bar	Napier Street,	Open (rest)	5,003	2,269	Charles Wells						√										
108	Rose & Crown	110 Newmarket Road,	Closed	3,130	2,086	ex-Greene King		√														
109	Five Bells	126-128 Newmarket Road	Closed	3,292	1,946	Tolly Cobbold		√									√					
111	Duke of Argyle, The	90 Argyle Street	Closed			ex-Punbmaster	√															
112	Five Bells	143 High Street	Closed			Unknown	√															
113	Old Orleans	Mill Lane	Closed			Regent Inns				√												

* see definition on next worksheet

Definitions

Pub Type
Suburban/Village Community Local
- (local pubs situated within residential areas with a high proportion of regular local trade, usually with pub games and simple entertainment, often with a food offering)

Edge of Centre Community
- (pubs situated in residential areas outside but close to the town centre, possibly within a cluster of niche real ale or live venue pubs, often on an 'alternative' circuit attracting residents and students from the whole city, as

City/Village Tavern
- (Situated in village/city centres. Looks like a pub inside and out, lots of wood, serves ale. Customers include tourists, shoppers, office workers during the day with lunchtime food and could be on the “circuit” for younger trade in the evenings, or could still be food led in evening/weekends for city wide residents and their

City Bar
- (Situated in town/city centres. Doesn't have pub feel, unlikely to serve ales, less attractive to day-time tourists. Trendy, young trade with emphasis on loud piped music. Customers include shoppers, office workers during the day and early evening with lunchtime food and often on the “circuit” for younger trade in the later

Pub-Restaurant
- (Basically a restaurant dressed as a pub, where the emphasis is on food, but where you order from the bar and where you can still purchase a drink from the bar and take it to your table - e.g. Harvester, Beefeater,

Restaurant
- (No longer a pub. You have to wait to be seated and cannot buy drinks from the bar - even if there is one

Other
- (doesn't easily fit within any of above? Describe and number below for reclassification later)

Food Offer

Bar Snacks - Crisps, Nuts, Bread Roll or Sandwich, Cheesy Chips, Tapas
Pub Food - Fish & Chips, Scampi & Chips, Pie & Chips, Sausage & Mash, Lansagne, Pizza at or less than
Gastro/Fine - Steak & Hand Cut Chips, Butternut Squash Risotto, Extravagant Salads, Pork Belly, etc all

Facilties
Bar Area - you can go up to the bar and buy a drink
Restaurant - the building is still a pub with a bar area, but it has a separate room (or part of the pub) in which

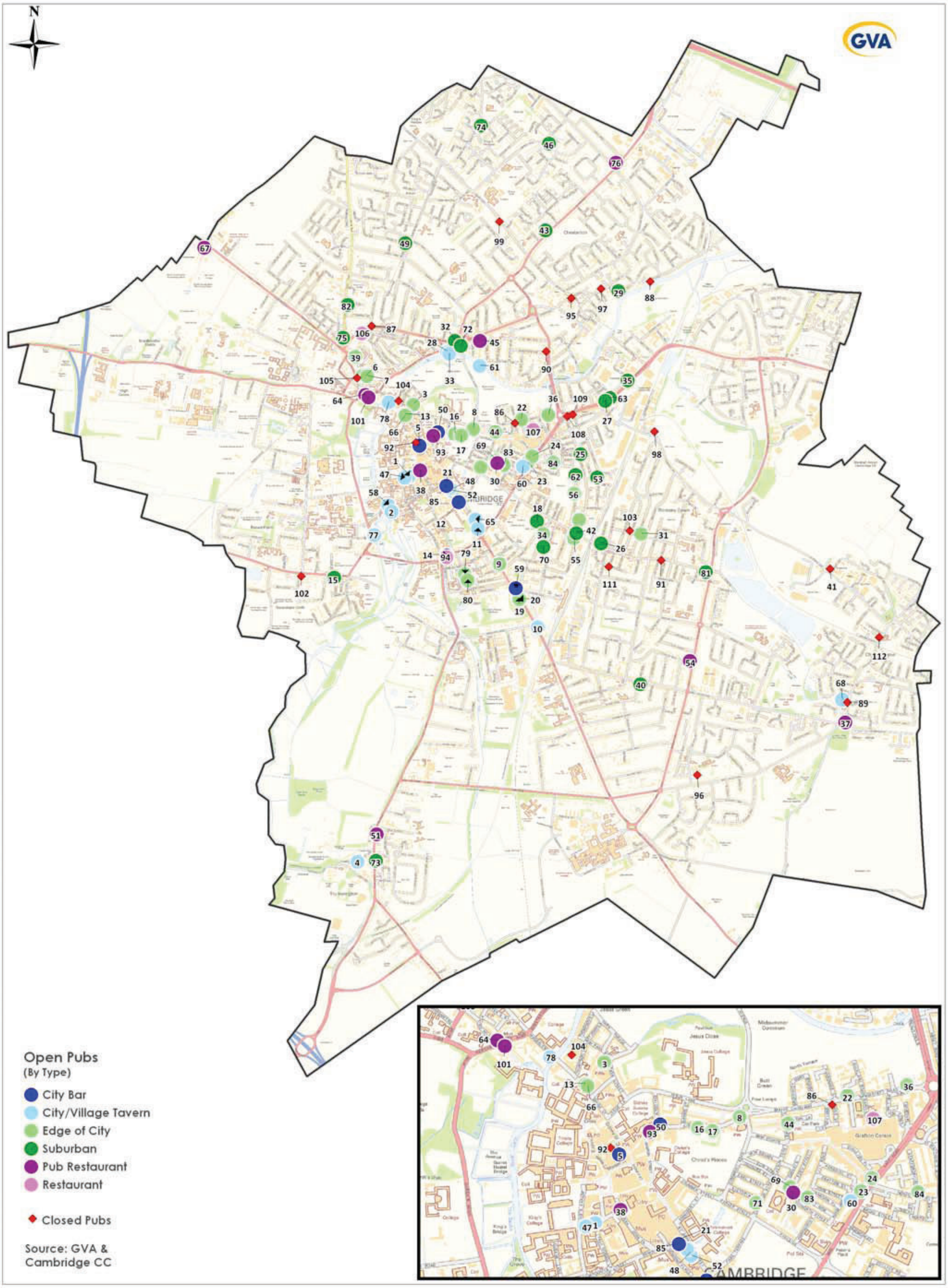
Investment Potential
Is there underused space room within the pub, or space for extensions outside, for the servcies mentioned
For live music/comedy/theatre, is there both space, AND, no adjoining residential neighbours

Accessibility
With regard to cycling, is there somewhere within sight of the pub to lock up your bike - eg cycle stands,

Report

Appendix C

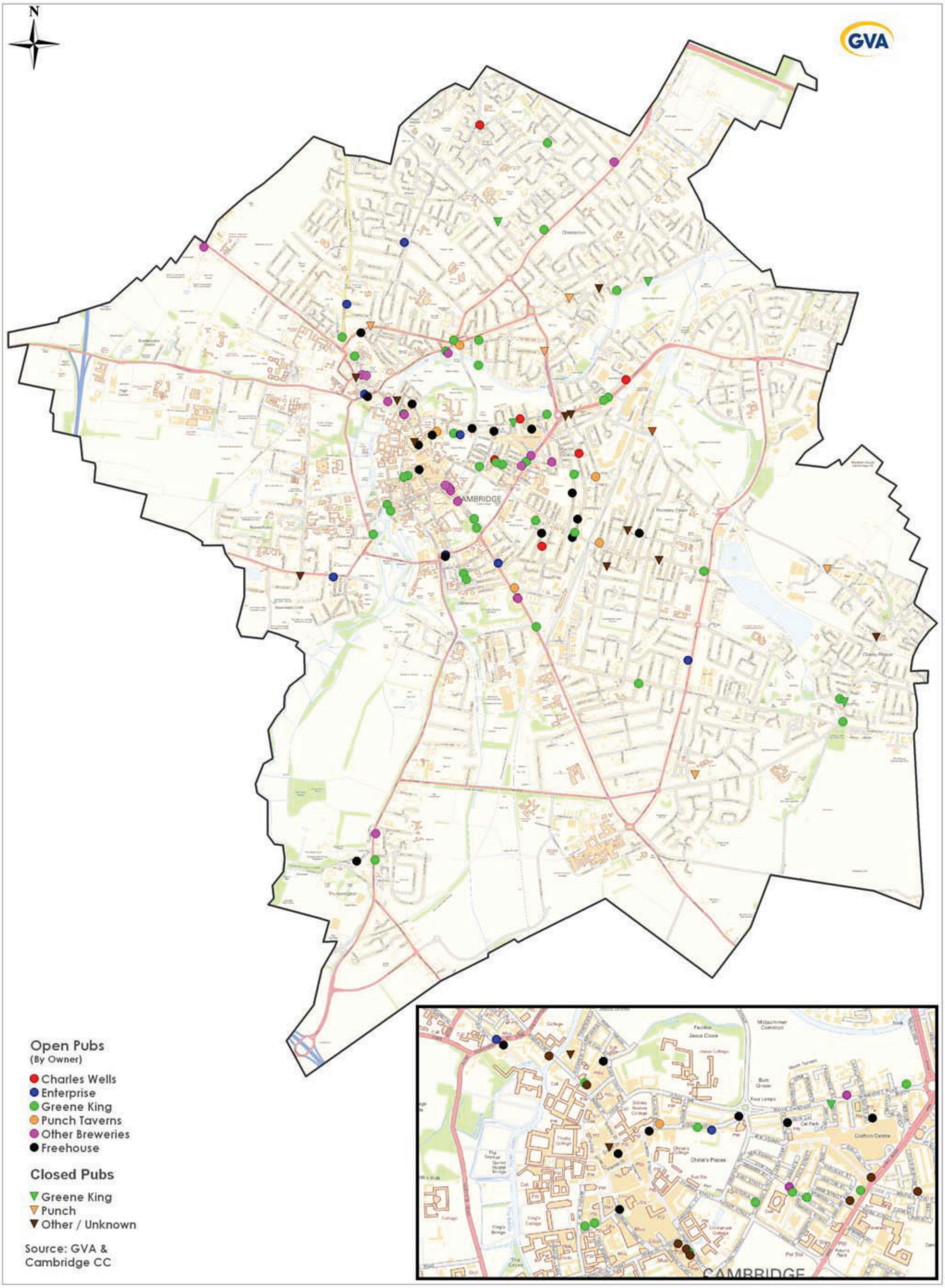
Pubs by Type


N
GVA
Open Pubs
(By Type)
City Bar
City/Village Tavern
Edge of City
Suburban
Pub Restaurant
Restaurant
Closed Pubs
Source: GVA & Cambridge CC

Report

Appendix D

Pubs by Owner

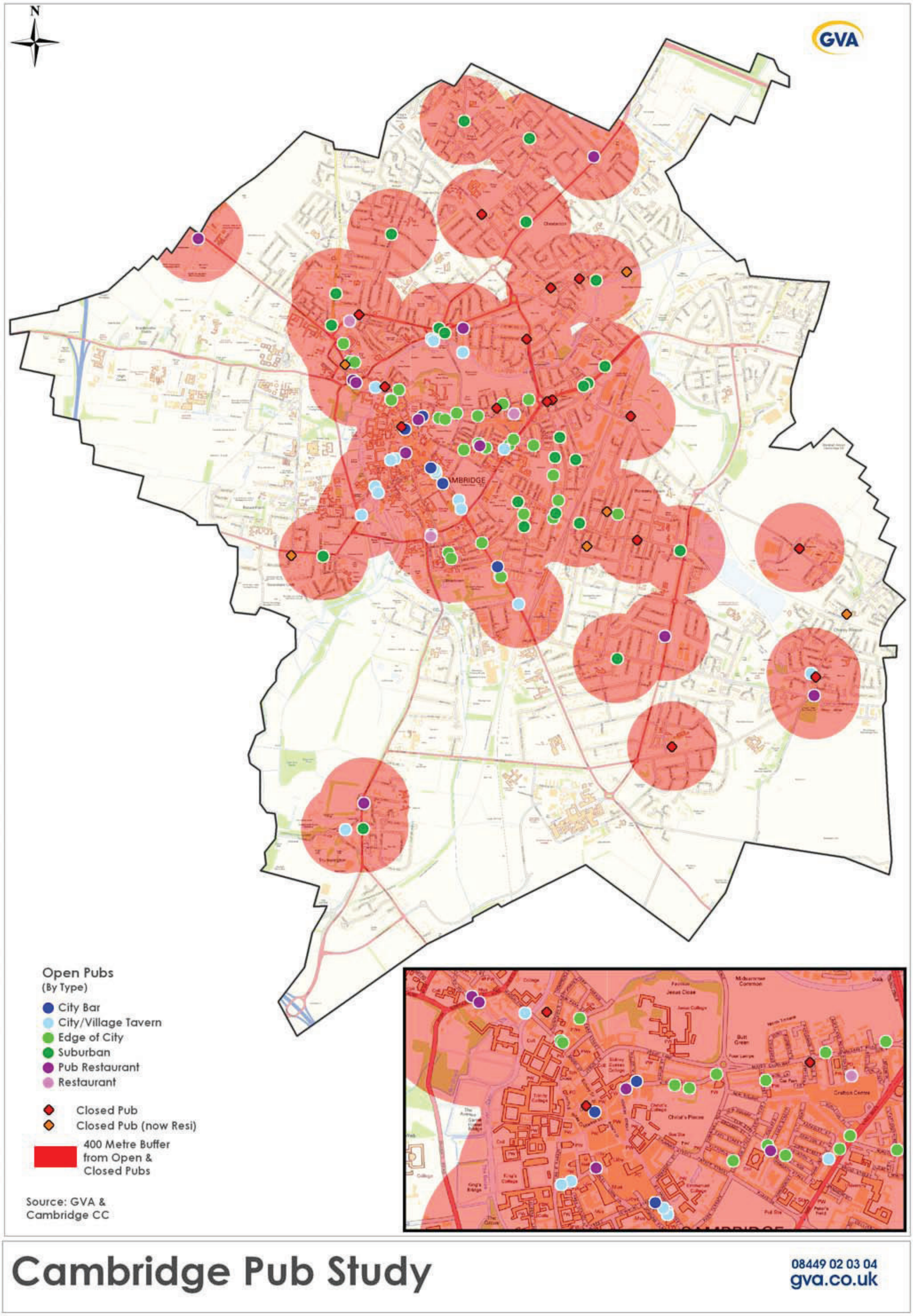


Cambridge Pub Study

08449 02 03 04
gva.co.uk

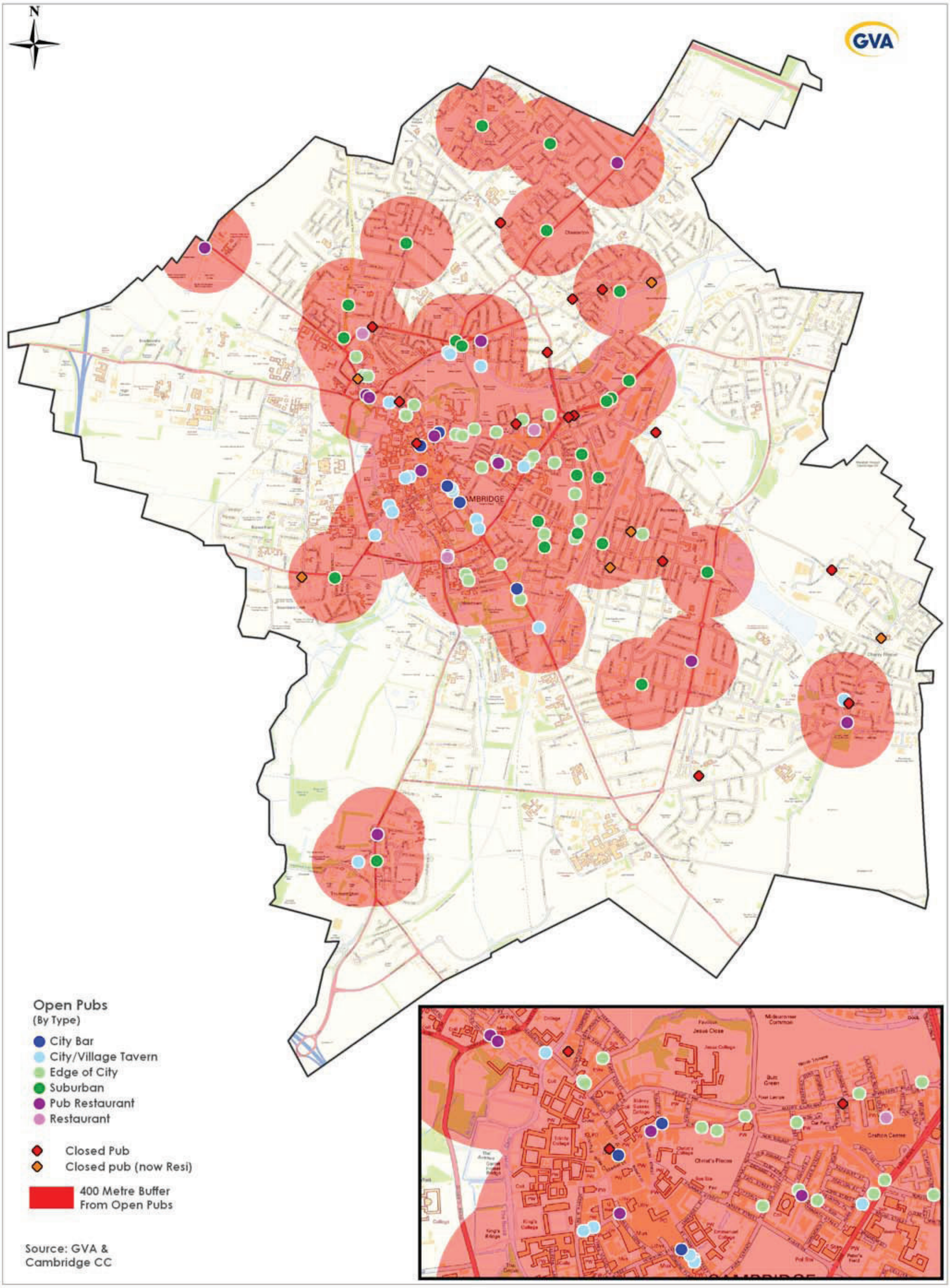
Appendix E

Current Areas of Pub Deficit


N
GVA
Open Pubs
(By Type)
City Bar
City/Village Tavern
Edge of City
Suburban
Pub Restaurant
Restaurant
Closed Pub
Closed Pub (now Resi)
400 Metre Buffer from Open & Closed Pubs
Source: GVA & Cambridge CC
Cambridge Pub Study
08449 02 03 04
gva.co.uk

Appendix F

Areas of Deficit with Closed Pubs



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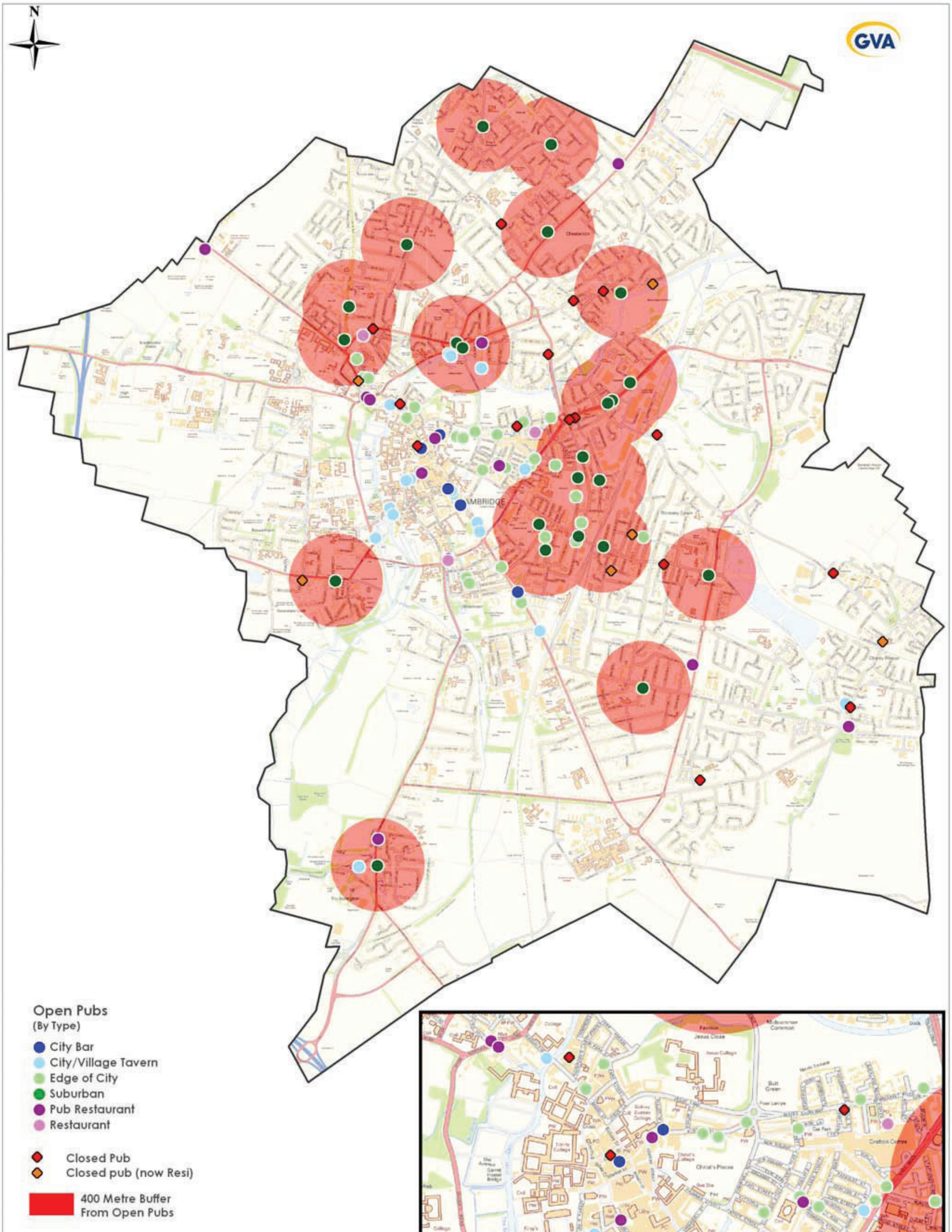
Appendix G

400m catchment for local community pubs



Cambridge Pub Study

08449 02 03 04
gva.co.uk

CAMBRIDGE
CITY COUNCIL
Planning Services

Interim Planning Policy Guidance on The Protection of Public Houses in the City of Cambridge

Public Consultation Draft

May 2012

Cambridge City Council

Contents

1. INTRODUCTION

Scope and Purpose of this Guidance

1.1 In recent years more than twenty pubs in Cambridge have been lost to alternative uses, most commonly for residential development or conversion to restaurants or have simply closed and are currently vacant. A number of factors can be cited and attributed to the decline in public houses. These include competition from supermarket discounting of alcohol, changes to people's drinking habits, a ban on smoking in public areas, pressure to realise higher value housing development and the ability of public houses to change use to restaurants without the need for planning permission.

1.2 Many public houses occupy large plots and have capacity for several dwellings to be built on site or for conversion to apartments, making them attractive residential development investments. In a declining market, some breweries and pub companies have sought to take poor performing pubs out of the pub market (providing a better market for the remaining pubs in their portfolio) and realise their alternative use value. However, some closed public houses may still be commercially viable if managed by a different pub company or under a different system (e.g. as free houses).

1.3 Public houses can play a crucial social role in supporting local community interaction and activities to help maintain sustainable neighbourhoods; an economic role in contributing to the vibrancy and vitality shopping and commercial areas; and an environmental role in their intrinsic value to the cultural and historic heritage of local areas. This is reflected by the recent National Planning Policy Framework (NPPF), which encourages a positive approach towards the delivery and "use of community facilities (such as local shops, meeting places, … public houses and places of worship) … to enhance the sustainability of communities and residential environments;" (NPPF, Para 70).

1.4 This Interim Planning Policy Guidance (IPPG) addresses the current concerns raised by local community groups to guide the protection of public houses in Cambridge. The IPPG therefore provides a supplement to the 'saved' policies in the Cambridge Local Plan (2006). The IPPG will be a material consideration in determining any planning applications for existing public houses in the City of Cambridge district.

Status of the IPPG

1.5 The plan led system would normally require a revised statutory planning policy to be prepared where a new approach to development is proposed. However, in the context of current development trends and local public concerns, the Council have agreed that the most appropriate policy approach is to develop IPPG and for this to broadly follow the same process to that of developing a Supplementary Planning Document or SPD (see section below). It is intended that the policy approach in this IPPG (and the accompanying evidence base) is incorporated into the Councils' forthcoming Local Plan Review at the earliest opportunity in order to provide a robust policy to protect public houses in the future.

1.6 This interim guidance will provide a policy framework prior to adoption of the new Local Plan to clarify the circumstances when it is acceptable for a public house to be lost to alternative uses and when it is not acceptable. The guidance will also be used to help determine planning applications relating to the loss of a current or former public house to alternative uses.

Process of Preparation

1.7 In order to give the IPPG as much weight as possible as a material consideration in the determination of planning applications, its preparation has been similar to that for an SPD. A wide and detailed evidence base has been put together. Consultants were commissioned to carry out research, produce a report ("Cambridge Public House Study" by GVA Humberts Leisure, April 2012) and draft the IPPG.

1.8 The report included: (1) an analysis of national market trends, (2) a benchmarking analysis, (3) a local market assessment including an audit of existing Cambridge City pubs (including the creation of a GIS layer), (4) a review of planning policy and decisions (including an analysis of those pubs lost to alternative uses/closure in recent years), and (5) an options appraisal of various policy approaches.

1.9 Consultation is taking place on this draft IPPG and the background report following the Development Plan Scrutiny Sub-Committee on the 12 June, at which this draft IPPG was approved for consultation purposes. The consultation process commences on the 15 June and last for 6 weeks.

1.10 The representations received will then be used to help guide the development of the IPPG and will be reported along with the final version of the IPPG to the Environment Scrutiny Committee Council Meeting on 9 October 2012.

1.11 The IPPG will become a material consideration in the determination of planning applications from that date.

2. CONTEXT

Area Covered by the IPPG

2.1 This IPPG is applicable to all land within the administrative area of Cambridge City Council.

Planning Policy Context

National

2.2 The NPPF was published on 27 March 2012 and resulted in the cancellation of the national planning policy guidance notes and statements (with the exception of certain practice guides).

2.3 The NPPF sets the achievement of sustainable development as its key focus. Sustainable development encompasses economic, social and environmental factors. Public houses contribute to and support all three of these factors and as such they have an essential role to play in the building and maintaining of a strong, responsive and competitive local economy. Without its pubs, Cambridge will not be able to attract the students, academics, young workers and tourists that its economy and future growth depend upon. Moreover, pubs help to support social and cultural well-being by providing a place for social interaction within a community. Many pubs are also integral to the physical and cultural heritage of the city. A thriving local pub sector is therefore important to achieving sustainable development.

2.4 The NPPF provides a wealth of general support for economic development, development that promotes social inclusion & cohesion and community facilities. In particular, paragraph 70 deals with community facilities and services including public houses. It recommends that planning policies and decisions should:

- *"plan positively for the provision and use of shared space, community facilities (such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship) and other local services to enhance the sustainability of communities and residential environments;*

- *guard against the unnecessary loss of valued facilities and services, particularly where this would reduce the community's ability to meet its day-to-day needs;*

- *ensure that established shops, facilities and services are able to develop and modernise in a way that is sustainable, and retained for the benefit of the community; and*

- *ensure an integrated approach to considering the location of housing, economic uses and community facilities and services."*

2.5 National planning policy advises that community facilities including public houses enhance the sustainability of local communities and should be safeguarded and retained for the benefit of the community while allowing them to develop and modernise in a sustainable way.

2.6 In addition, paragraph 28 whilst targeted at rural areas is relevant to the outlying areas of Cambridge such as Trumpington and Cherry Hinton. It states that:

"Planning policies should support economic growth in rural areas in order to create jobs and prosperity by taking a positive approach to sustainable new development. To promote a strong rural economy, local and neighbourhood plans should:

(4) promote the retention and development of local services and community facilities in villages, such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship."

2.7 With regard to maintaining flexibility to respond to changes in economic circumstances, paragraph 21 of the NPPF states that:

"Investment in business should not be over-burdened by the combined requirements of planning policy expectations. Planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing. In drawing up Local Plans, local planning authorities should: (3) support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances".

2.8 Notwithstanding the terms of the IPPG, public houses will retain a significant degree of economic flexibility with their ability to change to any of Use Classes A1, A2 or A3 without planning consent.

Local

2.9 Existing policy relating to pubs and community facilities is set out in the Cambridge Local Plan (2006) (policies saved in July 2009) - Saved Policy 6/6 (Change of Use in the City Centre), Saved Policy 6/7 (Shopping Development and Change of Use in District and Local Centre's), Saved Policy 6/10 (Food & Drink Outlets) and Saved Policy 5/11 (Community Facilities: Protection of Existing Facilities). None of the first three policies seek to prevent the redevelopment or change of use of public houses. Furthermore, Policy 5/11 relates only to traditionally defined community facilities and does not include public houses within its remit.

Need for the IPPG

2.10 At the time of writing, there are approximately 86 public houses still open and trading in Cambridge and with more than 20 public houses having disappeared in the past five years; more if those that have become restaurants are included.

2.11 The closure of public houses in recent years has become a local concern. Many have subsequently been demolished and rebuilt into residential flats or student accommodation; others have been converted into residential dwellings while retaining their existing structure. A number have changed into restaurants and have lost their appearance and usage as a public house. Some have just been closed.

2.12 Nevertheless there is still a market for public houses given the right management and sales offer. The Carlton Arms, Cambridge Blue, Devonshire Arms and Maypole are examples of some of the successful public houses in Cambridge that offer a wide range of real ales. The Old Spring, d'Arrys Cookhouse, and St John's Chop House, are examples of pubs which have increased turnover by developing as 'gastro-pubs' with a high quality food offer and many other pubs have sought to introduce a stronger food offer, with many breweries demonstrating increased like for like sales during the recession largely based on a growth in food sales. Other pubs, such as the Emperor have successfully increase sales by putting on a variety of entertainment including comedy evenings and bands/music groups playing live in the evening. Others host dance classes, quiz nights and a meeting area for local community groups. All these activities provide opportunities for social interaction and promote social cohesion.

2.13 The current adopted planning policy context for Cambridge is silent regarding the redevelopment or change of use of current or former public houses. Indeed, the only policy relating to protection of community facilities is only available for those uses within the D1 Use Class (with the exception of University Teaching Accommodation) and also for certain uses within the C2 Class (hospitals, residential schools, colleges and training centres).

2.14 The Council has thus far in their reasons for refusal and appeal statements made reference to the draft NPPF[1] and Planning Policy Statement 4 "Planning for Sustainable Economic Growth"[2]. The Council's position improved slightly with the

[1] Final version published on 27 March 2012
[2] Cancelled on 27 March 2012 due to publication of the NPPF

publication of the NPPF but there remains a clear need for local planning guidance that has been prepared with specific regard to the needs of Cambridge.

3. THE IMPORTANCE OF THE PUBLIC HOUSE

3.1 The public house is more than just a retail business. It plays an important role at the heart of many local communities, providing a hub through which social networks can be maintained and extended.

3.2 According to "Pubs and Places", 2nd Edition (IPPR, Jan 2012), pubs are important for a number of reasons, including:

- They act as hubs for the development of social networks between local people;
- They contribute to the local economy and provide jobs both directly (at the pub) and indirectly (e.g. at a brewery);
- Pubs promote community cohesion by facilitating interactions between people from different backgrounds at the local level;
- Pubs provide facilities/space for recreation and leisure activities including amongst others: pub quizzes, darts competitions, pool leagues, political discussion, meetings of local interest groups and community events;
- Pubs often promote and/or provide certain additional public services; and
- Pubs are culturally important institutions and are considered to offer certain things that are becoming rare in a society being shaped by global commercial pressures.

3.3 Recent research undertaken by CAMRA as described in a press release[3] announcing the first ever Community Pubs Month shows that pubs play an integral role throughout the lives of local communities. The research shows that just under 9 in 10 young pub going adults visit their local pub to meet friends and socialise. Furthermore, about a quarter of all currently married couples met their partner at a pub. Further research shows that over 1 in 3 adults use their pub for events such 'community events' such as weddings, christenings and funerals.

3.4 Moreover, pubs are an important part of the Cambridge economy, not just for the direct and indirect jobs they provide in the pub, supplier, food and brewing industries, but in supporting the City's main industries by attracting and providing a meeting place for the brightest students, academics, scientists and entrepreneurs, and in attracting young office workers, shoppers and tourists.

4. DEVELOPMENT MANAGEMENT PRINCIPLES

4.1 This guidance has been prepared to take account of three main principles:

a) The need to preserve the important social/community function of the public house;
b) The need to preserve the important economic function of the public house; and

[3] 02 April 2012 - http://www.camra.org.uk/article.php?group_id=5675

c) The need to allow flexibility in terms of responding to economic change.

Proposals affecting properties currently or previously used as a Class A4 public house

4.2 This section of the IPPG sets out the principles for development affecting public house sites in Cambridge. Applicants should justify their proposals for change of use/conversion/redevelopment (where planning permission is required) against the principles and criteria in this section.

4.3 Following an audit of Cambridge's pubs, these have been assessed as meeting a local suburban community need, or a broader city wide and local community need within an important cluster of related pub types, or a city/village centre economic and tourist need. These are listed in Section 5 of this IPPG.

4.4 The following criteria should be used in the assessment of the application for development proposals affecting the loss of a public house (as listed in Section 5).

4.5 Development will only be permitted where evidence has been provided to satisfy the following criteria:

(a) The pub has been marketed for 12 months as a public house free of tie and restrictive covenant and for alternative local commercial or community facility, at a price agreed with the Council following an independent professional valuation (paid for by the developer) and there has been no interest in either the free- or lease-hold either as a public house, restaurant or other use falling within the 'A' use classes or as a community facility falling with 'D1' use class; and

(b) All reasonable efforts[4] have been made to preserve the facility (including all diversification options explored – and evidence supplied to illustrate this) but it has been proven that it would not be economically viable to retain the building or site for its existing or any other 'A' or 'D1' class use; and

(c) Adequate alternative pub provision exists, or replacement provision is made available, in an equally or more accessible location within 400 metres walking distance[5] to provide one pub per 750 working age adults; and

(d) It has been otherwise demonstrated[6] that the local community no longer needs the public house or any alternative 'A' or 'D1' class use and its loss would not damage the availability of local commercial or community facilities that provide day-to-day needs in the local area.

4.6 In order to demonstrate that the site has been adequately marketed in accordance with criteria (a) the marketing exercise should be carried out in accordance with the guidance given in Annex A to this IPPG.

[4] See Annex B
[5] The Cambridge Public House Study contains a constraints map illustrating the 400 metres catchment areas
[6] See Annex C

4.7 In order to demonstrate that the operation is no longer economically financially viable in accordance with (b) the Council will expect to see full financial evidence to substantiate the claim in accordance with Annex B to this IPPG.

4.8 In order to demonstrate that there will be adequate alternative provision of commercial community facilities to serve the needs of the local population in accordance with criteria (c) and (d) the applicant will need to address the guidance in Annex C of this IPPG.

Proposals affecting other Class A uses which were previously in a Class A4 pub use

4.9 Cambridge City Council recognises that it is possible to use permitted development rights contained in the Use Classes Order to change the use of a pub to a restaurant/café (Class A3), financial or professional services office (Class A2) or retail shop (Class A1).

4.10 In the last ten or so years, 6 pubs have been lost to restaurant uses. The council considers it is important to allow the flexibility for pubs to pass in and out of pub use according to market conditions; although, no permission is required to change use from a pub to a restaurant, A2 office or shop, permission is still required to change back to a public house.

4.11 Therefore, the above criteria allow flexibility in the re-use of pubs for alternative commercial community leisure, retail and business uses falling within 'A' use classes as market circumstances dictate or as a community facility[7]. In addition, the City Council will consider applications on their merits for the reinstatement of a former public house use from an A1, A2, A3, A5, or D1 use (subject to highway and amenity considerations and normal conditions).

4.12 Any proposals to convert or redevelop a former public house (as listed in Section 5 of this IPPG) since converted to a different 'A' use to a non-A use, will still be subject to the above development management principles.

4.13 Any proposals for a former public house (not listed in Section 5) that is subject to a planning application for conversion to a non-A use will also be subject to the above development management principles where the vitality and, or vibrancy of the local neighbourhood would be adversely affected.

[7] defined under Policy 5/11 Community Facilities: Protection of Existing Facilities

5. LIST OF SAFEGUARDED PUB SITES

5.1 The following is a list of all of those existing and former public houses to which the IPPG relates.

Pub Sites providing an important Local Community Facility in Suburban Areas

Red Bull	11 Barton Road
Six Bells	11 Covent Garden
Dobblers Inn	184 Sturton Street
Earl of Beaconsfield	133 Mill Road
The Corner House	231 Newmarket Road
Green Dragon	5 Water Street
Portland Arms	129 Chesterton Road
The Tivoli	16 Chesterton Road
Robin Hood	1 Fulbourn Road
The Rock	200 Cherry Hinton Road
Milton Arms	205 Milton Road
Jenny Wren	80 Campkin Road
Carlton Arms	Carlton Way
The Med	Perne Road
Seven Stars	249 Newmarket Road
The Tally Ho	77 High Street
The Ship	Northfield Avenue
Golden Hind	355 Milton Road
Panton Arms	43 Panton Street
The Alma	26 Russell Court
The Brook	25 Brookfields
The Ranch	100 Histon Road
The Unicorn	15 High Street, Cherry Hinton
Royal Standard	292 Mill Road
Haymakers	54 High Street, Chesterton
Queen Edith	Wulfstan Way
Golden Pheasant	169 High Street, Chesterton
The Grove	Arbury Court
Rose & Crown	110 Newmarket Road
Five Bells	126 – 128 Newmarket Road

Pub Sites within edge of city clusters providing an important city wide economic and local community function

Maypole	20A Portugal Place
County Arms	43 Castle Street
The Emperor	21 Hills Road
Castle Inn	36-38 Castle Street
St Radegund	129 King Street
Baron of Beef	19 Bridge Street
Champion of the Thames	68 King Street
King Street Run	88 King Street
The Flying Pig	106 Hills Road
Osbourne Arms	108 Hills Road
Burleigh Arms	9-11 Newmarket Road
The Bakers	176 East Road
The Snug	170 East Road
The First & Last	18 Melbourne Place
The Empress	72 Thoday Street

Live & Let Live	40 Mawson Road
Sir Issac Newton	84 Castle Street
The White Swan	109 Mill Road
Hopbine	11-12 Fair Street
The Old Spring	1 Ferry Path
The Gelhart	1 Ainsworth Street
Devonshire Arms	1 Devonshire Road
Cambridge Blue	85-87 Gwydir Street
Kingston Arms	33 Kingston Street
Tram Depot	5 Dover Street
Alexandra Arms	22-24 Gwydir Street
The Punter	3 Pound Hill
The Mitre	17-18 Bridge Street
Elm Tree	Orchard Street
Salisbury Arms	76 Tenison Road
Waterman	32 Chesterton Road
The Grapes	Northfield Avenue
Panton Arms	43 Panton Street
The Alma	26 Russell Court
The Brook	25 Brookfields
The Ranch	100 Histon Road
The Free Press	7 Prospect Row
Zebra	80 Maids Causeway
Carpenters Arms	182 Victoria Road
St Johns Chophouse	21-24 Northampton Street
Meghana (former Blackamoors Head)	205 Victoria Road
Tang (former Ancient Druids)	Napier Street

City centre, riverside or village pubs and bars providing an important economic and tourist function

The Bath House	3 Benedict Street
The Mill	14 Mill Lane
Baroosh	8 Market Passage
Earl of Derby	129 Hills Road
Prince Regent	19 Regent Street
The Fountain	12 Regent Street
The Snug	67 Lensfield Road
All Bar One	36 St Andrews Street
Boathouse	14 Chesterton Road
The Cow	Corn Exchange Street
Eagle	Benedict Street
The Castle	37 St Andrews Street
The Jolly Scholar	1 King Street
The Regal	38-39 St Andrews Street
The Anchor	Silver Street
Great Northern	1-3 Station Road
Fort St George	Victoria Avenue
The Avery	69-73 Regent Street
The Granta	14 Newnham Terrace
Pickerill Inn	30 Magdalene Street
Revolution Bar	3-8 Downing Street
Slug & Lettuce	34-35 Green Street
d'Arry's Cookhouse	2-4 King Street
Japas (former Cross Keys)	9 Saxon Street
Henry's	Quayside
Old Orleans	Mill Lane
The Unicorn	22 Church Lane, Trumpington

Red Lion	20 Mill End Road
Green Man	55 High Street
Travellers Rest	Huntington Road

Pubs not included within the above and why

Penny Ferry	110 Water Street	– appeal allowed for redevelopment
Greyhound	93 Coldhams Lane	– severed from local catchment
Rosemary Branch	503 Coldhams Lane	– small local catchment
Fleur de Lys	73 Humberstone Road	– permission for redevelopment
Hat & Feathers	35 Barton Road	– redeveloped
Jubilee	73 Catharine Street	– redeveloped
Cow & Calf	Pound Hill	– redeveloped
Duke of Argyle	90 Argyle Street	– redeveloped
Five Bells	143 High Street, Cherry Hinton	– permission for redevelopment

6. GLOSSARY

District Centres - will usually comprise groups of shops often containing at least one supermarket or superstore, and a range of non-retail services, such as banks, building societies and restaurants, as well as local public facilities such as a library.

Local Centres - include a range of small shops of a local nature, serving a small catchment. Typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and laundrette.

Use Classes - The Town and Country Planning (Use Classes) Order 1987 (as amended 2005) established Use Classes, which is a system of categories of different types of uses.

Use Class A1 - Shops where the sale, display or service is to visiting members of the public (shops, hairdressers).

Use Class A2 - Financial and professional services where the services are provided principally to visiting members of the public (banks, estate agents).

Use Class A3 - Restaurants & cafés - places where the primary purpose is the sale and consumption of food and light refreshment on the premises.

Use Class A4 - Public houses, wine bars or other drinking establishments - premises where the primary purpose is the sale and consumption of alcoholic drinks on the premises.

Use Class A5 - Take-aways - premises where the primary purpose is the sale of hot food to take-away.

Use Class C2 - Hospitals, Nursing Homes or Residential Schools, Colleges or Training Centres where they provide residential accommodation and care to people in need of care (other than those within C3 Dwelling Houses).

Use Class D1 - Non-Residential Institutions - Clinics, health centres, crèches, day nurseries, day centres, schools, art galleries (other than for sale or hire), museums, libraries, halls, places of worship, church halls, law court. Non residential education and training centres.

Use Class D2 - Cinemas, music and concert halls, bingo and dance halls (but not night clubs), swimming baths, skating rinks, gymnasiums or area for indoor or outdoor sports and recreations (except for motor sports, or where firearms are used).

Sui Generis - Where uses do not fall within the four main use classes. Examples include Theatres, Nightclubs and Casinos.

NPPF – The National Planning Policy Framework (as published 27 March 2012)

7. EVIDENCE BASE & DEVELOPMENT OF IPPG

Cambridge Public House Survey & Interim Planning Policy Guidance (GVA Humberts Leisure, May 2012)

Mintel Impact of the Recession on Consumers Leisure Habits May 2010

UK Trade and Investment 21 June 2011

Zolfo Cooper Leisure Wallet Report Winter 2011/2012

Financial Times 6 February 2012

University of Warwick, Profile of Black and Minority Ethnic Groups in the UK

Oxford Economics, Beer and Pubs – Local Data (published 24th February 2012)

Office for National Statistics, 2010 mid-year working age population estimates (16 to 64 years).

Norwich City Council Draft Development Management Policies Document

Peterborough City Council adopted Core Strategy Document

London Borough of Merton Unitary Development Plan October 2003

London Borough of Merton Draft Policies and Sites Development Management Document

West Berkshire Council – Supplementary Planning Guidance "No.19 Public Houses"

Ribble Valley Borough Council – Supplementary Planning Guidance "The Retention of Public Houses in Rural Areas"

Huntingdonshire District Council – Supplementary Planning Guidance "Retention of Shops, Post Offices and Public Houses in Villages"

Mid Suffolk District Council – Supplementary Planning Guidance "Retention of Shops, Post Offices and Public Houses in Villages"

Institute for Public Policy Research "Pubs and Places" (2nd Edition), January 2012

Dft & DCLG Manual for Streets, 2007

Various Planning Appeal Decisions

8. BACKGROUND DOCUMENTS

Cambridge Local Plan, Cambridge City Council, 2006

National Planning Policy Framework, March 2012)

ANNEX A – MARKETING STATEGIES

With respect to the Policy contained within this IPPG, developers should note the following in terms of marketing a current or former public house listed in section 6:

- Details shall be provided of the company/person who carried out the marketing exercise.

- The Marketing process should last for 12 months, unless a focussed marketing strategy has been pre-agreed in writing with the local planning authority, in which case only 6 months is required.

- The asking price[8] should be pre-agreed in writing with the local planning authority following independent valuation (funded by the developer) by a professional RICS valuer with expertise in the licensed leisure sector and who is not engaged to market the property.

- The marketing exercise should be sufficiently thorough and utilise all available forms of advertising media and therefore include as a minimum:

    - A For Sale/For Rent Signboard;
    - Adverts[9] in the Local Press;
    - Adverts[9] in appropriate trade magazines/journals;
    - Adverts[9] on appropriate trade websites;
    - Adverts[9] through both national and local estate agents (including their websites); and
    - A targeted mail shot or email to an agreed list of potential purchasers.

  Copies of all sales literature (and in the case of a signboard, dated photographs) will be required.

- Both freehold and leasehold options should be made available without a 'tie' requiring the purchase of drinks through the vendor and without restrictive covenants that would otherwise prevent re-use as a public house such that other pub operators, breweries, local businesses or community groups wishing to take over the premises and trade it as a pub are not excluded.

- Copies of all details of approaches and offers should be provided together with full reasons as to why any offer has not been accepted.

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[8] The asking price(s) should be based on the valuation of the site as a trading pub without tie. Although the pub site should be marketed as a site for a pub, or alternative A and D1 class uses, it is considered unreasonable to ask for a valuation to agree a price for such a wide range of uses.
[9] Adverts should contain a similar amount of detail as a property listing in an estate agents

- As part of the community consultation exercise (refer to Annex C), the public are to be informed about the marketing strategy and allowed the opportunity to put together their own bid.

- Any attempts to sell the business at a price which reflects its current use should relate to the business in its entirety, and not to parts of it, for example the buildings without the accompanying garden or car park.

ANNEX B - VIABILITY APPRAISALS

With respect to the Policy contained within this IPPG, developers should note the following in terms of the provision of data to help the local authority determine whether the public house is no longer economically viable as a commercial community facility:

- A commercial viability study should accompany any application for redevelopment or change of use.
- As a part of this study, evidence is required in the form of at least the last three trading years of audited accounts.
- All reasonable efforts have been made to preserve the public house (including all diversification options explored) and evidence supplied to illustrate that it would not be economically viable to retain the building or site for its existing or any other 'A' use class. Examples of the initiatives or proposals that could be explored are as follows:
    - Adding a kitchen and serving food, or improving the existing food offer;
    - Making the pub, garden, food offer more 'family-friendly';
    - Providing events and entertainment such as quiz nights, amplified or non-amplified live music, comedy/cabaret nights;
    - Hiring rooms out or otherwise providing a venue for local meetings, community groups, businesses, youth groups, children's day nurseries;
    - Offering take-away food and off-licence services;
    - Provision of bed & breakfast or other guest accommodation;
    - The setting up of micro-brewery;
    - Sharing the premises with other businesses;
    - Providing a local shop in part or all of the premises; and
    - Altering opening hours.

    Note that this list is not exhaustive and not all ideas will apply to every public house.
- Details should also be provided of any changes to the public house in the period that corresponds with the trading information plus 1 year beforehand (so 4 years in total) that may have impacted on the business. For example:
    - Did the opening hours alter so that the pub opened less often or less frequently?
    - Were any facilities (e.g. kitchen, darts board, pool table etc) removed or regular events (e.g. quiz) cancelled?

- Was space for meetings redeveloped or were any local groups told they could no longer use the space?

  Note that this list is not exhaustive and the local planning authority may seek evidence through standard community consultation procedures.

- The local planning authority will require evidence that demonstrates that the public house has been operated positively i.e. that it has not been run poorly in order to smooth the way for redevelopment. Applicants should be aware that local people/customers will provide anecdotal evidence in response to neighbourhood consultations on any planning application submission.

ANNEX C - COMMUNITY CATCHMENTS AND CONSULTATION

With respect to the guidance contained within this IPPG, and for local community pubs in particular, applicants should note the following in terms of carrying out community consultation:

- A consultation exercise of all residents and businesses (in order to take account of employees who might visit the pub) within a 400m radius of the public house site shall be carried out in two stages:

    - Firstly, in advance of the marketing period as set out in the IPPG and in Annex A, the local community (residents/businesses within 400m as per above) shall be afforded the opportunity in writing to comment on the proposed marketing strategy and pre-agreed asking prices[10]. Their comments shall be forwarded to the local planning authority for the pre-agreement set out in Annex A; and

    - Secondly, at least 6 months before the planning application, residents and businesses within the 400m radius shall be notified again in writing and asked for their opinions on the loss of the existing or former public house facility. The results of this exercise shall be submitted to the local planning authority as part of the application submission.

- Developers may also carry out an assessment of the needs of the local community for community facilities to show that the existing or former public house no longer needed and that alternative provision is available in the area. This is not a requirement but submission of such additional evidence may improve the case for the application.

- The Council may also consider adding certain public houses to the Community Assets Register if the community support for their retention is significant.

[10] Criterion 3 of Annex A

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Appendix C: Draft Schedule of Consultees for the IPPG For The Protection of Public Houses in The City of Cambridge

Specific Consultation Bodies
- English Heritage
- Environment Agency
- Highways Agency
- Natural England
- Network Rail
- Cambridgeshire Primary Care Trust
- EDF Energy
- National Grid Transco
- E.On Energy
- Npower Renewables
- Scottish Power
- Scottish & Southern Electric
- British Gas
- Cambridge Water Company
- Anglian Water
- Homes and Communities Agency
- South Cambridgeshire District Council
- Cambridgeshire County Council (Highways)
- Cambridgeshire County Council (Strategic Planning)
- Comberton Parish Council
- Coton Parish Council
- Cottenham Parish Council
- Fen Ditton Parish Council
- Fulbourn Parish Council
- Girton Parish Council
- Grantchester Parish Council
- Great Shelford Parish Council
- Hauxton Parish Council
- Histon & Impington Parish Councils
- Horningsea Parish Council
- Madingley Parish Council
- Milton Parish Council
- Teversham Parish Council
- Cambridgeshire Constabulary
- Cambridge Crown Court
- Cambridge University Hospital (Addenbrookes)

Councillors
- 42 x City Councillors
- All County Councillors (City Wards)

Public House Related Organisations

- Cambridge Past, Present and Future
- CAMRA

Public House Operators / Brewers Operating in Cambridge
- Greene King plc
- Punch Taverns
- Enterprise Inns Plc
- Charles Wells Pub Company
- Mitchells & Butlers plc
- Everards Brewery Ltd
- Spirit Pub Company
- JD Wetherspoons
- Whitbread Group Plc
- McMullen & Sons Limited
- The Hertford Brewery
- Adnams plc
- Bay Restaurant Group Ltd
- Las Iguanas:
- Inventive Leisure Ltd
- The Knight Pub Company Ltd
- Milton Brewery
- The Orchid Group

Public Houses (not operated by any operator/brewer in the previous list)
- Other Public Houses:
  - The Elm
  - Cambridge Chop House
  - The St John's Chop House
  - Fleur de Lys
  - The Maypole
  - St Radegund
  - The Empress
  - Live and Let Live
  - Hopbine
  - Cambridge Blue
  - Kingston Arms;
  - d'Arry's Cookhouse
  - The Snug, (170 East Rd)
  - The Snug (67 Lensfield Rd)

Developers

- Estate Management and Building Service, University of Cambridge
- Januarys
- Savills
- Bidwells
- Carter Jonas
- Skanska UK Plc
- Countryside Properties
- Barratt Eastern Counties
- The Home Builders Federation
- Beacon Planning Ltd
- Grosvenor USS
- Liberty Property Trust
- Bovis Homes Ltd
- Home Builders Federation
- Countryside Properties
- Argyle Street Housing Cooperative
- Cheffins
- Bellway Homes
- Unex
- Artek Design House
- Barton Wilmore
- Brookgate
- Berkeley Homes
- The Howard Group of Companies
- DPP
- Chartered Institute of Architectural Technologist
- RPS

All Resident's Associations

- Accordia Community and Resident's Association (ACRA)
- Babraham Road Action Group
- Barton Close Residents' Association
- Bateman Street & Bateman Mews Residents Association
- BENERA (Bentley and Newton Road Residents' Association)
- Bishops Court Residents' Company Ltd
- Bradmore & Petersfield Residents Association
- Brooklands Avenue Area Residents' Association
- Brookside Residents Association
- Brunswick & North Kite Residents' Association
- Bulstrode Gardens Residents Association
- Cambanks Residents' Society Ltd
- Camboaters
- Castle Community Action Group
- Cherry Hinton & Rathmore Roads Residents' Association
- Cherry Hinton Residents' Association
- Christ's Pieces Residents Association
- Clerk Maxwell Road Residents' Association
- Corfe Close Residents Association (CCRA)
- Covent Garden Residents' Association
- CREW
- CRONC
- De Freville Avenue RA
- Devonshire Road Residents' Association
- East Chesterton Community Action Group
- EMRAG
- FECRA (Cambridge Federation of Residents' Associations)
- Fenners Lawn Residents Association Ltd
- Friends of Milton Road Library
- Gazeley Lane Area Residents' Association
- George Pateman Court Residents' Association
- Glisson Road/Tenison Road Area Residents' Association
- Gough Way Residents Association
- Greenlands' Residents Association
- Guest Road Residents' Association
- Hanover & Princess Court Residents' Association
- Hazelwood & Molewood Residents' Association
- Highsett Flats Resident's Association
- Highsett Houses Residents' Society
- Highsett Residents' Association
- Iceni Homes (Hundred Houses) Tenants' Association
- Jesus Green Association
- King Street Neighbourhood Association

- Kings Hedges Neighbourhood Partnership
- Lichfield & Neville Residents' Action Group
- Mill Road Community Improvements Group
- Mill Road Society
- Millington Road & Millington Lane Residents Association
- Mitchams Corner Residents' & Traders' Association
- Mulberry Close Residents Society
- NAFRA 19 Acre Field Residents' Association
- New Pinehurst Residents Association
- Newnham Croft Conservation Group
- Newtown Residents' Association
- Norfolk Terrace & Blossom Street Residents' Association
- North Newnham Residents Association
- Norwich Street Residents' Association
- Old Chesterton Residents' Association & Friends of Stourbridge Common
- Old Pinehurst Residents Association
- Orchard Close Residents Association
- Oxford Road Residents' Association
- Park Resident's Association (PRSA)
- Petersfield Area Community Trust (PACT)
- Pinehurst South Resident's Association
- Protect Union Lane Group
- Ravensworth Gardens Residents Association Limited
- Richmond Road Residents' Association
- Riverside Area Residents Association
- Romsey Action
- RTLG Residents Technical Liaison Group
- Rustat Neighbourhood Association
- Sandy Lane Residents' Association
- Shelly Gardens Leaseholder's Association
- SOLACHRA
- St Mark's Court Residents Association
- St Matthews Gardens Residents Association
- Storeys Way Residents' Association
- Tavistock Road & Stratfield Close Residents' Association
- The Eights Marina Management Board c/o Mr J Wager
- The Linchpin Project
- Three Trees Residents' Association
- Trumpington Residents Association
- University of the Third Age & Mill Road Society
- Victoria Park Residents Working Group
- VIE Residents' Association
- West Cambridge Preservation Society
- Windsor Road Residents Association (WIRE)
- York Street Residents' Action Group

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Cambridge City Council **Item**

To:	Executive Councillor for Planning and Sustainable Transport
Report by:	Head of Planning Services
Relevant scrutiny committee:	Development Plan Scrutiny Sub Committee 12/06/2012
Wards affected:	All Wards

Cambridge and South Cambridgeshire Employment Land Review – Update – Initial Findings

Non Key Decision

1.0 Executive Summary

1.1 In January 2012 the Cambridge City Council and South Cambridgeshire District Council commissioned an update to the Councils' Employment Land Review. The aims of the report were to:

- Utilise updated labour supply and demand forecasts based on demographic and regional econometric projections. Identify employment sector growth estimates based on the available scenarios.
- Apply the Employment Land Review methodology to estimate land supply requirements by use class and different geographical property markets of the available scenarios.
- Identify and consider current information on vacancy rates of sites and buildings (including the impact of public sector cuts).
- Consider the impact of the loss of the planned major development at Cambridge East and the potential for employment provision North of Newmarket Road.
- Compare current information on available land supply with forecast demand anticipated with the modelling scenarios.
- Update assessments of employment sites within Cambridge and close to Cambridge and comment on their continued use and potential protection from other uses.

1.2 The Employment Land Review provides an evidence base for developing policies and allocating sites in the review of the Local Plan and will also be a material consideration in the determination of planning applications.

1.3 A summary of the findings from the Update to the Employment Land Review is attached as part of the main report at appendix A.

2.0 Recommendations

2.1 This report is being submitted to the Development Plan Scrutiny Sub-Committee for prior consideration and comment before decision by the Executive Councillor for Planning and Sustainable Transport.

2.2 The Executive Councillor is recommended:

a) To consider the summary of findings from the Employment Land Review 2012.

b) To note that the final Employment Land Review will be brought before Development Plan Scrutiny Sub-Committee for agreement at a future date.

3.0 Background

3.1 Cambridge has bucked the trend and performed well in the recent economic downturn. The Cities Outlook 2012, produced by Centre for Cities, names Cambridge as one of the few cities in the country that have seen relatively small increases in people claiming Job Seekers Allowance since 2008. This report also identifies Cambridge as "standing out" when it comes to innovation, with more patents per 100,000 residents than the next six cities combined. Cambridge has the highest proportion of higher skilled workers, and the lowest percentage with no qualifications. Cambridge also ranks amongst the ten cities with the lowest inequalities within the county.

The Current Local Plan

3.2 Chapter 7 in the Local Plan (www.cambridge.gov.uk/planning) deals with working and studying in Cambridge. The Local Plan objectives relating to employment growth are:

- to promote economic growth in sustainable and accessible locations;
- to promote the growth of and linkages between employment clusters such as high technology/biotechnology/ICT/higher education;
- to recognise innovation and enable Cambridge's role as a world leader in higher education, research and knowledge based industries;
- to implement the selective management of the economy;
- to protect the best industrial and storage areas and provide a range of new employment land; and
- to maintain and enhance the diversity of jobs available in the City.

3.3 The Local Plan policies relating to employment growth aim to:

- provide an adequate supply of employment land to meet future needs: through a number of strategic and small scale allocations of land (Policy 7/1, Employment Provision);
- balance the growth of the economy with the protection of the environment: by ensuring the limited supply of land is reserved for development that can demonstrate a clear need to be located in the area to serve a local requirement or contribute to the success of the sub-region as a centre for high technology and research (Policy 7/2, Selective Management of the Economy);
- maintain a diverse range of employment opportunities and a full range of services in Cambridge in the face of a limited land supply and pressure to change to more high value uses: by protecting change of use from industrial uses, on specific sites and throughout the City (Policy 7/3, Protection of Industrial and Storage Space); and
- promote development that supports the continued success of 'the Cambridge Phenomenon': by encouraging development that fosters innovation and helps reinforce the existing high technology and research clusters of Cambridge (Policy 7/4, Promotion of Cluster Development).

Study Background

3.4 In 2007 an Employment Land Review was produced with South Cambridgeshire to provide evidence for the Local Plan review. This looked at the employment land requirements to 2026 in both districts. It concluded that there were 139 hectares of unconstrained land available for employment development in 2007, and that this may be insufficient to accommodate the indicative target for net growth in jobs.

3.5 A generous supply of land existed for high technology research and development uses in South Cambridgeshire. Within the City, losses of employment land have occurred over the last 10 years, especially within manufacturing land. The Review identified a short-term undersupply of industrial land, and a medium-term undersupply of office space in the city. Furthermore, much of the supply of employment land it identified was not in Cambridge, but in South Cambridgeshire, often away from the city.

3.6 A review of the Employment Land Review was required in order to update it to the changed national and policy situation since 2007.

The Cambridge Cluster at 50 Study

3.7 In 2011 a study was published that looked at the state of the Cambridge Cluster fifty years after its formation: The Cambridge

Cluster at 50. A report was brought before this committee in June 2011, http://www.cambridge.gov.uk/democracy/ieListDocuments.aspx?CId=184&MId=670&Ver=4 looking at the findings of this study. These are relevant to the Employment Land Review update and can be read at the above link.

3.8 Some key recommendations from this study are set out below:

- There is a need to recognise that "doing business" – particularly within and between emerging high tech businesses – is as much a social process as it is a narrowly economic one; for this reason, designing and delivering new developments with social spaces, shared across the site and not just within individual buildings will be important to foster ideas and innovation;
- There is an urgent need to improve connectivity between Cambridge railway station, the city centre and the principal employment sites (Cambridge Science Park, West Cambridge and Addenbrooke's hospital site), acknowledging the strong demand for easy access to both the city centre and London. A key element of this should be the development of a new station at Chesterton which also links into the Cambridgeshire Guided Busway. A regular and direct shuttle-bus between West Cambridge and other main high-tech locations, combined with greater efforts to support social interaction, could do much to improve connectivity and change perceptions. This would take some pressure off the city centre as a location for firms needing excellent access to London, and it would help integrate the Guided Bus and rail network, enhancing the value of both. The Cambridge Area Transport Strategy (CATS) will be a key process and strategy for considering these issues; and
- There is a need to develop an holistic strategy and masterplan for the central area which reflects and responds to the constantly increasing demands that the growing city-region places on a city centre whose quality is of paramount importance; and also to the changing nature of "doing business" in the 21st Century. This should be a comprehensive and long-term strategy and masterplan for the central area (including the area – north to south – between Castle Hill and Cambridge Leisure Park, and – west to east – from the Backs to the Cambridge Retail Park). The approach should be defined in relation to a series of "melting pots" such as those between scientific disciplines, different professions, and the interface between work and leisure. The city, including the city centre, needs to be a place where HQ functions are welcomed, at the same time the intrinsic physical character and assets of Cambridge city centre need to be recognised and conserved and enhanced.

3.9 Linked to these recommendations was an agenda for action. Those actions which the Council will have a direct role in through the planning process, are set out below:

Employment

- Plan in facilities and focal points for social interaction for all new developments – e.g. North West Cambridge;
- Stop the net loss of manufacturing land, and remove the cap on the scale of high value manufacturing facilities that can be developed – other planning considerations can be used to prevent intrusive activities;
- Remove the constraint on HQ functions setting up in Cambridge, whether these are the HQs of local firms or inward investments;
- Allow the development of more open B1 space, in and around Cambridge, whilst maintaining the restrictions on science parks to R&D uses (B1(b));
- Ensure business space in and around the city is planned to incorporate social and small scale retail facilities, to provide a much better social milieu for the workforce;

Housing

- Continue to support the development of an appropriate quantity and mix of housing to meet the demands of the business community. Forward funding of infrastructure through Tax increment Financing (TIF) or similar schemes is a key element of this;
- Review affordable housing policies and targets in light of reduced social housing grant, to ensure that as far as possible sufficient affordable housing of all types is provided;
- Monitor and if necessary review development requirements concerning development densities and the proportion of affordable housing to ensure these do not have unintended consequences for quality;

Transport – The Cambridgeshire County Council as the Highways Authority will lead on transport issues, however the City Council will work with the County to assist where appropriate. This is particularly important in the context of the review of the Local Plan and the need for a clear transport strategy for Cambridge.

- Ensure the Cambridgeshire Guided Busway is fully operational as soon as possible, and that it provides a fast and reliable service – including through the city where it will use public roads;
- Lobby for rapid implementation of affordable improvements to the A14;

- Lobby for continued improvements of the rail links to London – whether or not high speed rail remains a possibility. These should include a station at Chesterton, an island platform at Cambridge station, and other measures to increase capacity and improve reliability and quality;
- There is a need for creative and bold thinking to address the congestion issues in Cambridge from public and private sectors in partnership. This includes a review of private commuter parking in the city;
- Support a frequent shuttle bus service and high quality cycling routes to complement the Cambridgeshire guided Busway, in order to provide fast, frequent and convenient links between the major employment sites within the city – the northern fringe, city centre, Addenbrooke's and West Cambridge;

Language Schools / Tutorial Colleges

- Review policies towards educational establishments to reflect better their contribution to the economy (language schools, private schools and colleges);

City Centre

- Develop a vision of the future of the city centre, and a plan for its implementation, to ensure the central area can accommodate a sustained and substantial increase in people and businesses using its facilities without damaging the quality and attractions of the place;
- A strategy and masterplan for the whole of the city centre is needed, which addresses the conflicts between the need to increase the capacity of the centre to accommodate growth of office, retail and leisure uses to serve a growing city region, and the constraints on expansion of the centre, many of which give the place its essential qualities;

Public Realm

- Prioritise funding for public realm improvements and management measures where they are considered essential to maintain the economic vibrancy of the central areas of Cambridge and the market towns; and

Conference Centre

- Assess demand for a conference facility in the 300-500 delegate range, and if proven, identify and reserve an appropriate site.

3.10 Many of these issues have been picked up in the Council's Issues and Options Report that is being consulted upon this summer.

Employment Land Review Update: Summary Findings

3.11 A summary of the initial findings from the Employment Land Review is attached as part of the main report at appendix A. The conclusions are based on a number of assumptions around forecasts of future jobs and employment density requirements, exact figures should be viewed circumspectly but the more general conclusions can be seen with more confidence. It should be noted that at the time of writing this report the consultants are still finishing off the document and so, some figures and findings may be subject to change.

3.12 There is a close functional relationship between the City of Cambridge and surrounding South Cambridgeshire, which provides part of the setting to Cambridge, a rural hinterland to the City and includes a number of significant business parks that contribute to the Cambridge economy. The tightly drawn administrative boundary around Cambridge means that some jobs in the Cambridge Science Park are incorrectly assigned to Cambridge rather than South Cambridgeshire. This should be born in mind when considering the detailed figures, and emphasise the need to consider jobs provision in the Cambridge area in a joined up manner with South Cambridgeshire. The Employment Land Review Update attempts to do this.

3.13 The aim of the Update to the Employment Land Review is to look at demand for and supply of employment land in Cambridge and South Cambridgeshire and make a number of recommendations based on these findings. The Update also specifically looks at the policy of Selective Management of the Economy in the context of the demand / supply findings as well as the findings of the Cluster Study.

3.14 Some of the high level conclusions from the Employment Land Review Update are set out below:

- The Update observed ample supply of employment land across Cambridge and South Cambridgeshire across most use classes, *other than* with regard to the provision of office space in prime, city-centre, locations. However it also noted that the redevelopment of employment sites for employment uses often appears to be unviable and that as a result, a good number of sites are being lost, principally to housing.
- There will be considerable pressure for B1a space in the city, and particularly in the city centre (including near Cambridge Station), where there is no more land. The only way around this is to intensify existing uses; allocating more land in peripheral locations will not help core dynamic growth for the high tech cluster. There is, therefore, a need to look systematically at the potential for intensification of use in the city centre in order to create, over time, more office space.

- There is also a need to focus on bringing forward the land that is allocated (e.g. Northstowe), which is probably sufficient for the foreseeable future. The higher employment densities and lower jobs growth projections mean that there is no immediate imperative to compensate for the loss of new employment land at Cambridge East.
- It will be important to ensure that there is sufficient land for manufacturing in the area. Where possible, existing manufacturing sites within and close to Cambridge should be protected from loss to housing or retail, but equally it is important to recognise that market factors dictate that this will not be possible in all cases. Therefore alternative provision is necessary, including at Northstowe and other places not previously considered, e.g. Cambridge Research Park. The increasing importance of hybrid buildings, which enable flexibility of use, needs to be recognised in the way in which sites are designated for different uses.
- Regarding Alconbury's designation as an Enterprise Zone (EZ), the market view currently is that (i) the EZ designation is not a particularly important incentive to firms, and (ii) initially, at least, firms will be reluctant to go there because it is isolated. This view may change over time, but even in the longer term it is likely to become attractive only relative to the periphery of South Cambridgeshire, not the area close to the city.
- It will be important to reappraise the role and potential of sites on the edge of Cambridge. As it stands, Cambridge East is ruled out while West Cambridge is under the University's control and will be developed, but gradually. To the north there is scope for intensification on Cambridge Science Park and / or finding a way to use Chesterton Sidings and / or the sewage works for high density employment uses.

3.15 Initial thoughts on Selective Management of the Economy within the Employment Land Review Update are set out below:
- National policy is more supportive of manufacturing now. It is particularly desirable to support the local development of high value manufacturing related to R&D activities.
- The maximum of 1,850m^2 for new industrial units is arbitrary and too low; it prevents new manufacturing related to the high tech sector locating to the area.
- Demand for office space in the central area is very different from demand for offices outside the centre of Cambridge.
- Local user restrictions on offices over 300m^2 should only apply to the area within the inner boundary of the Cambridge Green Belt, and they should exclude the national and international headquarters of high technology firms.

- More permissions should be granted for B1a space and higher plot ratios should be allowed in the central area (except the most environmentally sensitive areas) and northern fringe – which are accessible by public transport.

Issues and Options Consultation

3.16 Members are asked to consider the initial findings of the Employment Land Review Update in the context of the upcoming consultation on the Issues and Options Report.

3.17 The Council has agreed to consult on the Issues and Options stage of the review of the Local Plan between 15th June and 27th July 2012. The Issues and Options stage is about considering the types of issues that the city will face over the next two decades, and thinking about the policies and policy options that will need to be put in place to address those challenges.

3.18 Among the matters being considered are the number of jobs that the City should plan for to 2031, and what policies governing the use of employment land should be carried forward. Officers have been working with the consultants producing the Employment Land Review and have incorporated initial findings into the Issues and Options Report. Options considering the future of Selective Management of the Economy, how to protect manufacturing land and whether to consider protecting offices from change of use are included in the Issues and Options Report. This will ensure that as well as considering how to support the high tech cluster; consideration is given to meeting the needs of employment for all.

4.0 Next Steps

4.1 The Employment Land Review Update findings will be important in developing the new Local Plan. There are a number of key policy challenges raised in the report and it will be important to consider these and draft policies to deal with them through the review of the Local Plan.

4.2 The final Employment Land Review will be brought to Development Plan Scrutiny Sub-Committee in due course.

4.3 The issues raised in the Employment Land Review Update will not be viewed in isolation and issues raised in other pieces of evidence base will need to be weighed up as well.

5.0 Implications

Financial/Procurement

5.1 There are no direct financial implications arising from this report.

Staffing

5.2 There are no direct staffing implications arising from this report. The review of the Local Plan is already included in existing work plans.

Equal Opportunities

5.3 There are no direct equal opportunities arising from this report. An Equalities Impact Assessment will be undertaken as part of preparing a new development plan for Cambridge.

Environmental

5.4 There are no direct environmental implications arising from this report. The new Development Plan for Cambridge will assist in the delivery of high quality and sustainable new developments along with protecting and enhancing the built and natural environments in the City.

Community Safety

5.5 There are no direct community safety implications arising from this report.

6.0 Background papers

6.1 These background papers were used in the preparation of this report:

- Cambridge Cluster at 50: The Cambridge economy: retrospect and prospect;
- The National Planning Policy Framework;
- Cambridge & South Cambridgeshire Employment Land Review 2008;
- Cities Outlook 2012;
- Cambridge Local Plan 2006.

7.0 Appendices

- Appendix A: Employment Land Review (ELR) Update 2012 – Initial Findings Summary

- Appendix B: Cambridge Local Plan Extract: Policy 7/2 Selective Management of the Economy

8.0 Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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Appendix A: Employment Land Review (ELR) Update 2012 – Initial Findings

Projected Demand for Employment Space and Employment Land

The ELR 2012 has taken the Cambridge Econometrics (CE) baseline and policy-led forecasts of job growth in Cambridge and South Cambridgeshire and translated them into land requirements. Of note is that both jobs forecasts for Cambridge are significantly higher than jobs growth in the City over the last 10 years. Much of the forecast job growth in the two districts is in professional services (including R&D), computing services, health and social work and "other" business services.

	Cambridge baseline forecast	Cambridge policy-led forecast	South Cambridgeshire baseline forecast	South Cambridgeshire policy-led forecast
Jobs growth 2011-31	14,740	19,600	22,350	23,110
Of which in B use classes	5,700 (39%)	7,000 (36%)	11,800 (53%)	12,000 (52%)
Of which in B1a offices	3,800	5,000	8,100	8,200
Of which in B1b R&D	1,600	1,600	4,100	4,100
Of which in B1c/B2 industrial	0	0	-700	-700
Of which in B8 warehouses	300	400	300	300

The direction of travel in the guidance used to get to land requirements is towards higher densities, with less space provided for each worker. This is due to increased homeworking.

	Cambridge baseline forecast	Cambridge policy-led forecast	South Cambridgeshire baseline forecast	South Cambridgeshire policy-led forecast
Office floorspace demand	45,000m^2	59,000m^2	98,000m^2	100,000m^2
R&D floorspace demand	19,000m^2	20,000m^2	50,000m^2	50,000m^2
Industrial floorspace demand	700m^2	1,500m^2	-27,000m^2	-27,000m^2

Warehouse floorspace demand	18,000m^2	21,000m^2	18,000m^2	19,000m^2
Total floorspace demand	83,000m^2	101,000m^2	139,000m^2	143,000m^2
Office and R&D “city” land demand	9.4 ha	11.5 ha	-	-
Office and R&D “out of city” land demand	-	-	45.2 ha	45.9 ha
Industrial land demand	0.2 ha	0.4 ha	-6.4 ha	-6.4 ha
Warehouse land demand	3.6 ha	4.3 ha	3.6 ha	3.8 ha
Total Land demand	13.1 ha	16.2 ha	42.4 ha	43.3 ha

The ELR equates projected growth in Cambridge with “city” offices / R&D, and that in South Cambridgeshire with “out of centre” (see rows 6 & 7 of the above table). These have differing land requirements, with “city” being built at a higher density. In practice, some of the demand within Cambridge will relate to “out of centre” provision and hence the employment land requirements will be somewhat higher than shown in the table.

The demand for employment land in the ELR update 2012 is roughly half that identified in the ELR 2008. This is largely due to changes in the density assumptions.

Changes with regard to the supply of employment land and premises
The ELR identifies that at the present time, development, investment and occupier interest has contracted into the most popular locations: Central Cambridge (particularly the Hills Road / Station Road area, including CB1) and the northern fringe (around Cambridge Science Park, Cambridge Business Park and St John’s Innovation Centre).

Currently, the rest of the northern and western fringe of Cambridge is less popular (e.g. Vision Park, Histon). West Cambridge was not sufficiently attractive to retain Microsoft, and the whole of the West and North West Cambridge sites will develop according to the University’s timescale. Elsewhere, there is almost no land or premises availability on the eastern or southern fringes except on the Cambridge Biomedical Campus (which is highly specialised and restricted).

Outside Cambridge, viability issues are constraining new development.

Over the past two decades, office and R&D completions have totalled in excess of 368,000m^2, or an average of 18,400m^2 per annum. In the early 2000s completions averaged 31,740m^2 per annum, after 2007 they only averaged 9,200m^2 per annum.

Due to ongoing economic concerns, it is difficult to see take up over the coming period to quickly return to the rates achieved in the early 2000s.

On the face of it there is currently a good development pipeline, see table below showing projects under construction or with planning permission and it is envisioned that development will occur in the short term.

Location	Grade A offices	R&D space	Total
Prime city centre	19,206m^2	-	19,206m^2
Northern Fringe	-	19,228m^2	19,228m^2
Wider area – business parks	66,460m^2	60,352m^2	126,812m^2
Wider area – other	3,825m^2	844m^2	4,670m^2
Addenbrooke's	-	147,200m^2	147,200m^2
Total	89,493m^2	227,624m^2	317,117m^2

Based on the long term (20 year) average take-up rate, there is in total enough office and R&D space in the pipeline to last 17 years, however there are some nuances to be explored:

- 72% of the pipeline comprises R&D space; and the Biomedical campus accounts for two thirds of the R&D pipeline and 46% of the total office and R&D pipeline in the area. This is highly constrained in terms of acceptable uses, and there is no speculative development.
- The city centre and northern fringe, the two most popular areas with firms, each account for 6% of the total pipeline.
- Most of the office space in the pipeline is located in Cambourne, and most of the R&D space (excluding the Biomedical Campus, is at Cambridge Research Park and Granta Park. Take-up at both Cambourne and Cambridge Research Park have been slow.

The information based on locational preferences and the viability of development in different locations suggests that at least for the next ten years, issues concerning the quality and choice of sites and premises are likely to be more important to firms than the overall quantity of space. End user demand is narrowly focussed on the city centre and core northern fringe and relatively weak elsewhere.

Within the centre of Cambridge, particularly within walking distance of the station and the Guided Busway, occupiers are becoming more accepting limited parking provision. This will give confidence to developers looking to redevelop central sites and intensify the density of development. Outside the central areas, parking remains an issue.

The bicycle culture often results in firms refusing to move outside the city boundary for fear of losing staff.

There is very little availability of office space in the prime city centre location of Hills Road / Station road. In the wider area (e.g. Castle Hill, Westbrook Centre, Clifton Road etc), three-quarters of the vacant space is in secondary offices. In total the central area accounts for less than a quarter of the total vacant office and R&D space in the area.

The northern fringe accounts for just over a quarter of total vacancies, half of which is R&D space on Cambridge Science Park and St john-s innovation Park.

Nearly half the grade A office space in the Cambridge area is located on business parks in South Cambridgeshire, mainly at Cambourne. Similarly, nearly 40% of the vacant R&D space is on science parks in South Cambridgeshire.

The loss of potential new employment land on Cambridge Airport may not be detrimental to the supply of new employment land in the area due to the lower rates of commercial activity. However in the longer term there may be significant implications of the loss of this quality of land on the edge of Cambridge.

Re-enforcing the safeguarding policy for employment land will not necessarily better protect employment land. Many city employment sites are either in fragmented ownership or housing older buildings which are unviable for redevelopment with a comparable (albeit new) product. In many cases the costs of clearance, remediation and improved infrastructure, has made it impossible to fund redevelopment unless it is for a higher value activity.

A key issue appears to be the quality and location of existing provision rather than the overall quantity of available land.

Planning employment provision for the economy of the Cambridge area, 2011-31

The above findings observed ample supply of employment land across Cambridge and South Cambridgeshire across most use classes, *other than* with regard to the provision of office space in prime, city-centre, locations. However it also noted that the redevelopment of employment sites for employment uses often appears to be unviable and that as a result, a good number of sites are being lost, principally to housing.

The below table, comparing demand with supply, confirms the findings linked to possible under-provision in relation to offices but reasonable provision overall. However it provides no real evidence in relation to the future supply of industrial and warehouse uses.

	B1a	B1b	B1c/B2	B8	Total
Demand: CE baseline	144,000m^2	69,000m^2	-26,000m^2	36,000m^2	222,000m^2
Demand: CE policy-led	160,000m^2	170,000m^2	-25,000m^2	41,000m^2	244,000m^2
Supply – currently available	45,200m^2	26,200m^2	N/a	N/a	71,400m^2
Supply – pipeline	89,500m^2	227,600m^2	N/a	N/a	317,100m^2

The ELR derived four long term imperatives in relation to the dynamism of the Cambridge area's spatial economy:

- *Recognise the importance – but also the challenges – of manufacturing provision*: Manufacturing's importance to the long term vibrancy of the Cambridge economy is growing. Rising shipping costs, reliability of supply and increased bespoke manufacturing are clear signs of increased demand for more manufacturing in the UK. Yet manufacturing sites are being increasingly lost to housing, due to expensive redevelopment costs and low land values associated with manufacturing. This is a clear market failure and policy should respond. The increased incidence of hybrid (multi-purpose) buildings is important: potentially, this could provide the basis for an evolving approach to 21st century provision.
- *Recognise the far higher incidence of home working:* The number of homeworkers has increased significantly over recent years, particularly among professionals. Working from home is much easier, more accepted and increasingly necessary (as offices have less floorspace per worker). For standard offices, average employment densities appear to have increased by 50% in six years, and this trend seems set to continue. This has implications for the supply of land required to meet demand.
- *Acknowledge the increasingly social character of work* <u>*and*</u> *the crucial importance of access to London, and the significance of both vis-à-vis the city centre:* The premium attached to a city centre location is growing, partly to facilitate social interaction and partly because of the need for good access to London. The London economy has been buoyant throughout the recent recession; many firms in Cambridge crave good London connectivity and are willing to pay a premium for it. Occupiers near the station are increasingly accepting of the need for intensification and associated loss of parking, the acceptability of intensification is crucial to enable more of the demand for central office space to be met. Intensification of the popular northern fringe area, especially once Chesterton Station is complete, should also be possible.
- *Acknowledge that the University of Cambridge will continue to shape the Cambridge economy profoundly, through long term investment:* The University will have a major influence on the spatial economy, directly and indirectly, over the period 2011-31. West Cambridge will develop and emerge as a real hub in its own right for a global University whose

economic reach is growing. It will be important that other employment provision and infrastructure is planned with the timescales of the university in view.

The ELR makes a number of high level conclusions and recommendations:

- There will be considerable pressure for B1a space in the city, and particularly in the city centre, where there is no more land. The only way around this is to intensify existing uses; allocating more land in peripheral locations will not help core dynamic growth for the high tech cluster. There is, therefore, a need to look systematically at the potential for intensification of use in the city centre in order to create, over time, more office space.
- There is also a need to focus on bringing forward the land that is allocated (e.g. Northstowe), which is probably sufficient for the foreseeable future. The higher employment densities and lower jobs growth projections mean that there is no immediate imperative to compensate for the loss of new employment land at Cambridge East.
- It will be important to ensure that there is sufficient land for manufacturing in the area. Where possible, existing manufacturing sites within and close to Cambridge should be protected from loss to housing or retail, but equally it is important to recognise that market factors dictate that this will not be possible in all cases. Therefore alternative provision is necessary, including at Northstowe and other places not previously considered, e.g. Cambridge Research Park. The increasing importance of hybrid buildings which enable flexibility of use needs to be recognised in the way in which sites are designated for different uses.
- Regarding Alconbury's designation as an Enterprise Zone (EZ), the market view currently is that (i) the EZ designation is not a particularly important incentive to firms, and (ii) initially, at least, firms will be reluctant to go there because it is isolated. This view may change over time, but even in the longer term it is likely to become attractive only relative to the periphery of South Cambridgeshire, not the area close to the city.
- It will be important to reappraise the role and potential of sites on the edge of Cambridge. As it stands, Cambridge East is ruled out while West Cambridge is under the university's control and will be developed, but gradually. To the north there is scope for intensification on Cambridge Science Park and / or finding a way to use Chesterton Sidings and / or the sewage works for high density employment uses.

Review of Selective Management of Employment Policies

The ELR is also looking at the policy of selective management of the economy to see how this is working and if it should be reviewed. Currently the policy reserves employment for those firms that support the high tech Cambridge economy or provide a local service. This is to ensure that Cambridge's restricted land supply is reserved for those firms that best support the Cambridge high tech cluster. These firms, if they did not locate here would be likely to go overseas.

Initial thoughts within the ELR are:

- National policy is more supportive of manufacturing now. It is particularly desirable to support the local development of high value manufacturing related to R&D activities.
- The maximum of 1,850m^2 for new industrial units is arbitrary and too low; it prevents new manufacturing related to the high tech sector locating to the area.
- Demand for office space in the central area is very different from demand for offices outside the centre of Cambridge.
- Local user restrictions on offices over 300m^2 should only apply to the area within the inner boundary of the Cambridge Green Belt, and they should exclude the national and international headquarters of high technology firms.
- More permissions should be granted for B1a space and higher plot ratios should be allowed in the central area (except the most environmentally sensitive areas) and northern fringe – which are accessible by public transport.

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Appendix B: Cambridge Local Plan Extract: Policy 7/2 Selective Management of the Economy

7/2 Selective Management of the Economy

Employment development proposals, including changes of use, will only be permitted if it can be demonstrated that they fall into one or more of the following categories:
a - the provision of office or other development within Use Class B1(a) providing an essential service[1] for Cambridge as a local or Sub-regional centre or exceptionally where there is a proven need for a regional function;
b - high technology and related industries and services within Use Class B1(b) concerned primarily with commercial research and development[2], which can show a special need to be located close to the Universities or other established research facilities or associated services in the Cambridge Area[3];or
c - other industries within Use Classes B1(c), B2 and B8 on a limited scale[4] which would contribute to a greater range of local employment opportunities, especially where this takes advantage of, or contributes to the development of, particular locally based skills and expertise; or
d - D1 educational uses and associated sui generis research establishments and academic research institutes[5] that would accord with the provisions of Policy 7/4 where it is in the national interest or there is clear supporting evidence of the need for a Cambridge location.

This policy does not apply to development by established bodies[6] for their own occupation and use.

[1]Essential service is defined as a local or Sub-regional service or administrative facility for Cambridge or part of the Sub-region. This might include banking, finance, insurance, management and business services, property services, legal and accounting services, education, housing and recruitment services, medical, other professional and scientific services, patent agents, and specialist component assembly. It might also include social firms[7] that provide employment and support to members of the community at a disadvantage in the labour market.
[2]High Technology and Research and Development (see Glossary).
[3]The Cambridge Area is taken for the purposes of this policy to mean the Cambridge City and South Cambridgeshire District Councils' administrative areas.
[4]Limited scale will be taken to mean 1,850 square metres or below.
[5]Research Institutes are taken to mean sui generis uses affiliated with the Universities, the Medical Research Council or Addenbrooke's Hospital, where there is a need for regular day-to-day contact or sharing of materials, staff and equipment. (See Glossary)
[6]Established is taken to mean five years or more in Cambridge in its current lawful use.
[7] A social firm is a business with social and community objectives, created for the employment and support of people at a disadvantage in the labour market. Profits are re-invested into achieving the firm's social objectives.

7.11 Development pressures in and around Cambridge are intense and yet the availability of land is limited. There is a need to balance the growth of the economy with the protection of the environment. To this end, over many years the local authorities in the area have operated a policy of the selective management of the economy. Both Regional Planning Guidance (RPG6, Policy 26) and the Cambridgeshire and Peterborough Structure Plan (Policy P9/7) recognise the continuing role of this planning policy, discriminating in favour of uses that have an essential need for a Cambridge location, such as for higher education, related to the development needs of the research and technology based clusters, or providing services to the local population. This policy is therefore intended to guide the type of employment development in the City.

7.12 Employment land in and close to Cambridge will be reserved for development that can demonstrate a clear need to be located in the area in order to serve local requirements or contribute to the continuing success of the Sub-region as a centre for high technology and research.

7.13 This will include commercial high technology research and development uses, further and higher educational uses within Use Class D1, and associated sui generis research institutes. These need close links with University departments and other research organisations in the area. Development under this policy will be regulated by way of a condition, or a planning obligation, to restrict the future occupation and use of the premises for the purposes proposed.

7.14 The policy seeks to restrict office development to businesses or organisations that provide a local or Sub-regional function. Exceptionally office style employment serving a regional function may be located within the City, in recognition of the growing role of Cambridge as a centre for the East of England Region. This would, for example, include regional government and other government agencies and public bodies. However, applicants for regional office development will need to demonstrate a proven need for a regional function and a Cambridge location. Each case would be considered on its merits. It would not however be desirable for general office development, such as national headquarter offices, call centres or similar, to develop in Cambridge exacerbating labour shortages and long distance commuting.

7.15 Large-scale mass production and regional warehousing and storage within Use Classes B1(c), B2 or B8 are not appropriate uses within Cambridge because of their likely large land take and labour force demands adding pressure for housing. However, small-scale developments of 1,850 square metres or below may serve to widen the range of jobs available locally, especially where there is a predominance of high technology jobs, and so serve to redress the current imbalance and diversify the economy.

7.16 The occupation of developments will be controlled by legal agreement.

7.17 Whilst the selective management of the economy is an important aspect of planning policy within the City, it is recognised that there are some long established firms within the City who, whilst not meeting the other criteria of this policy, nevertheless make a very important contribution to the economy of the City and its Sub-region. The growth and expansion of such firms is supported provided development is for their own use, and the scale is compatible with other aims of the Plan. Firms are encouraged to look beyond the Cambridge Sub-region or in the market towns or at the strategic employment location at Alconbury Airfield for larger scale expansion.

7.18 The Plan also recognises the role of social firms, whose community benefit can only be accrued if they are based within the community, and who provide employment and support to disadvantaged and marginalised residents for whom these services would be out of reach if based outside the city.

7.19 Guidance will be prepared concerning the assessment of applications against this policy.

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Cambridge City Council **Item**

To:	Executive Councillor for Planning and Sustainable Transport	
Report by:	Head of Planning Services	
Relevant scrutiny committee:	Development Plan Scrutiny Sub Committee	12/06/2012
Wards affected:	All Wards	

CAMBRIDGE HOTEL FUTURES

Non Key Decision

1. Executive summary

1.1 In April 2012, Development Plan Scrutiny Sub Committee considered a report from consultants on the performance and existing and future demand and supply for new hotels in the City and immediate surrounding area. Headline findings from the research included the identification of:-

- A very strong hotel market with significant levels of growth to 2031
- Exceptional levels of performance by many hotels well above national benchmarks and a number of other heritage destinations
- A significant number of new developments many of which have planning consent and look set to come forward in the short to medium term.
- Strong levels of interest in the City but intense competition from alternative uses and high value land values are among the challenges in securing suitable sites.
- For a world class City and tourist destination Cambridge has a disappointing hotel offer in terms of quality of much of its City centre stock.
- Potential has been identified for a 4 or 5 star luxury hotel in the City centre along with smaller boutique hotels.
- A preference to be in the City centre but there is a shortage of sites here.
- Some potential in the outskirts driven by major planned developments there, which will minimise the need to travel.

- A significant level of existing commitments, which will meet needs for most of the next plan period but will provide a mix, which is out of sync with, identified potential.
- An opportunity to better manage future proposals that better fits with future potential.

1.2 Final work has now been completed on the comparator historic town benchmarking and 'fair share analysis' which has explored the role of and breakfast and guesthouse sector in relation to recent expansion of budget hotel provision. This is suggesting planned and future budget provision in Cambridge is likely to have a detrimental impact on the guest house and small hotel occupancies and some establishments may be forced to exit the market.

1.3 As part of Issues and Options work for the Local Plan review, housing and employment forecasts have been updated this has resulted in some small changes to the hotel market growth projections to reflect the latest population and housing growth options now being consulted upon in Issues and Options stage.

1.4 This feeds in to the Council's evidence base for the review of the Local Plan and will help inform any decisions relating to applications for hotel development in Cambridge.

2. Recommendations

2.1 This report is being submitted to the Development Plan Scrutiny Sub-Committee for prior consideration and comment before decision by the Executive Councillor for Planning and Sustainable Transport.

2.2 The Executive Councillor is recommended:

To endorse the final report Cambridge Hotel Futures- by Hotel Solutions for use as an evidence base for the review of the Local Plan and as a material consideration in planning decisions.

3. Background

3.1 The National Planning Policy Framework requires decision-making on planning applications and Local Plan preparation should be informed by good evidence base of the quantitative and qualitative needs of all foreseeable types of economic development over the plan period. This should also be kept up to date through plan monitoring. Consultation with hotel developers and operators should be an integral part of the consultation process when developing Local Plans, and their requirements should be reflected to ensure site development is realistic and deliverable.

3.2 The City has witnessed a rapid growth in the number of existing and proposed new hotel bedrooms over the last 3 years even with a national economic downturn. The Cambridge area economy remains very buoyant with relatively low unemployment and has good prospects for continued growth.

3.3 Members considered the Draft Interim Hotel Solutions Report at the April meeting of Development Plan Scrutiny Sub Committee minute 12/19/DPSSC refers. This reviewed and updated the evidence base for hotels, in the Cambridge Area for the review of the Local Plan and advised the Council on issues and planning policy options to be considered.

Benchmarking

3.4 Since April further work has been completed on benchmarking hotel provision in Cambridge with comparator historic towns and this is attached to the main report at Annex 1.

3.5 The Annex 2 gives an updated picture within its Appendices on the current supply, past changes in supply and planned development in Cambridge and the five comparator historic towns. It then concludes upon what this means for the suggested priorities already identified for Cambridge.

3.6 The comparator cities include Bath, Chester, York, Oxford and Norwich and cover star rated and branded hotels, non inspected and guest accommodation rated hotels with 10+ bedrooms. 5 star guest accommodation establishments are also included. Locationally it also covers city centre/edge of centre and outskirts of each City.

3.7 Some of the key findings from the comparisons include:-

- Cambridge is ranked third equal with Oxford and Norwich in terms of total current supply. It sits behind York and Chester.
- York Chester and Bath have a greater city centre supply than Cambridge. Oxford and Norwich have a more even split in geographical provision between City centre/edge of centre and the outskirts.
- Cambridge is third equal with Norwich on 4 star supply behind Chester and York.

- Oxford and Cambridge are the leading cities in the supply of boutique hotel bedrooms.
- Cambridge is ranked third in the supply of three star and two star hotels.
- Cambridge is the only city with no 5 star hotels.
- Cambridge is ranked fourth after York Norwich and Chester for budget provision.
- Cambridge has the highest number of serviced apartments (118) of all cities. Bath is the only City with a purpose built serviced apartment complex of 43 units.
- Cambridge and Chester have seen the greatest increases in hotel supply over the last 6 years followed by York.
- No new 4 star hotels have been built in any cities since 2006. Those that have opened has mostly been from upgrades from 3 star hotels. All cities apart from Oxford have seen a reduction in 3 star provision as a consequence of this.
- Cambridge has the highest number of proposed new hotel bedrooms of all cities which, if they proceed would mean Cambridge overtaking Chester and have the second highest number of hotel bedrooms after York.

3.8 The conclusions make a series of suggestions on possible brands to consider confirm the previously identified potential for the development of a 5 star hotel. They also confirm the requirement to consider and 4 star hotel in the city centre along with further boutique hotel development. Cambridge is the only city without a 5 star guest accommodation establishment. Bath has eight.

Fair Share Analysis

3.9 More work has now been completed on a ‘fair share’ analysis to model the impact of new budget hotel supply on the bed and breakfast and guest house sector. This is attached within Annex 4 to the Final Report.

3.10 A fair share analysis models how average levels of room occupancy for this sector might change under the 3 different market growth scenarios having regard to the number of budget hotel bedrooms that might open in the City.

3.11 It is a hypothetical approach based on a series of assumptions identified in paragraph 2.2 of the Annex. The limitations must be recognized in interpreting results.

3.12 The analysis uses the same growth rates, which were applied, to other hotels in the study.

3.13 The baseline supply of guest house and B&B bedrooms identified amounts to 591 rooms.

3.14 The consultants have assumed an average room occupancy for this sector of 55% in 2012 based on data they obtained. This represents a significant reduction in the levels being achieved in 2009 and 2010 and a substantial reduction on the 2011 level.

3.15 They assumed the sector will not deny business in 2012 other than during graduations.

3.16 The model calculates the impact the following coming on stream in 2013 and 2014:-

- The Travelodge at Eastern Gate Newmarket Road opening 219 rooms in 2013.

- The proposed Premier Inn on Newmarket Road opening (assuming it gets permission) 121 rooms in 2014

- A further 100 bed budget hotel opening (possibly near the Station)

- A larger 200 bed budget hotel opening in 2014 (assuming a larger hotel near the Station).

3.17 The results are shown the Table on page 6 of the Annex and show that currently planned and future budget provision in Cambridge is likely to have a detrimental impact on the guest house and small hotel occupancies depending on how fast new budget provision comes on stream, how strongly the serviced accommodation market grows, how guest house operators respond to the new competition and how the supply changes.

3.18 The Travelodge opening at Eastern Gate in 2013 could result in a 5-6% drop in room occupancy and that they would be unlikely to recover this trade for 5-10 years, and it would take 10-15 years to get back to 2009 levels.

3.19 The opening of the Premier Inn in 2014 (assuming it receives permission) could result in a further 2-3 % reduction in occupancy and they would be unlikely to recover to 2012 levels for 6-12 years and only get back to 2009 levels by 2026 if the overall market growth rate follows the high scenario.

3.20 Should a further 100 or 200 bedroom hotel open in 2014 a further 2.5-5% drop is likely. This would mean occupancy falling 12-13% below 2012 levels and 23-28% below their 2009 levels.

3.21 The analysis concludes that the opening of the Newmarket Road Travelodge and any further new budget hotels will add significantly to downward pressures on room occupancies within the guest house and small hotel sector. Since 2009 the sector has already started to feel the effects of the opening of the new Premier Inn and Travelodge on Orchard Park.

3.22 It therefore seems likely that some guest houses will seek to exit the market but better quality and well located guest houses with a loyal customer base may be less effected.

4. Policy Implications For Local Plan Review

4.1 **Annex 3 - Market Growth Projections Update**

As part of the Local Plan review, housing and employment forecasts have been updated since April. This has resulted in some necessary changes to the hotel market growth projections to bring them into line with the latest population and housing growth options now being consulted upon in Issues and Options stage (Options 153 Additional Hotel provision based on a high growth scenario of around 1800 new bedrooms by 2031 and Option 154 medium growth around 1300 bedrooms.) This results in the number of hotel bedrooms overall changing from 1300 bedrooms to 1500 bedrooms by 2031 under the medium growth scenario and changing from 1800 bedrooms to around 2000 bedrooms under the high growth scenarios.

Next Steps

5.1 Emerging issues arising from the research are being consulted upon as part of the Local Plan Review Issues and Options consultation.

5.2 The evidence base within this report is a material consideration in terms of planning applications.

5.3 In terms of its role as a material consideration if a proposal for hotel development came forward, the work included in the strategy allows the Council to make a more informed judgment on whether the scale location and type of hotel fits with the identified requirements. The planning case officer would use the findings to enable them achieve, through negotiations, a better synchronization in the mix of hotels to meet these identified needs.

5.4 The final report is attached at Appendix A.

6. Implications

Financial Implications

6.1 There are no direct financial implications arising from this report. Policy recommendations will be considered as part of the review of the Local Plan, which has already been included within existing budget plans.

Staffing Implications

6.2 The review of the Local Plan has already been included in existing work plans. There are possibly new dimensions to the delivery of the Council's vision and destination management along with economic development activity to proactively target beneficial brands and other research e.g. conference market. This will need to be considered and discussed with partner agencies.

Equal Opportunities Implications

6.3 The development of new hotels will need to bear in mind the needs of different ethnic groups within their guests and in particular the needs of the disabled.

Environmental Implications

6.4 The development of an evidence base will enable the locational strategy towards new hotels to have regard to sustainability principles. The construction of hotels will need to follow the Council's sustainable construction guidelines.

Consultation

6.5 The Report is a technical study and has not been subject to direct public consultation. However, the development of any future planning policies related to hotels will be subject to full public consultation as part of the review of the Local Plan.

Community Safety

6.6 There are no direct community safety implications arising from this report.

7. Background papers

7.1 These background papers were used in the preparation of this report:

- Appendix A: Cambridge Hotel Futures –Final Report

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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CAMBRIDGE HOTEL FUTURES

Headline Findings Issues & Options

Final Report

Prepared for:
Cambridge City Council

April 2012

hotel solutions
the hotel development consultancy

TABLE OF CONTENTS

TABLE OF CONTENTS

1 - INTRODUCTION

1.1 Background to the Study

1.1.1 Hotel Solutions has been commissioned by Cambridge City Council to prepare a Hotel Futures report for Cambridge. The brief sought to identify the scale and nature of new hotel development required to meet the City's future business and leisure tourism needs through to 2031 through a programme of work that has assessed:

- National hotel sector trends
- Current levels of hotel performance in the Cambridge market area
- Current hotel supply
- How the supply of hotels in Cambridge and their performance compares to other historic cities
- Hotel proposals
- Potential sites for hotel development
- Drivers to market growth
- How the hotel market might grow through preparing forecasts at 5 year intervals
- The potential impact of additional hotel development
- The planning response required to deliver the identified hotel development potential.

1.1.2 The findings of the study are to be used to inform the review of the Local Plan currently underway, and one output of the work is a series of Issues and Options in terms of planning policy for the future development of the hotel sector in Cambridge, to be tested through the Issues & Options consultation proposed for Summer 2012.

1.1.3 An Interim Draft Report was produced in March 2012 that presented the headline findings of the research and some initial thoughts on the potential planning policy response. It was used as the basis for consultation with selected stakeholders from both public and private sector interests in Cambridge, discussed at a workshop held on 29th March 2012. These workshop discussions, together with feedback from the Development Plan Scrutiny Sub-Committee to which it was presented on 17th April, have helped to refine the recommendations in this report, and to ensure a practicable output grounded in both commercial and political reality.

1.2 Context

1.2.1 Cambridge is an international visitor destination with strong heritage appeal. Tourism is a significant element within the Cambridge economy, in 2010 contributing over £390 million of spending and supporting almost 10,000 jobs[1]. Of the 4 million visitors to Cambridge, 3.245 million were day visitors, and 835,000 stayed overnight, spending 3.454 million nights.

1.2.2 The table below, prepared in 2009, compares Cambridge with other historic cities in terms of some key indicators.

TABLE 1 - BENCHMARK CITIES

	Bath & NE Somerset	Chester	York	Oxford	Cambridge	Exeter
Population ('000) [a]	169	118	181	134	109	111
Area ('000ha)	35	45	27	4	4	5
Jobs ('000) [b]	95	78	112	115	97	93
Staying visitors (m) [c]	0.8	1.0	0.5	1.0	1.0	0.4
Business /Leisure [d]	35:65	40:60	55:45	50:50	65:35	65:35

Source: The Tourism Company/Hotel Solutions, Bath & NE Somerset Visitor Accommodation Study, 2009

[a] 2001 Census
[b] (NOMIS 2008)
[c] Estimates from destinations
[d] Hotel business/ leisure split.

[1] The Economic Impact of Tourism – Cambridge City – 2010 Results, Tourism South East

2 - CURRENT HOTEL SUPPLY

2.1 Current Hotel Supply

2.1.1 The competitive supply of hotels in and around Cambridge currently comprises 33 hotels with a total of 2,115 letting bedrooms. There are also a number of hotels in the wider surrounding area beyond the city. As far as we have been able to establish these hotels trade only marginally in the Cambridge hotel market. We have not therefore included these hotels in the competitive hotel supply for Cambridge.

TABLE 2 - CAMBRIDGE COMPETITIVE HOTEL SUPPLY – MARCH 2012

STANDARD[1]	HOTELS	ROOMS	% OF ROOMS
4 star	4	575	27.2
Boutique	3	141	6.7
3 star	7	503	23.8
2 star	2	55	2.6
Upper-tier Budget	1	100	4.7
Budget	6	476	22.5
Lower grade/ non-inspected	5	129	6.1
Serviced Apartments	5	136	6.4
Total Hotels	**33**	**2115**	**100.0**

[1] See Annex 1 for Glossary of Hotel Definitions and brand examples

2.1.2 The Cambridge hotel supply is split primarily between 4 star, 3 star and budget hotels. The city has a small but growing supply of boutique hotels. Only one upper-tier budget hotel (a Holiday Inn Express) has so far opened in Cambridge. The city has relatively few 2 star and lower grade/ non-inspected hotels. Cambridge has a small but growing supply of serviced apartments.

2.1.3 The city's 4 star, city centre 3 star, 2 star and lower grade hotels are highly variable in quality. A number appear to have seen very little recent investment and look somewhat tired and dated. Some of these hotels frequently receive low ratings on Tripadvisor. For a World-class city and tourist destination Cambridge has a disappointing hotel offer in terms of the quality of much of its city centre hotel stock.

TABLE 3 - CAMBRIDGE HOTEL SUPPLY BY LOCATION – MARCH 2012

Location	4 Star		Boutique		3 Star		2 Star		Lower Grade/Not Inspected		Upper-Tier Budget		Budget		Serviced Apartments[1]		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Estabs[1]	Apts	Hotels	Rooms
City Centre	3	439	2	89	5	292									4	129	14	949
Edge of City Centre							2	55	4	94			2	144			8	293
City Outskirts	1	136	1	52	2	211			1	35	1	100	4	332	1	7	11	873
Total	**4**	**575**	**3**	**141**	**7**	**503**	**2**	**55**	**5**	**129**	**1**	**100**	**6**	**476**	**5**	**136**	**33**	**2115**

Notes:

1. There are three serviced apartment letting businesses in Cambridge with apartments spread across the city centre and edge of city centre locations. A precise breakdown of the split of serviced apartments between these two locations is not available. The hotel supply tables only include multi-unit serviced apartment operations in the city. There are however also at least 12 individual residential apartments that are currently being let as serviced apartments in Cambridge. These are not included in the hotel supply tables.

CAMBRIDGE HOTEL SUPPLY

TABLE 4 - CAMBRIDGE – CURRENT HOTEL SUPPLY – MARCH 2012

Hotel	Standard	No. Rooms
City Centre		
Crowne Plaza	4 star	198
Doubletree by Hilton	4 star	122
University Arms	4 star	119
Hotel du Vin	Boutique	41
The Varsity	Boutique	48
Arundel House	3 star	103
Gonville	3 star	80
Lensfield	3 star	30
Regent	3 star	22
Royal Cambridge	3 star	57
CityStay Apartments	Serviced Apartments	32
Nobleo Apartments	Serviced Apartments	8
Quest Apartments	Serviced Apartments	24
YourSpace Apartments	Serviced Apartments	65
SUB TOTAL		**949**
Edge of City Centre		
Travelodge Cambridge Central	Budget	120
Cityroomz	Budget	24
Ashley	2 star	16
Centennial	2 star	39
Hamilton Lodge	3 star GA	32
Fenners	n/a	22
Helen	n/a	18
Sorrento	n/a	22
SUB TOTAL		**293**
City Outskirts		
Hotel Felix	Boutique	52
Menzies Cambridge	4 star	136
Holiday Inn Cambridge	3 star	161
Cambridge Quy Mill	3 star	50
Lovell Lodge	n/a	35
Holiday Inn Express Cambridge	Upper-Tier Budget	100
Premier Inn Cambridge A14 J32	Budget	154
Premier Inn Cambridge North (Girton)	Budget	20
Travelodge Cambridge Orchard Park	Budget	138
Travelodge Cambridge Lolworth	Budget	20
Lovell Lodge Apartments	Serviced Apartments	7
SUB TOTAL		**873**
Beyond the City[1]		
Cambridge Belfry	4 star	120
The Red Lion, Whittlesford Bridge	3 star	18
Holiday Inn Express Cambridge-Duxford	Upper-Tier Budget	73
Days Inn Cambridge	Budget	82
Travelodge Cambridge Swavesey	Budget	36
Travelodge Cambridge Fourwentways	Budget	71
SUB TOTAL		**400**
TOTAL		**2515**

1. These hotels trade only marginally in the Cambridge hotel market so have not been included in the city's competitive hotel supply

2.1.4 In terms of location the Cambridge hotel supply is split between the city centre and city outskirts, with a lower supply of hotel accommodation in edge of city centre locations. There are no hotels on the western approaches into the city from the M11.

2.1.5 Other than the Menzies Cambridge and the Hotel Felix on the north western outskirts of the city, the 4 star and boutique hotel supply is concentrated in the city centre. The 3 star supply is split between the city centre and city outskirts, while the budget hotel supply is located on the outskirts of the city (primarily at Orchard Park) and edge of city centre. There are no budget hotels in the city centre. The city's 2 star and lower grade/non-inspected hotels are to be found primarily in edge of city centre locations.

2.2 Recent Changes in Hotel Supply

2.2.1 Over the past 5 years, 4 new hotels have opened in Cambridge with a total of 381 letting bedrooms. These have been two new boutique hotels in the city centre (the Hotel du Vin and The Varsity) and budget hotels at Orchard Park (a Premier Inn and a Travelodge). The city's supply of residential apartments that are let out as serviced apartments has also steadily increased over the last 5 years.

2.2.2 Assuming an increase in the supply of serviced apartments of 50 new apartments, the Cambridge hotel supply has increased by just over 26% between 2007 and 2011. The opening of the Premier Inn and Travelodge hotels at Orchard Park has resulted in a more than doubling of the city's budget hotel supply in the last 3 years and an increase in the city's total hotel supply of almost 18%.

TABLE 5 - CAMBRIDGE – ADDITIONS TO HOTEL SUPPLY 2007-2011

Hotel	Standard	New Rooms
2007		
Hotel du Vin	Boutique	41
2009		
Premier Inn Cambridge A14 J32	Budget	154
2010		
The Varsity	Boutique	48
2011		
Travelodge Cambridge Orchard Park	Budget	138
Total New Hotel Rooms 2007-2011		**381**

2.2.3 In the wider surrounding area, the Holiday Inn Express Cambridge-Duxford (73 bedrooms) opened in October 2010 at Whittlesford Bridge. While not directly competing in the Cambridge hotel market this hotel may have taken some corporate account business from the Cambridge Holiday Inn Express.

2.3 Planned Development of Existing Hotels

2.3.1 A number of hotels in and around Cambridge are considering plans for additional bedrooms and/or refurbishment. These include:

- The Doubletree by Hilton has proposals for an additional 31 bedrooms;
- The owners of The Ashley have plans to redevelop and expand the hotel as a 35-bedroom boutique hotel;
- The Gonville has recently completed a full bedroom refurbishment programme and will embark on a programme to upgrade its public areas in 2012. It has already repositioned as a Best Western Plus hotel and is aiming to achieve a 4 star rating once its refurbishment programme is fully completed;
- The Lensfield is currently undergoing a major refurbishment programme, which will include the development of a new spa facility;
- The Cambridge Quy Mill is currently in the middle of a major renovation programme that will see it repositioned as a 4 star hotel by the end of 2012.

2.3.2 In the city centre the Crowne Plaza and University Arms are currently up for sale. It is likely that their new owners will invest in improving these two hotels.

2.3.3 Details of hotel planning commitments and applications pending can be found later in this report at 6.3.

2.4 Comparisons with Other Historic Cities

2.4.1 Annex 2 provides a comparison of current hotel supply and planned hotel development in Cambridge, Bath, Chester, York, Oxford and Norwich. Key observations from these comparisons are as follows:

- In terms of total hotel supply, Cambridge has a similar stock of hotel accommodation to Oxford and Norwich and a higher supply than Bath. It is slightly behind Chester and some way behind York (which has the most significant hotel stock of the six cities).
- In comparison to Oxford and Norwich, Cambridge has a greater supply of hotel accommodation in the city centre/ edge of city centre compared to the city outskirts. Hotel accommodation is concentrated more in city centre/ edge of city centre locations in Bath, York and Chester.
- Cambridge and Norwich are the only cities that do not currently have a 5 star hotel. Bath has three 5 star hotels.
- Cambridge has a similar 4 star hotel supply to Oxford and Norwich, more 4 star hotel bedrooms than Bath and a smaller stock of 4 star hotel accommodation than York and Chester.
- All 6 cities have a small supply of boutique hotel accommodation, comprising a mix of small branded and independent boutique hotels. Cambridge and Oxford have the largest numbers of boutique hotel bedrooms.
- In terms of 3 star hotel accommodation, Cambridge has a similar supply to Bath and Norwich, more 3 star hotel bedrooms than Oxford and Chester and a much smaller 3 star hotel supply than York.

- In terms of 2 star and lower grade hotels Cambridge has a similar supply to Chester, more 2 star/lower grade hotel bedrooms than Oxford, Bath and Norwich, and a much lower supply than York.

- Bath has eight 5 star guest accommodation operations, including a number of boutique establishments. Cambridge has no guest accommodation operations of this standard. The other 4 cities each have one 5 star guest accommodation business.

- With regard to budget hotel provision, Cambridge has a similar total supply to Chester, more budget hotel bedrooms than Oxford and Bath, and significantly fewer budget hotel bedrooms than York and Norwich.

- Cambridge has the highest number of serviced apartment operations of all of the cities.

- All 6 cities have seen an increase in hotel supply between 2006 and 2012. Cambridge and Chester have seen the most significant growth in hotel supply, followed by York. The hotel supplies of Norwich and Oxford have grown to a lesser extent, while there has been little overall growth in hotel provision in Bath, although a number of changes in terms of the repositioning of existing hotels. Key trends have been the development of budget and boutique hotels. 5 star hotel provision has developed in Oxford, Bath and York. Serviced apartment operations have also developed in some cities. All of the cities apart from Oxford have seen a reduction in 3 star hotel provision as a result of the upgrading of hotels to 4 stars.

- There are proposals for new hotels in all 6 cities and plans for the expansion and/or repositioning of existing hotels in each city. New hotels are proposed at 3, 4 and 5 star, boutique and budget levels.

- Cambridge has the highest number of proposed new hotel bedrooms (1,292). If all of the proposed hotels proceed they will result in a 62% increase in the Cambridge hotel supply and Cambridge would overtake Chester to have the second highest number of hotel bedrooms after York.

2.4.2 The comparisons suggest the following as possible priorities for new hotel development in Cambridge, to ensure that the city's hotel offer remains competitive with that of other historic cities in England:

- The development of a 5 star/ luxury hotel. Cambridge stands out as the only major heritage city in England that does not have a 5 star hotel.

- A new city centre 4 star hotel, ideally an international 4 star brand. Cambridge lags slightly behind York and Chester with only two international 4 star hotels compared to three in each of these cities.

- Further boutique hotel development, both in terms of independent boutique hotels and national boutique hotel brands such as Malmaison (represented in Oxford), ABode (represented in Chester) and Hotel Indigo (planned for York). While Cambridge is currently leading the field with Oxford in terms of boutique hotel provision, further boutique hotels are planned in Oxford, York, Bath and Chester.

- There could be scope for a branded 3 star hotel in Cambridge. Hilton Garden Inn 3 star hotels are proposed for York and Norwich. As an international brand this could be a good brand for Cambridge.

- The development of 5 star and boutique guest accommodation operations. Cambridge is currently the only city without a 5 star guest accommodation establishment.

2.5. College Accommodation

2.5.1. Many of the Cambridge Colleges make their student accommodation available to the general public on a B&B basis during vacation periods. In 2011 there were almost 29,000 B&B roomnights available in the Colleges. This figure is likely to increase in 2012. College accommodation ranges from basic rooms to 4 star accommodation, with the majority in the 2-3 star range. Approximately 40% of College accommodation is en-suite. Most rooms are single. Roughly 10% are twin. There are a few family rooms/flats available. College accommodation is available during vacation periods in March, April, July, August, September and from mid December to early January.

2.5.2. The availability of College accommodation during vacation periods has doubled since 2009 and looks likely to continue to increase. Quality is also improving as more Colleges fit en-suite facilities and invest in improving the quality of their student accommodation. Colleges have also started to adapt student accommodation to provide more twin rooms.

3 - CURRENT HOTEL DEMAND

3.1 Context

3.1.1 The last 3 years have been a challenge for the hotel sector nationally The fortunes of the hotel sector are closely linked to the state of the economy and movements in GDP, and with the advent of recession in late 2008, hotel performance also fell back from the previous record highs. At their peak UK provincial hotel occupancies were at 71.4% and Achieved Room Rates[1] at £72.91. In 2009 UK provincial occupancy dropped by 2 percentage points and ARR by over £4. Whilst occupancy has shown a slight improvement in 2010 and 2011, ARRs dropped back further in 2010 and have flat-lined in 2011.

3.1.2 Whilst London hotels have seen improving performance in the first months of 2012, provincial hotels are continuing to face challenging market conditions, with increased costs also impacting on profitability.

3.1.2 An occupancy of 70% is a level widely accepted by the hotel industry at which demand is beginning to out-strip supply, and at which denied business is being turned away. For many hotel developers and operators it is a minimum target figure for new investment or investment in up-grading and extending existing hotels. On its own it is something of a crude measure, but taken together with ARR and Revpar[2] it provides a broader indication of hotel performance, profitability and the ability to support investment.

3.2 Occupancy and Achieved Room Rates

3.2.1 Our estimates of average annual room occupancies, Achieved Room Rates and Revpar for Cambridge hotels for 2009, 2010 and 2011 are summarised in the table overleaf. These estimates are based on the information provided to us by the 31Cambridge hotel managers and owners that we interviewed in March 2012.

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[1] The net average amount of rooms revenue that hotels achieve per night per room let after deduction of VAT, breakfast (if included), discounts and commission charges.

[2] The net average amount of rooms revenue that hotels achieve per night per available room after deduction of VAT, breakfast (if included),discounts and commission charges

3.2.2 Our figures show very strong hotel performance in Cambridge over the last 3 years compared to the national averages for UK provincial 3/4 star chain hotels. Occupancies, Achieved Room Rates and Revpar have all been significantly above the national averages. Later in this report we provide some examples of performance in other comparator cities that demonstrate just how strong the performance of the Cambridge hotel sector is.

3.2.3 The overall figures for Cambridge mask significant differences in performance by standard and location of hotel however. The strong Cambridge hotel performance has been driven largely by the strength of city centre 4 star and boutique hotel performance, which has steadily improved over the last 3 years. The performance of city centre 3 star hotels and 3/4 star hotels on the city outskirts has not been as strong, with revpar largely flat-lining, although still above the national averages for UK 3/4 star chain hotels. With hotel operating costs having increased significantly it is likely that profit levels for some of these hotels will have declined over the last 3 years.

TABLE 6 - CAMBRIDGE HOTEL PERFORMANCE 2009-2011

Standard of Hotel/Location	Average Annual Room Occupancy %			Average Annual Achieved Room Rate £			Average Annual Revpar £		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
National									
UK Provincial 3/4 Star Chain Hotels[1]	67.9	69.5	69.6	68.86	68.01	68.40	46.76	46.88	47.61
Cambridge									
City Centre 4 star/ Boutique[2]	82	81	83	105	110	113	84	88	92
Boutique (Citywide)[3]	81	74	75	117	119	120	95	88	90
City Centre 3 star[4]	76	75	73	67	68	72	51	51	52
City Centre 3/4 star/ Boutique	80	79	80	92	95	99	73	75	79
City Outskirts 3/4 star[5]	67	70	73	72	72	70	48	50	51
Budget (Citywide)[6]	80	79	80	n/a	n/a	n/a	n/a	n/a	n/a
2 Star/ Lower Grade/Non-inspected[7]	68	65	61	53	52	51	36	33	31
Serviced Apartments[8]	n/a	n/a	78	n/a	n/a	n/a	n/a	n/a	n/a
All Hotels (Citywide)	76	76	77	77	79	81	59	60	62

Source: Hotel Solutions – Survey of Cambridge Hotel Managers – March 2012

Notes:

1. Source: TRI Hotstats UK Chain Hotels Market Review, 2011
2. Sample: Crowne Plaza, Doubletree by Hilton, University Arms, Hotel du Vin, The Varsity(from 2010)
3. Sample: Hotel du Vin, The Varsity(from 2010), Hotel Felix
4. Sample: Arundel House, Gonville, Lensfield, Regent, Royal Cambridge
5. Sample: Cambridge Menzies, Holiday Inn, Quy Mill
6. Sample: Holiday Inn Express Cambridge, Premier Inn Cambridge A14 J32, Premier Inn Cambridge North (Girton), Travelodge Cambridge Central, Cityroomz
7. Sample: Ashley, Centennial, Hamilton Lodge, Helen, Sorrento
8. Sample: CityStay, Quest Apartments, YourSpace Apartments

3.3 Midweek/Weekend Occupancies

3.3.1 The table below summarises weekday and weekend occupancy for Cambridge hotels in 2011.

TABLE 7 –
CAMBRIDGE HOTELS - WEEKDAY/ WEEKEND OCCUPANCIES – 2011

Standard	Typical Room Occupancy %			
	Mon-Thurs	Friday	Saturday	Sunday
Boutique (Citywide)	76	68	89	50
City Centre 4 star	88	76	98	64
City Centre 3 star	82	65	83	43
City Outskirts 3/4 star	80	58	82	44
Budget(Citywide)	88	69	86	48
2 star/ Lower Grade[1]	n/a	n/a	n/a	n/a
Serviced Apartments	n/a	n/a	n/a	n/a

Note: 1. Includes non-inspected lower grade hotels

3.3.2 Midweek occupancies are strong for Cambridge hotels, particularly on Tuesday and Wednesday nights, when hotels at most levels are frequently full and turning business away. Monday and Thursday night occupancies are not quite as strong. Saturday occupancies are very high for Cambridge hotels, with most hotels often filling and turning business away on Saturday nights for much of the year. Friday occupancies are generally much weaker and Sunday occupancies weaker still. Weekend demand is mainly for single night stays, particularly on a Saturday night. Sunday demand is primarily from corporate arrivals coming for the working week ahead. City centre 4 star hotels trade well in this market and achieve fairly strong Sunday occupancies as a result.

3.4 Seasonality

3.4.1 There is a degree of seasonality to the Cambridge hotel market. Peak months are May, June, July, September and October. June and early July are very strong demand periods as a result of university graduations. The quietest months for Cambridge hotels are January, February, April, August and December. Occupancies dip in August when corporate demand reduces, which is only partly replaced by leisure business. The hotel market on the outskirts of the city is more seasonal than the city centre hotel market.

3.5 Market Mix

3.5.1 The estimated midweek and weekend market mixes for Cambridge hotels are summarised in the tables below (based on indicative estimates provided by Cambridge hotel managers):

TABLE 8 - CAMBRIDGE HOTELS – WEEKDAY MARKET MIX – 2011

Market	Estimated Market Mix %			
	Boutique Hotels (Citywide)	City Centre 4 Star Hotels	City Centre 3 Star Hotels	3/4 Star Hotels – City Outskirts
Corporate	65	51	72	77
Residential Conferences	8	15	2	5
University/Colleges	10	5	9	1
UK Leisure Breaks	6	16	1	5
Overseas Tourists	5	5	10	4
Group Tours		2	2	5
Weddings/Functions	4	2		1
Events	2	1	4	
Other		3		2
	100	**100**	**100**	**100**

TABLE 9 - CAMBRIDGE HOTELS – WEEKEND MARKET MIX – 2011

Market	Estimated Market Mix %			
	Boutique Hotels (Citywide)	City Centre 4 Star Hotels	City Centre 3 Star Hotels	3/4 Star Hotels – City Outskirts
Corporate	6	10	5	6
Residential Conferences	1	7		3
University/Colleges	8	5	10	
UK Leisure Breaks	64	54	59	42
Overseas Tourists	8	12	16	4
Group Tours		5	2	28
Weddings/Functions	10	3	5	14
Events	3	2	2	1
Other		2	1	2
	100	**100**	**100**	**100**

Source: Hotel Solutions – Survey of Cambridge Hotel Managers – March 2012 (Cambridge Hotel Futures Study – March 2012)

3.5.2 Market mix data is not available for budget hotels, 2 star/lower grade hotels and serviced apartments. Budget hotels and 2 star/lower grade hotels attract a mix of corporate and contractor business during the week and some leisure demand, while at weekends they attract a mix of leisure markets including people attending weddings and other family occasions, UK leisure break guests, overseas tourists, people visiting friends and relatives, parents of students, clubbers and stag and hen parties (budget hotels) and people attending events. Long stay corporate guests (staying a week or longer) are the core market for serviced apartments. They use short stay corporate business and leisure break demand to infill between corporate lets.

3.6 Key Markets

3.6.1 **Corporate demand** is the main source of midweek business for Cambridge hotels. The corporate market for hotel accommodation in Cambridge is very strong: the high number of national and international high-tech, research, IT and pharmaceutical companies based in and around the city generate significant demand for hotel accommodation.

3.6.2 There is a distinct element of the Cambridge corporate market that specifically wants to stay in hotels in Cambridge city centre and that is prepared to pay a premium to do so. This particularly applies to overseas corporate visitors, who comprise a significant element of the Cambridge corporate hotel market, and senior UK executives visiting Cambridge for a few days. UK corporate visitors and those staying only for one or two nights are more inclined to stay in hotels on the outskirts of the city, particularly if price is a more important factor in their choice of hotel.

3.6.3 Beyond the corporate demand for city centre hotels there appear to be a series of micro corporate markets around Cambridge, with companies on the business parks generating demand for hotels in their immediate vicinity. Cambridge Science Park is a significant one of these micro corporate markets, generating demand for hotels along the A14 (as there is no hotel at the Science Park or in its immediate location).

3.6.4 A small element of the Cambridge corporate market is long stay, particularly where corporate visitors are involved in projects or relocating to Cambridge. This market is increasingly using serviced apartments as the supply of this form of accommodation increases and companies become more aware of the benefits of using serviced apartments for long stay visitors, in terms of the flexibility, additional space and value for money that they offer for this market.

3.6.5 Corporate demand has held up well in Cambridge over the last 3 years, in contrast to the downturn in corporate business that hotels in many other parts of the UK have seen. The corporate market has however become more price sensitive and lead in times for corporate bookings have reduced. Corporate business has reduced sharply for some 3 star, 2 star and lower grade hotels as a result of the increased competition from the new budget hotels that have opened at Orchard Park.

3.6.6 **Residential conferences** are a strong secondary midweek market and a minor weekend market for some city centre 4 star and boutique hotels. They attract residential conference business from the University, Judge Business School and Cambridge companies, together with some business from London companies. Residential conferences are most typically for 15-30 delegates and require accommodation for 1-3 nights. City centre 4 star hotels attract some demand for larger residential conferences of up to 100-120 delegates but do not usually have the bedroom capacity to accommodate conferences of this size alongside their core corporate clientele. In some cases the rates for these larger conferences are not sufficiently attractive for them. Car parking capacity and cost constrain the ability of some city centre hotels to cater adequately for residential conferences.

3.6.7 Residential conferences are a minor midweek market for city centre 3 star hotels and 3/4 star hotels on the city outskirts. This market tends to want 4 star hotel accommodation. It is also a market that has steadily been declining for a number of years as companies have cut back on meeting and training budgets, developed their own in-house meeting and training facilities, and started to make greater use of video and teleconferencing technology. The recession as further exacerbated the decline in this market.

3.6.8 **The University and Colleges** and Anglia Ruskin University generate demand for city centre hotels at all levels both during the week and at weekends in terms of:

- Visiting academics and lecturers;
- Researchers and research groups;
- Delegates attending conferences at the Colleges, primarily during vacation periods;
- Examiners;
- Prospective students attending interviews, entrance exams and open days;
- Overseas students;
- Alumni returning for reunion dinners;
- Weddings at the Colleges;
- May balls;
- Parents dropping off or collecting students at the beginning and end of term.

3.6.9 Some hotels have started to work more closely with the Colleges to cater for conferences during term time.

3.6.10 University/College demand tends to be fairly price conscious and is thus generally stronger for 3 star and 2 star/lower grade hotels than 4 star hotels. Boutique hotels trade well in the University market however. Serviced apartments do not attract very much business from the University/Colleges.

3.6.11 Hotels on the outskirts of Cambridge only really attract University/College – related demand for graduations. Two hotels on the city outskirts have relationships with Colleges to cater for conference delegates however.

3.6.12 The **hospitals** in and around Cambridge, especially Addenbrookes, generate demand for hotel accommodation from medical companies, visiting consultants, medical researchers and patients' families.

3.6.13 **Contractors** working on construction, infrastructure and development projects in and around Cambridge are a key midweek market for the city's budget hotels.

3.6.14 **UK leisure break visitors** are the key weekend market for Cambridge hotels and also generate some midweek business for the city's hotels, especially during the summer. Weekend leisure break demand is primarily for single night stays, particularly on a Saturday night. The city's hotels no longer attract 2-3 night weekend break stays and have been largely unsuccessful in recent years in marketing 2-3 night weekend break packages and deals.

3.6.15 City centre 4 star and boutique hotels achieve very high weekend rates. They only discount their weekend rates in the winter months and possibly for some Friday and Sunday nights at other times of the year if they are particularly quiet.

3.6.16 City centre 3 star hotels and 3/4 star hotels on the outskirts of the city primarily drive leisure break demand on rate, through special offers and marketing discounted rates through Internet booking sites.

3.6.17 Many Cambridge hotels are reporting a growth in UK leisure break business as a result of the staycation trend, which the city is benefitting from.

3.6.18 **Overseas tourists** are a significant secondary weekend and midweek market for Cambridge hotels. Cambridge is one of the top destinations for overseas tourists coming to the UK, especially first time visitors.

3.6.19 **Group tours** are a significant weekend market for 3/4 star hotels on the outskirts of Cambridge. This is low-rated business that these hotels target to boost their weekend occupancies: they are unable to rely purely on leisure break and overseas tourist demand.

3.6.20 City centre 3 and 4 star hotels take very little group tour business at present as it is too low rated for them and they can achieve good occupancies from other higher paying markets.

3.6.21 **Weddings** are a good secondary weekend market for boutique hotels and 3/4 star hotels on the outskirts of the city. They are a relatively weak market for city centre 3 and 4 star hotels however for the following reasons:

- City centre 3 and 4 star hotels can fill with higher rated leisure break and overseas tourist demand on Saturday nights;
- Some city centre hotels do not have sufficient parking to cater adequately for weddings;
- The Colleges compete strongly for weddings – although weddings held at Colleges do generate bedroom business for city centre hotels.

Wedding parties are a strong market for budget hotels and 2 star/ lower grade hotels.

3.6.22 **Events** that generate significant bedroom business for Cambridge hotels are as follows:

- Graduations from the University of Cambridge, Anglia Ruskin University, Judge Business School;
- Duxford air shows;
- Newmarket Races;
- Helitech – held biennially at Duxford;
- Newmarket Nights – for hotels along the A14;
- Cambridge Folk Festival – for hotels in the immediate vicinity.

Other events that generate business for some Cambridge hotels are as follows:

- Tattershall bloodstock sales, Newmarket;
- Cambridge Wordfest;
- Cambridge Film Festival;
- Royal Television Society Cambridge Convention;
- The Big weekend;
- Gulf Research Meeting.

The Cambridge Science Festival does not appear to generate business for Cambridge hotels.

3.6.23 **Visitors to friends and relatives** are a key weekend market for budget hotels, which offer very good value for family stays.

3.6.24 **Clubbers and stag and hen parties** are a further source of weekend trade for some of the city's budget hotels.

3.7 Denied Business[1]

3.7.1 City centre 4 star and boutique hotels regularly turn business away on Tuesday, Wednesday and Saturday nights throughout the year, at times to a significant degree. They also deny significant business on price.

3.7.2 City centre 3 star hotels occasionally turn some business away on Tuesday, Wednesday and Saturday nights but nowhere near the extent to which city centre 4 star and boutique hotels deny business on these nights.

3.7.3 City centre 4 star hotels also deny some residential conference business due to a lack of available bedrooms or on price.

3.7.4 3/4 star hotels on the outskirts of Cambridge deny business on Tuesday and Wednesday nights but not to the same extent as city centre hotels. They rarely deny business at weekends.

3.7.5 Most of the city's budget hotels were denying business during 2011 on all four weekday nights and Saturdays, frequently to a significant degree. One budget hotel on the outskirts of the city only occasionally denied business on Tuesday and Wednesday nights in peak months however. Budget hotel denials have reduced since January 2012, probably as a result of the opening of the Travelodge at Orchard Park in September 2011.

3.7.6 All Cambridge hotels deny significant business for university graduations.

[1] Business that hotels turn away because they are fully booked.

3.8 Performance by Standard and Location of Hotel

3.8.1 We comment in more detail in the following paragraphs on the performance of Cambridge hotels by standard and location over the last 3 years.

City Centre 4 Star and Boutique Hotels

3.8.2 City centre 4 star and boutique hotels in Cambridge are achieving very high average annual room occupancies, achieved room rates and revpar figures. Achieved room rates are very high, particularly when you consider that most city centre 4 star and boutique hotels make an additional charge for car parking.

3.8.3 The current quality of two city centre 4 star hotels constrains their ability to reach even higher achieved room rates than they might otherwise achieve with a better quality product.

3.8.4 4 star and boutique hotels in Cambridge have seen a steady growth in their occupancy, achieved room rate and revpar figures between 2009 and 2011. They appear to have been largely unaffected by the new hotel supply in the city and the national economic climate.

3.8.5 City centre 4 star and boutique hotels consistently fill on Tuesday, Wednesday and Saturday nights and frequently deny business on these nights for much of the year. This business is displaced to city centre 3 star hotels or 3/4 star hotels on the outskirts of Cambridge.

3.8.6 Monday, Thursday, Friday and Sunday occupancies are not quite as strong although city centre 4 star and boutique hotels generally still trade well on these nights.

3.8.7 City centre 4 star and boutique hotels frequently deny lower-rated business as they know that they can hold out for higher rates.

3.8.8 Weekend demand is primarily for one-night stays, particularly on a Saturday night. City centre 4 star and boutique hotels do not appear to be able to hold out for two-night stays and have had limited success in promoting two-night weekend break packages.

3.8.9 City centre 4 star and boutique hotels occupancies and room rates are at their highest between May and September, dipping in August when corporate and University demand reduces and is only partially replaced by leisure business, generally at lower room rates. Demand is very strong during graduation weeks in June. All Cambridge hotels achieve very high occupancies and room rates at these times and deny significant levels of business.

3.8.10 There are clearly distinct markets that specifically want to be in Cambridge city centre and that are prepared to pay high rates for hotel accommodation here. They include:

- Corporate demand from companies based on Cambridge Science Park, Cambridge Business Park and the other business and research parks around the city. Many of the companies in these locations have a high number of international visitors that they usually want to accommodate in city centre hotels so that they have the opportunity to go out in the evenings. UK visitors to these companies that may be in Cambridge for 2-3 days also often prefer to stay in the city centre for this reason;
- Corporate demand from city centre companies;
- Demand generated by the University and Colleges. Some of this demand if more price-sensitive however, and will opt for city centre 3 star hotels, guest houses or B&Bs;
- Leisure break guests that particularly want to stay in the city centre;
- Overseas tourists.

3.8.11 Some of the corporate business from Cambridge Science Park and the other business and research parks around the city undoubtedly comes into the city centre because of the lack of branded 4 star hotels in these locations. It is evident however that a high proportion of this business specifically wants to be in the city centre and is likely to continue to opt for this location even if new branded 4 star hotels open on the business and science parks.

3.8.12 Two of the city centre 4 star hotels are trading well in the residential conference market, attracting demand linked to the Colleges, from some of the research, medical and pharmaceutical companies in Cambridge and some footloose corporate conference business, particularly from London companies. Cambridge is seen as a prestige destination for the top end of the corporate meetings market. Residential conferences are generally relatively small, typically for 15-20 delegates, and lasting for 2-3 days (requiring accommodation for 2 nights). City centre 4 star hotels do not generally have the bedroom availability to cater for larger residential conferences alongside their core corporate clientele.

3.8.13 One city centre 4 star hotel reported a sharp decline in residential conference demand in the last 3 years and no sign of any recovery in this market – as did some of the city centre 3 star hotels and 3/4 star hotels on the city outskirts.

City Centre 3 Star Hotels

3.8.14 At an overall level city centre 3 star hotel performance in Cambridge is slightly above the national averages for UK provincial 3/4 star hotels. This suggests strong 3 star hotel performance in the city bearing in mind that the national figures include data for 4 star hotels. Performance varies substantially between Cambridge city centre 3 star hotels with two hotels reporting high and improving average annual room occupancy, achieved room rate and revpar results in the last 3 years. Other city centre 3 star hotels are not trading as well and reported a significant downturn in performance in 2010 and for one hotel also in 2011.

3.8.15 The key reasons for the differences in city centre 3 star hotel performance appear to be to do with the following factors:

- The quality of hotels;
- The size of hotels;
- Marketing and management;
- Bedroom configuration.

3.8.15 The new budget hotels at Orchard Park may have also had an impact on some of the city centre 3 star hotels but do not appear to have been a significant factor, bearing in mind that some city centre 3 star hotels have seen a steady improvement in their performance despite the opening of these hotels. The new Travelodge on Newmarket Road and proposed Premier Inn here (if it is granted planning permission) are likely to have a greater impact on city centre 3 star hotels however.

3.8.16 Those city centre 3 star hotels that are trading more strongly only occasionally deny business on Tuesday, Wednesday and Saturday nights. All city centre 3 star hotels achieve very high occupancies and room rates during graduation weeks in June and turn significant levels of business away at this time or year.

Boutique Hotels

3.8.17 At an overall level Cambridge boutique hotels trade at a slightly lower level of occupancy to city centre 4 star hotels but a slightly higher level of achieved room rates. The Varsity is however still a relatively new hotel and has not yet achieved its full trading potential.

3.8.18 Occupancy and revpar figures dropped overall for the city's boutique hotel sector in 2010 and recovered only slightly in 2011. This was due to the opening of The Varsity.

3.8.19 In terms of total roomnight demand the boutique hotel market in Cambridge has grown by just over 40% since 2009, compared to a 51.9% increase in supply.

3/4 Star Hotels on the City Outskirts

3.8.20 3 and 4 star hotels on the outskirts of Cambridge have traded at occupancy, achieved room rate and revpar levels slightly above the national averages for UK provincial 3/4 star hotels over the last 3 years. Their overall occupancy, achieved room rate and revpar results were very similar to the overall results for city centre 3 star hotels in 2011.

3.8.21 Occupancies have steadily improved for the 3/4 star hotels on the city outskirts between 2009 and 2011 but achieved room rates have reduced slightly. This has been due to one hotel driving occupancy growth by reducing rates and targeting lower-paying markets. This hotel saw a significant drop in its occupancy in 2009 as a result of the opening of the Premier Inn at Orchard Park. Another hotel reported a loss of some weekend business to the Premier Inn and Travelodge at Orchard Park although minimal impact on its midweek business.

3.8.22 Hotels on the outskirts of the city show a similar pattern of demand to city centre hotels in terms of strong occupancies on Tuesday, Wednesday and Saturday nights. Hotels on the outskirts of the city report similar difficulties in attracting any more than one-night stays at weekends.

3.8.23 The hotel market is more seasonal on the outskirts of the city, with hotels here reporting lower occupancies between October and April, especially at weekends. Hotels on the outskirts of the city report a similar downturn in business in August.

3.8.24 Hotels on the outskirts do not command the high corporate rates that are achieved by city centre hotels. The corporate business that they attract comes primarily from Cambridge Science Park, Cambridge Business Park and other local business parks. There appear to be a series of micro corporate markets around the city that are served by hotels in their immediate vicinity. Corporate demand on the outskirts of the city is primarily from UK business visitors and for 1-2 night stays. International business visitors and those staying for 2-3 nights or more tend to stay in city centre hotels.

3.8.25 3/4 star hotels on the outskirts of Cambridge attract very little residential conference business. This is a market that has reduced substantially in recent years as a result of companies cutting back on meeting and training budgets, developing their own in-house conference and training facilities and making greater use of video and teleconferencing technology.

3.8.26 Weekend leisure demand is primarily driven through special offer rates, particularly in the winter. Hotels on the outskirts of the city take group tour business, generally at relatively low rates. This contributes to their lower achieved room rates compared to city centre hotels.

3.8.27 3/4 star hotels on the outskirts of the city are only occasionally denying midweek business, other than during graduation weeks, and rarely turn business away at weekends. One hotel reported more consistent and significant midweek denials however.

Budget Hotels

3.8.28 Cambridge budget hotels are achieving high average annual room occupancies and high room rates by national standards. Budget hotel occupancies have remained high in Cambridge over the last 3 years, although dropped slightly for some established budget hotels in 2011 following the opening of the Travelodge at Orchard Park.

3.8.29 New budget hotels have quickly achieved high occupancies. They appear to have taken some business from existing budget, 2 and 3 star and non-inspected hotels and guesthouses. Lower quality hotels and guesthouses that appear to have taken little action to combat the increased competition from budget hotels appear to have been most affected. Some good quality hotels and guest houses that trade at a budget hotel price point have still traded well and in some cases seen occupancies and room rates increase despite the new budget hotel supply. One hotel reported that it had benefited from overflow business from a nearby budget hotel.

3.8.30 This suggests that the new budget hotels that have opened at Orchard Park have largely met budget hotel demand that was previously being displaced from Cambridge and have generated new business to the city as a result of their brand strength, customer base, loyalty schemes, corporate account customers, referrals from sister hotels and national marketing.

3.8.31 It is unclear at this stage what impact the new Travelodge at Orchard Park is having on the Cambridge hotel market as it only opened in September 2011. A number of budget and lower-priced hotels reported a slow start to 2012, which could in part be attributable to this latest increase in the city's budget hotel supply.

3.8.32 Budget hotels are still filling in Cambridge in 2012 and continue to charge premium rates on peak nights. The Premier Inn at Orchard Park and Travelodge Cambridge Central are frequently fully booked on Tuesday, Wednesday and Saturday nights.

2 Star and Lower Grade/Non-Inspected Hotels

3.8.33 At an overall level 2 star and lower grade /non-inspected hotels in Cambridge have seen a sharp drop in occupancies over the last three years and a gradual decline in achieved room rates and revpar performance. With increased operating costs, most hotels at this level in the market are likely to have seen reduced levels of profit. The increased supply of budget hotels in the city is likely to have been a factor behind the weaker performance of 2 star and lower grade hotels. Some hotels have however traded more strongly and seen an increase in occupancy although not necessarily in room rates. Those hotels that have been hardest hit appear to be those that have not taken any steps to combat the increased competition from budget hotels in terms of investing in their product, improving their service and more proactive marketing, particularly in terms of selling through Internet booking sites.

Serviced Apartments

3.8.35 Serviced apartment operators in Cambridge are currently achieving high levels of occupancy, in line with the national average of 78.5%. They do not generally deny business other than during University graduation periods.

3.8.36 One serviced apartment operator reported a decline in occupancy levels in 2011 as a result of the increased supply of serviced apartments in Cambridge. Another reduced its stock of serviced apartments in 2010 in line with market demand.

3.8.37 The core market for the city's serviced apartment operators is corporate long stays. Companies use serviced apartments as an alternative to taking short hold tenancies for their long stay corporate visitors or purchasing an apartment for the use by such visitors. Serviced apartments will also open to short lets from business and leisure tourist markets to infill between corporate lets, competing for such business with hotels

3.9 Comparisons with Other UK Historic Cities

3.9.1 On the basis of the data that is available from the PKF hotel consultancy Cambridge was the 5th highest performing UK city in terms of revpar performance in 2010 after London, Bath, Edinburgh and Oxford.

TABLE 10 - HOTEL PERFORMANCE – UK HISTORIC CITIES – 2010

City	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £	Revpar £
London	82.7	144.64	119.57
Bath	78.4	87.00	68.24
Edinburgh	75.3	88.00	66.24
Oxford	73.4	87.20	63.97
Cambridge	73.8	82.12	60.58
Brighton	66.9	87.27	58.40
York	78.1	71.50	55.88
Norwich	72.6	62.85	45.61

Source: PKF Hotel Britain 2011/ PKF (data supplied for Cambridge)

3.9.2 The Hotel Futures Studies that Hotel Solutions has previously undertaken in Bath (2009) and Oxford (2007) showed similarly high city centre 4/5 star and boutique hotel performance. Hotel occupancies for hotels at these levels were not as high in Oxford city centre as for Cambridge city centre hotels, although clearly the Oxford city centre hotel market may have strengthened since we undertook the study here in 2007. At the time of the study we did not find the same strength of demand for city centre hotels in Oxford from international corporate visitors as we have found in Cambridge.

3.9.3 Bath and Oxford are both widely seen as being undersupplied with hotels and neither city has seen any significant new hotel development for some years.

3.9.4 Achieved room rates are high in Brighton. Hotels here achieve lower occupancies however due to the lack of midweek corporate business. Hotel Solutions undertook a Hotel Futures Study here in 2006. At that time all Brighton hotels were holding out for minimum 2 night stays at weekends and needed to do so because of the weakness of midweek demand. The 2010 performance figures for Brighton suggest that this is likely to still be the case.

3.9.5 Hotel occupancies are high in York but achieved room rates here are not as strong. This is probably due to the larger hotel stock in the city and a more competitive hotel market here.

3.9.6 The Norwich hotel market is nowhere near as strong as the Cambridge hotel market.

3.10 Competition from College Accommodation

3.10.1 Our discussions with the city's hotel managers and Cambridge Rooms (the company that markets College accommodation in Cambridge) suggest that College accommodation competes only marginally with the city's hotels and primarily with the lower end hotels. Very few hotel managers felt that there hotel had lost much business as a result of the increased availability and improved quality and marketing of College accommodation. It was generally felt that College rooms offer a very different experience to staying in a hotel and appeal to different markets. Some hotel managers felt that their hotel could have lost a small amount of business to the Colleges during the summer months, particularly in terms of wedding parties and overseas tourists. These tended to be the managers of some of the city's small, lower grade hotels. The managers of the city's 4 star and boutique hotels did not generally see College accommodation as any sort of competitive threat.

4 - GROWTH PROSPECTS

4.1 Drivers Of Growth

4.1.1 With its strong, dynamic, prosperous and expanding economy, Cambridge is recognised as a significant engine for growth for the wider sub-region. Its strengths as a world-renowned centre of excellence for innovative industries and education, together with its competitiveness in high tech research, academia and professional services, is complemented by one of the world's finest cultural environments, which has played no small part in creating a world class visitor destination.

4.1.2 The broad **vision** for the future growth and development of Cambridge and the associated spatial strategy is set out in the adopted Local Plan. It envisages:

- A thriving and accessible historic core, a focus for the two Universities, civic activity, retail, leisure and city centre living;
- The development of a mixed use City-District around the Station area, with an enhanced transport interchange;
- The development of four mixed-use centres to the north, south, west and east of the City as a focus for future employment and residential expansion, and to accommodate the growing needs of the University and Addenbrookes Hospital.

4.1.3 Cambridge is to experience significant **levels of growth** over the next 20 years. The current targets (to be tested through the review of the Local Plan) for Cambridge for housing and employment growth through to 2031[1] are as follows:

- Between 12,700 and 25,000 new homes
- Between 10,000 and 20,000 new jobs

4.1.4. Over the same period, the population of Cambridge is forecast to increase by between 29,700 and 53,000 (2011-2031), from 121,300 to between 151,300 and 174,300.

4.1.5 The Cambridge Cluster at 50 Study outlines the five main roles that Cambridge plays:

- Technology-based business – 900 businesses employ 37,000 people in this sector, almost a quarter of all jobs in Cambridge. This sector will continue to grow and network, locally, with London and globally;
- Research – the University of Cambridge, amongst the top 5 universities in the world, and various research institutes, which have seen substantial investment and with further development planned, most notably at Addenbrookes and North West Cambridge;
- The city centre economy – Cambridge as a regional retail and business centre, boosted by the development of Grand Arcade and Cambridge Leisure Park;
- A regional public sector hub – despite the abolition of many regional institutions, jobs in health and education remain important to the city, representing 30% of total employment;
- An international visitor destination – for both business and leisure visitors which impacts upon the city's profile, nationally and globally, and makes a significant contribution to the local economy, including the Colleges and the commercial sector.

4.1.6 Whilst all the above roles have a part to play in the city's future, they will sometimes compete for land and resources. The core Cambridge Cluster – high tech firms, the University of Cambridge, the research institutes and Anglia Ruskin University - is identified as being the key priority for the future economic development of the area, and the main source of wealth creation. It has a role to play also in national economic recovery, and needs to remain competitive at an international scale. However, this sector needs to be supported by the right destination infrastructure, which includes improved connectivity between the city centre, station and key employment sites, and more and better social spaces for doing business. The hotel sector clearly has a role to play in helping deliver this latter requirement.

[1] Housing & Employment Provision in Cambridge – Draft Technical Background Paper (Cambridge City Council - May 2012)

4.1.7 Some of the key projects that will drive growth in hotel demand are detailed below.

4.1.8 **North West Cambridge**

Impact – 3000 houses, 2000 student rooms, 3770 jobs, hotel, conference centre

- A new University Quarter on land between Madingley Rd and Huntingdon Rd, which is the subject of an adopted Area Action Plan. Development proposed here will be primarily to meet the long term development needs of the University of Cambridge, including key worker housing for University staff, student housing, new faculty buildings, research facilities, and significant levels of housing plus associated community facilities. The make-up of the outline planning application includes:
  - 3000 new homes (50% key worker housing for University staff)
  - Accommodation for 2000 students, either in new colleges or via the expansion of existing colleges;
  - 100,000 sq m of academic and employment space – 60,000 sq m for higher education uses, including academic faculty development and a University Conference Centre; 40,000 sq m of University related research institutes and commercial research uses;
  - A local centre that could include some B1 office use;
  - 5300 sq m retail floorspace, including a supermarket;
  - 6500 sq m Senior Living accommodation
- A hotel is also proposed on this site as an initial enabling development within the local centre- 130 rooms, likely to be positioned at 3 star level.
- NW Cambridge is likely to generate corporate, academic, conference and VFR[1] related business for hotels. A master plan for the whole NW Cambridge area has been drawn up and an outline planning application is currently pending decision.

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[1] Visits to friends and relatives

4.1.9 West Cambridge Campus South Of Madingley Road

Impact – 1960 jobs

- A focus for University-related research and technology linked businesses. Still to be developed here is 30,000 sq m of commercial research space, 22,000 sq m of research institutes, and 46,000 sq m of academic uses. Potential to generate additional corporate/academic related hotel demand.

4.1.10 Cambridge Southern Fringe/Addenbrookes

Impact – 4000 houses, 8000 jobs, hotel, conference centre

- Development to accommodate the needs of an expanding Addenbrooke's Hospital, and to provide more housing close to this growing employment area.
- Key sites include:
  - Addenbrookes – an expansion of the current 70 acre site to 140 acres to create the largest bio-medical campus in Europe. New clinical facilities will include a proposed Children's Hospital and the relocated Papworth Hospital, plus world class research facilities and laboratories. The plans include a conference centre, a hotel, staff accommodation, a private hospital and a new link to the M11. The plans are designed to establish Addenbrooke's as an international centre of excellence, bringing clinical care, teaching and research together in the Cambridge Biomedical Campus, creating at least 8000 jobs, doubling the amount of employment here.
  - The conference centre (2700 sq m) is aimed at serving the research and teaching roles of the campus; initial forecasts envisage it catering for conferences up to 150 delegates (once a month) and 50-70 delegates 2-3 times a week. Most recent proposals are for 3 conference spaces with capacities of 600, 250 and 180.
  - At this stage it is envisaged that the hotel will have 150 bedrooms and be positioned at a 4 star level.

  - Trumpington Meadows – 1200 homes (40% affordable), a school and community facilities, a 60 ha country park and play/sports facilities;
  - Clay Farm and Glebe Farm - an urban extension for 5800 people, 2300 new homes, new schools and neighbourhood facilities, as part of a new gateway to the city;
  - Bell School – 347 homes and 100 bed student accommodation for Bell Language School.

- Developments here have potential to generate corporate, research, conference, and VFR related demand as well as demand from patient families.

4.1.11 The Station Area

Impact – 500,000 sq ft offices, 331 houses, 2500 jobs, 2 hotels, 1250 student units

- A new gateway to Cambridge is being created through the comprehensive redevelopment of the Station Area to deliver a high density mixed use residential and commercial district around a state of the art transport interchange and new public square. The CB1 scheme being developed by Brookgate will deliver:
  - 500,00 sq ft of grade A office space;
  - 331 residential units;
  - 1250 student accommodation units for Anglia Ruskin University;
  - A 200 bed hotel, likely to be mid-scale;
  - 50,000 sq ft of retail;
  - Station Rd along with Hills Rd is becoming established as the professional quarter of the city, and an area of emerging office focus. Mills & Reeve have taken 50,000 sq ft here at Botanic House. Microsoft Research is relocating from a more out of centre location off Madingley Road; their new 85,000 sq ft offices are currently under construction as part of CB1.
- A second hotel is also proposed here.
- The station area development will generate new corporate demand for hotels.

4.1.12 **Cambridge North Eastern Fringe**

- Options for an employment-led mixed use development around Chesterton Sidings that will involve a new railway station will be tested and taken forward through the review of the Local Plan. The site takes in the sewage works which it is proposed will not now be relocated. This has the potential to generate additional corporate demand for hotels.

4.1.13 **North of Newmarket Rd and Cherry Hinton Rd (East Cambridge)**

Impact – 1900 houses

- Whilst the main Airport may not come forward for development prior to 2031, land North of Newmarket and North of Cherry Hinton could. This could include up to 1500 new homes on land north of Newmarket Rd and 400 on land north of Cherry Hinton. Hotel related demand is likely to be VFR (visits to friends and relatives).

4.1.14 **Northstowe**

Impact – 10,000 houses, 5000 jobs

- A major new town being promoted by Gallagher and the Homes & Communities Agency, to be built 5 miles NW of Cambridge between Longstanton and Oakington, with 10,000 homes supported by community and commercial facilities for an estimated population of 25,000. There will be an employment element to the development with office and high technology research and development space in a business hub linked to the town centre, and a further employment area located adjacent to the park and ride. £20m will be spent on improvements to the A14 as part of Phase 1. A hotel could form part of business hub/town centre development. VFR and corporate demand potential.

4.1.15 **Further development of Cambridge Science Park**

- This is a 152 acre site with over 100 companies and 5000 employees. Whilst mostly built-out, there are proposals to redevelop some of the phase 1 sites and intensify their use which could further increase employment numbers, and generate additional corporate demand for hotels.

4.1.16 **NIAB**

Impact – 2693 houses

- 1593 homes are to be developed on the main NIAB site, plus 1,100 additional homes at NIAB2, NW Cambridge, between Huntingdon Rd, Histon Rd and the A14. New housing developments have the potential to generate VFR demand for hotels, and stays related to functions and parties.

4.1.17 **Orchard Park**

Impact – 1100 houses

- The former Arbury Park site located to the west of Cambridge's northern fringe is a new mixed use development that fronts the A14. Development began in 2005 and much of the site is now built out. 1100 new homes on completion. Includes a 138 bedroom Travelodge Hotel a 154 bedroom Premier Inn and a new school. 6 parcels of land remain which could include some commercial use development.

4.1.18 **The Expansion of the Universities**

5420 additional students

- The University of Cambridge forecasts an increase in student numbers from 22,750 to 27,380 by 2025. Anglia Ruskin forecasts growth from 7500 students to 8290.
- This will likely drive additional visits from parents and for University open days, graduations and other events, and will potentially boost academic-related hotel stays.

4.1.19 **A Conference Centre for Cambridge**

- A feasibility study was undertaken in 2008[1] for a potential multi-use facility that could be used as a conference/convention centre and concert hall, similar to the Sage at Gateshead. Options included:
  - A new bespoke 600 capacity conference centre with breakout but no exhibition space, plus expansion and up-grading of the Corn Exchange
  - A multi-purpose facility with conference centre capacity of 1200, but no exhibition hall
  - A multi-purpose facility with conference capacity of 1200 and an additional flexible auditorium for exhibitions, breakout meetings, banqueting and concerts.
- Estimated costs were £40m; it is unclear how the facility would be funded. A site at Cambridge East was the preferred location, but given the delay in delivery here, would not be an option in the near future.
- Conference centres are included in the proposals for both the Southern Fringe and North West Cambridge developments.
- Clearly conferences will generate business for hotels, with most conference delegates seeking to stay in close proximity to the venue. The location of any future venue/s therefore could have an impact on preferred hotel locations.

[1] A Feasibility Study of a Large Scale arts and Cultural Facility for the Cambridge Sub-Region, Tourism UK for Cambridgeshire Horizons, March 2008

4.1.20 **A Community Stadium**

- A feasibility study was undertaken in 2008[1] to look at the options for a 10,000 seat community stadium that could provide a new home for Cambridge United alongside Cambridge City FC and Cambridge Rugby Union FC. Sites at Milton, Cambridge East and Cowley Rd were shortlisted for consideration. The likelihood of the stadium proposal happening is likely to be linked to some form of enabling development. Developers Grosvenor are now promoting a site for this use at Hauxton Rd, close to junction 11 of the M11. If developed the stadium could generate some event-related demand.

4.1.21 **Infrastructure Works**

- The major developments proposed in and around Cambridge will need to be supported and enabled by significant infrastructure works, particularly in terms of transport improvements. These could include improvement to the A14; interchange facilities at Chesterton Sidings; an improved transport hub at Cambridge station; improved cycle, pedestrian and public transport links into the city; new access roads to open sites up; and improvements to existing roads to increase capacity. This is likely to generate additional demand for hotels from contractors and construction teams. The Council has commissioned a separate Infrastructure Study and is developing its proposals for a community infrastructure levy (CIL).

[1] Cambridge Community Stadium Feasibility Study, PMP for Cambridgeshire Horizons, July 2008

4.1.22 **The Development of Cambridge Airport**

- The Marshall Group is currently in the process of developing its future plans for Cambridge Airport. At this stage they are looking at:
  - Growth in air passenger services and traffic, both business and leisure;
  - An increase in business aviation traffic;
  - Growth in light cargo, medical and equine flights (racehorses being transported to Newmarket for races and bloodstock sales);
  - The development of a pilot training centre providing training for 500-600 pilots per year.
- The growth of air traffic through the airport is likely to generate increased demand for high quality hotels in Cambridge from inbound business and leisure visitors and high net worth air passengers, together with demand for more mid-priced hotel accommodation from aircrew and pilots being trained at the airport.

4.2 Future Prospects by Market

4.2.1 **Corporate demand** for hotel accommodation in Cambridge is likely to see strong growth across the city given the projected increases in office and business park development. The strength of Cambridge in high-tech research, bio-medics, pharmaceuticals, professional services and knowledge-based businesses, as well as the national and international status of many of these companies, is a particular advantage as they are very productive for hotel demand. This demand will be linked to the development of the growth areas and major development projects, including CB1, Addenbrookes and NW Cambridge, and to the expansion and intensification of existing employment clusters at West Cambridge, Cambridge Science Park and Cambridge Business Park. This will also generate additional demand for city centre 4 star and boutique hotels, particularly from international corporate executives who want to be in the historic city centre and are willing to pay a premium for this.

4.2.2 In terms of **university-related demand**, the expansion of the city's two universities will result in an increase in hotel demand, in terms of visiting academics post graduate researchers, and parents of undergraduate students, and demand generated by open days and graduations. There is also potential for the University to increase its term time conference business through working with hotels across the city, particularly if hotels become hungrier for this business as the city's supply increases.

4.2.3 Whilst the **residential conference market** nationally is decreasing, there is some potential in Cambridge to expand this market, linked to the growth of the economy and the University – a high proportion of residential conferences currently are linked to local companies and the University. Hotels may also be able to target London for top end corporate meetings, given the fast train links, and the perceived status of Cambridge as a prestige conference destination. New conference centres at Addenbrookes and NW Cambridge and the Trinity Conference Centre/Radisson Blu facilities should enable additional residential conference business to be attracted if supported as proposed by on site hotels. They could also generate some additional hotel demand for other hotels in and around the city, although the lack of a cluster of hotels in close proximity to any one venue is a limitation, as the market ideally prefers to stay within walking distance of the venue.

4.2.4 Hotel demand related to **patients and their families at Addenbrookes** is likely to increase as the hospital expands. The re-location of Papworth Hospital to the Addenbrookes campus together with the development of a private hospital as part of The Forum will further expand this market.

4.2.5 The **contractor market** is likely to grow given the number of major development and infrastructure projects planned in and around the city. This should generate increased demand for budget, 2 star and lower grade hotels. Professionals associated with construction projects – architects, engineers and designers – could generate an element of demand for 3 and 4 star and boutique hotels.

4.2.6 There is good scope for growth in the **leisure break market** in Cambridge, particularly given the 'staycation' trend for UK residents to holiday in the UK. Cambridge has strong destination appeal which can be capitalised on. Additional promotion of the city for 2 and 3 night stays, perhaps as a base for the city and surrounding area, would help extend length of stay in this market, which currently is frequently only for a one night stay.

4.2.7 In terms of **overseas visitors**, Cambridge should be able to benefit from the forecast growth in in-bound tourism to the UK, as a leading international tourist destination. There is a particular opportunity for the city to capitalise on opportunities presented by the expanding BRIC markets (Brazil, Russia, India, China), many of whom will be first time visitors to the UK. Cambridge has sufficient international profile to be able to attract this market, alongside similar historic cities such as Oxford, Bath, York and Chester.

4.2.8 There is potential for growth in the **group tour market**. As lower-rated business, many of the hotels have been closed to this market, and there is significant frustrated demand for Cambridge. As additional hotel supply comes on stream and the city's hotel market becomes more competitive, hotels may choose to take more of this business.

4.2.9 The **weddings market** is likely to continue to grow with the increase in the city's population and student numbers. Alumni frequently return to the city and their colleges to marry.

4.2.10 Opportunities for increased hotel **demand related to the airport** include in-bound premium business and leisure travellers, looking for top quality hotels, most probably in the city centre. Planned increases in the level of business aviation will also generate additional demand for top quality city centre hotels. Aircrew demand is also likely to see growth, primarily for mid-range hotel accommodation close to the airport. The plans for a pilot training centre could also generate demand for a mid-range hotel close to the airport.

5 - FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

5.1 Projected Market Potential for New Hotel Development in Cambridge to 2031

5.1.1 In order to provide an indication of the number of new hotel bedrooms that might be needed in Cambridge over the next 20 years as the city's hotel market grows, Hotel Solutions has prepared projections of possible future growth in hotel demand in and around the city at 5-yearly intervals from 2011 to 2031. These projections are based on the intelligence that we have gathered about the current demand for hotel accommodation in Cambridge and our assessment of the prospects for future growth in each of the main markets for hotel accommodation in the city.

5.1.2 We have prepared projections for the following categories and locations of hotel:

- City centre 4 star and boutique hotels
- City centre 3 star hotels
- 3/4 star hotels on the outskirts of Cambridge
- Budget hotels across Cambridge
- Serviced apartments across the city

5.1.3 The projections have been prepared using our hotel growth projections model. The methodology used by the model and the assumptions that we have used to run the model for Cambridge are described in detail at Annex 3.

5.1.9 The results of the projections in terms of the projected market potential for new hotel bedrooms for each standard of hotel in each location are summarised in the table overleaf. These figures include any pipeline hotels that are already under construction (the Travelodge on Newmarket Road), all proposed hotels and hotel extensions and in the case of budget hotels the Travelodge at Orchard Park (which opened in September 2011).

5 - FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

TABLE 11 - CAMBRIDGE
PROJECTED MARKET POTENTIAL FOR NEW HOTEL BEDROOMS - 2016-2031

Standard of Hotel/Location/Year	Projected New Rooms[1]		
	Low Growth	Medium Growth	High Growth
City Centre 4 Star/Boutique			
2016	146	181	207
2021	199	275	338
2026	256	385	496
2031	318	512	687
City Centre 3 Star			
2016	10	20	30
2021	33	55	79
2026	64	96	138
2031	88	144	209
3/4 Star – City Outskirts			
2016	119	140	157
2021	152	200	240
2026	188	269	339
2031	228	349	458
Budget			
2016	177	203	224
2021	218	277	326
2026	263	362	448
2031	312	460	594
Serviced Apartments			
2016	11	15	18
2021	18	25	33
2026	27	39	52
2031	33	48	65
TOTAL NEW HOTEL ROOMS[2]			
2016	463	559	636
2021	620	832	1016
2026	798	1151	1473
2031	979	1513	2013

Notes:

1. In addition to hotel bedrooms currently under construction (Travelodge, Newmarket Road), the Travelodge Orchard Park (which opened in September 2011) and all proposed hotels and hotel extensions.
2. Figures are cumulative

5.2 Hotel Development Opportunities by Category of Hotel and Location

5.2.1 Assuming that the Cambridge hotel market continues to expand in line with our projections and based on our assessment of the likely future growth in demand for hotel accommodation in Cambridge and what will drive this, our research and projections suggest the following opportunities for hotel development in Cambridge over the next 20 years:

- Scope for another 3-4 boutique hotels in the city centre, possibly including one at a 5 star level, developed through the repositioning of existing hotels and/or the conversion of suitable properties.

- Potential for a large new internationally branded luxury 4 or even 5 star hotel in the city centre. This is likely to be a longer-term opportunity if the Radisson Blu goes ahead at Cambridge Science Park.

- Potential scope in the longer term (beyond 2026) for a new 3 star hotel in the city centre. No immediate scope for a new hotel at this level in the city centre unless the current city centre 3 star hotel supply reduces as a result of the existing hotels upgrading to 4 star or boutique hotels or closing. While our research has shown strong demand for mid-priced hotel accommodation in Cambridge city centre, some of the city centre 3 star hotels are likely to get squeezed by the new budget hotels on Newmarket Road, the proposed 3 star hotel at NW Cambridge and the city centre 4 star hotels trading down during quiet periods if the 4 star hotel supply increases in the city centre and on the city outskirts. The Gonville Hotel is planning to upgrade to a 4 star level later in 2012 and the Royal Cambridge has plans for a major refurbishment, which could see the hotel taken out of the 3 star market. There could therefore be an earlier opening for a new, modern, branded 3 star hotel, possibly at the station.

- In the outer areas of Cambridge there would appear to be scope for new 3 or 4 star hotels linked to established and developing business parks and other existing and developing drivers of demand for hotel accommodation at:

  - Cambridge Science Park/Cambridge Business Park;
  - Addenbrookes;
  - West Cambridge;
  - Cambridge Airport – in the longer-term.

  Proposed 4 star hotels have already been granted planning permission at Cambridge Science Park (the Radisson Blu) and Addenbrookes and a 3 star hotel is proposed as part of the NW Cambridge scheme. Our growth projections suggest that these hotels will need to generate significant new business in terms of residential conferences, leisure business, new corporate demand and other business to ensure their viability and lessen their impact on existing hotels, particularly those in the outer areas.

- Our growth projections show no need for any further budget hotels in addition to the Travelodge Orchard Park, the Travelodge that is under construction on Newmarket Road and the Premier Inn proposed on Newmarket Road (assuming it is granted planning permission). These hotels will more than meet the requirements that we are projecting for budget hotel accommodation in Cambridge for the next 20 years, other than under the High Growth scenario in the longer term (beyond 2026)Our projections suggest that Cambridge will have an oversupply of budget hotels for some years to come. New budget hotels are likely to have a significant impact on existing budget hotels, 2 and 3 star hotels, lower grade/non-inspected hotels and guest houses and B&Bs. It seems likely that some of the existing stock at these levels, particularly the poorer quality stock, may wish to exit the accommodation market as a result. Having said this, Cambridge could still see the development of a further budget hotel, potentially at the station. Our research shows continuing strong demand for budget hotel accommodation in Cambridge city centre despite the new budget hotel supply on the city outskirts. A budget hotel operator may therefore feel that they would still be able to trade well from a new hotel at the station. Much will depend on the impact on the market of the new Travelodge and proposed Premier Inn on Newmarket Road.

- Our growth projections for serviced apartments show scope for a gradual increase in the supply of serviced apartments in Cambridge. We would anticipate the city's serviced apartment supply growing primarily through the letting of further residential apartments on a serviced basis. There might also be scope for a small purpose-built serviced apartment block of say 30-40 apartments.

- There may be scope for a 4 star aparthotel (of say around 75-80 apartments) to meet some of the projected future requirement for additional 4 star hotel accommodation and serviced apartments. An aparthotel would trade largely in the city's hotel market but also to some extent in the serviced apartment market.

6 - HOTEL DEVELOPER INTEREST PROPOSALS AND SITES

6.1 Cambridge as a Hotel Investment Location

6.1.1 Whilst testing hotel developer, operator and investor interest in Cambridge did not form part of the brief for the Cambridge Hotel Futures Study, Hotel Solutions undertook a programme of hotel developer testing work for the East of England region, which covered Cambridge, in 2008[1]. Cambridge came out of this testing with exceptionally strong credentials as the 'wannabe' destination in the region, ahead of all others by a significant margin.

6.1.2 To quote from the report:

"The strongest location by far, and on the target list of virtually all the national brand developers consulted (unless they already had representation here) was Cambridge. 30 brands were seeking to develop in Cambridge, some of these with interest from multiple franchisees (35 expressions of interest in total). The strong interest here is a function of a number of factors – awareness of significant levels of under-supply, the difficulty of securing sites and therefore long-term frustrated demand, the quality of the destination and affluence of the local population, the prestige of the University and the business this and the technology sector generates, plus the strong international tourism market all combine to make the city a winning investment location" (p9).

6.1.3 In terms of the nature of hotel represented by these hotel developers and operators, Cambridge had interest from large 4 stars, mid-market and budget brands, plus boutique offers and aparthotels. There was also interest from innovation brands, new to this country, which is a further indication of the perceived strength of the market here – with hotel companies being prepared to launch such new brand in Cambridge without the support of a wider network and awareness in the UK marketplace.

6.1.4 Clearly, the market has fallen back since 2008, both in terms of national hotel performance and the ability to raise funding for hotel schemes. A re-fresh of this testing work would give a fuller picture of the current state of play.

[1] East of England Hotel Developer Survey, 2008, East of England Tourism/EEDA

6.1.5 Nonetheless, this feedback spells out quite clearly the broad appeal the city has as a hotel investment location, and the levels of pent-up demand amongst hotel companies wanting to get representation in the city, but kept out by a number of barriers.

6.2 Barriers to Investment

6.2.1 By far the biggest obstacle to investment identified by hotel developers, investors and operators in historic cities such as Cambridge is the difficulty of securing sites, with the main problems being:

- Availability of land –a tight city centre with limited ability to develop to any significant height;
- A sensitive fabric, making conversion often difficult and expensive;
- Competition from other uses – particularly residential but also retail and office, albeit that demand has dropped back during the current downturn;
- Site values and expectations – particularly in the light of strong competition from other uses and the values these generate, which hotels often struggle to compete with;
- Timing in terms of when identified sites might come forward, particularly when they form part of areas of major change, where they might be contingent upon a major development scheme happening for associated infrastructure or delivering business for them.

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

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

6.2.3 Congestion and availability of parking are recognised as difficulties for hotel developers in historic city centres, but if the market is strong enough and there is a perceived under-supply of rooms, this will not necessarily put investors off – rather most felt this was something that could be overcome, through for example shared parking with complementary users, negotiating space in public car parks, and valet parking.

6.2.4 The difficulty of securing planning, both for new hotel developments and extensions to existing hotels, is a further challenge to hotel developers. Historic cities are beautiful often timeless places that present a very sensitive environment in which to develop. Hotel developers accept that, dependent on the setting, standard hotel models are often not appropriate in these situations, and are happy to discuss design solutions that have empathy with this sort of environment. However, hotels are not high value uses compared to uses such as residential or retail, and viability is often fragile. Making them stack up can be a challenge. The burden of additional costs, in terms of design requirements, S106 agreements, travel plans, parking arrangements and BREEAM standards can easily tip a marginal hotel scheme over the edge.

6.3 Hotel Proposals – The Supply Pipeline

6.3.1 The past few years has presented a window of opportunity for hotel developers in and around Cambridge, as evidenced by the new supply that has come on stream, particularly at budget level.

6.3.2 This has occurred at least in part because of the recessionary climate that has seen residential and other commercial schemes stall, and site value expectations fall. Hotels have been one of the few types of development where there has remained some activity, and in some cases developers have looked to substitute hotel use for example for residential – particularly when evaluating the impact of affordable housing requirements. In a stronger market, it is likely these hotel schemes would have struggled to stack up. The fact that developers and investors are often looking for lease deals has worked in favour of budget hotel operators Travelodge and Premier Inn, who are two of few that have the strength of covenant for funding purposes.

6.3.3 The other significant factor for Cambridge is the growth agenda, the release of land for major development around the city, including a review of the Green Belt, and the opportunity this has presented to plan for future needs in these areas from scratch.

6.3.4 As a result, both Cambridge City Council and South Cambridgeshire District Council have seen an increase in the number of hotel-related planning applications, and the renewal of extant permissions, for sites in and around the city. The table overleaf summarises those hotel proposals with planning permission and those in relation to which planning is pending.

6.3.5 To summarise:

- There are 7 hotel schemes in and around Cambridge with planning permission with the potential to deliver just over 1100 rooms. 820 of these are within the City Council boundary;
- There are 5 hotels schemes (with a total of 341 rooms) with planning permission in the wider area surrounding Cambridge;
- A further 2 schemes in and around Cambridge (both within the City Council boundary) are currently in the planning process awaiting determination, which between them propose an additional 251 rooms;
- In addition, we are aware of pre-application discussions on a further 4 hotel proposals with the potential for a further 300-400 rooms;
- Despite this apparent large number of proposals (over 2000 rooms), it is unlikely they will all be delivered. A number are speculative or without an operator, and several have been around for some time and not come forward;
- These proposals are at different stages, with some more advanced than others.
- In the short term, Travelodge Newmarket Road is under construction (opening 2013), and the proposed Radisson Blu timetabled by the developer for a 2014 opening. These two schemes will deliver 517 rooms;
- A proposal for a 31 room extension at the Hilton Doubletree has recently been refused, but given the strength of the market for this offer and the limited opportunities to deliver quality rooms in the city centre, it may well come back in a revised form.

6 - HOTEL DEVELOPER INTEREST PROPOSALS AND SITES

TABLE 12 - HOTEL PROPOSALS – CAMBRIDGE AND SURROUNDS

NAME OF SITE	LOCATION	DEVELOPER/ OPERATOR	NO. OF ROOMS	STANDARD
WITH PLANNING				
Cambridge City & Outskirts				
Mill Lane	City centre	NK	75	NK
Newmarket Road	City edge	Travelodge	219	Budget
Red House	City edge	O'Callaghan Hotels	157	3 / 4 star
CB1	City edge	Brookgate	200	Budget
Ashley Hotel	City edge	Owner	19	Boutique
Addenbrookes	Out of centre	NK	150	4 star
Cambridge Science Park	Out of centre	Steeltower Radisson Blu	296	4 star
Sub-Total			**1116**	
Wider Surrounding Area/Beyond the City				
Cambridge Research Park	Beyond city	NK	112	NK
Meridian Golf Club	Beyond city	Owner	29	NK
Comfort Café, Fourwentways	Beyond city	NK	60	Budget
Sawston Hall	Beyond city	Owner	41	Boutique with spa
Whitefields, Great Shelford	Beyond city	Mandarin Oriental	99	5 star
Sub-Total			**341**	
Total with Planning			**1457**	
PLANNING PENDING				
Intercell site	City edge	Premier Inn	121	Budget
NW Cambridge	Out of centre	NK	130	3 star
Total Planning Pending			**251**	
COMBINED TOTAL			**1708**	

6.3.6 The hotel schemes that are linked to areas of major change – Addenbrookes, NW Cambridge and the two station area sites, also seem likely to happen (637 rooms) subject to funding; Addenbrookes and NW Cambridge may take longer to bring on stream given the complexity of the associated development schemes and their reliance on elements of these wider schemes to generate demand for the hotels.

6.3.7 In terms of location, over half (53%) of these proposals would deliver rooms out of centre or beyond the city. Only the Mill Lane site is in the city centre, which could deliver just 75 rooms (4%). Proposals on the edge of the city centre amount to 716 rooms (41%). This reflects the difficulty of securing sites for hotel development in a tight city centre with a high level of demand from competing uses.

TABLE 13: HOTEL PROPOSALS BY LOCATION

LOCATION	No. of Rooms	%
City Centre	75	4.4
Edge of Centre	716	41.9
Out of Centre	576	40.3
Beyond the City	341	13.4
TOTAL	**1708**	**100**

6.3.8 The schemes proposed beyond Cambridge are unlikely to have a significant impact on trading in the Cambridge market. They are too far out, and are primarily destination offers that would generate demand for their offer, spa, golf, as well as serving business needs more local to them.

6.4 Potential Sites for Hotel Development

6.4.1 The availability and deliverability of sites for hotel development in Cambridge has been identified as one of the key obstacles to investment by hotel developers. Any forward strategy will need to address this, and for this reason an element of sites assessment has been built into this study. The assessments have specifically focused on market potential and fit with operator requirements in each case, but where available information on planning status and suitability, likely timeframe to delivery and details of any specific site proposals have been built into the assessment framework.

6.4.2 In addition to the 14 sites (above) in the planning system on which hotel schemes are proposed, a further 27 sites - we might term them more speculative sites - were identified by stakeholders and the consultancy team during the consultation process that could offer potential for hotel development.

6.4.3 Observations on these speculative sites include:

- A small number are currently the subject of interest by developers or hotel operators, and so have live interest, and from this viewpoint are commercially sensitive;
- Three have been the subject of previous hotel applications that have been refused; their deliverability would be dependent on the ability to overcome these reasons for refusal;
- A significant proportion of these sites are prioritised for other uses, particularly residential. Some have been allocated for this use;
- A number are being considered as part of the SHLAA submissions, and so could also be prioritised for housing;
- On one or two sites there could be issues in planning terms with loss of employment or R&D land;
- Student accommodation is also a potential use on several sites;
- Green Belt is an issue for one or two of the sites.

6.4.4 In terms of location, the city centre is again under-represented, with only 11 of the 41 sites and proposals here, compared to 14 in edge of centre locations and 16 out of centre or beyond the city.

6.4.5 From the above we can infer that there are a considerable number of challenges to bringing these sites forward for hotel use, both in terms of planning priorities (most notably for housing and employment) as well as commercial deliverability, given higher value competing uses. Some positive intervention may be needed.

6.4.6 In addition to the above sites, a further option to deliver some of the potential for hotel development identified in the growth forecasts could be through the re-positioning, redevelopment and extension of existing hotels. Again, relatively few are located in the city centre itself, with a small number located around the ring road that defines the central area. These are precious sites in hotel use that offer the walk-ability to the central area so much in demand by the market. Some have looked to extend, but planning has been a real challenge for many.

6.5 Matching Demand Supply and Site Availability

6.5.1 Without more detailed information on the proposed content of all the proposed hotel schemes – and particularly the CB1 proposal and the Red House hotel scheme – it is difficult to accurately match the forecast demand at each level in the market with hotel developments that are likely to come on stream. The matching process is further complicated by the fact that a number of existing hotels are considering redevelopment, expansion and re-positioning.

6.5.2 Nonetheless, there are some key messages coming out of the analysis of growth in the market, hotel proposals and potential sites:

- The firm proposals for 4 star and boutique hotels in Cambridge city centre fall short of the forecast levels of demand, combined with which there are fewer potential sites for hotel development here than in edge of city and out of centre locations. This points to action to bring further sites and schemes forward;
- There is no immediate potential for a new 3 star hotel currently in the city centre, unless one or more of the existing 3 star hotels chooses to re-position which could open up an opportunity. Beyond 2026, however, an expanded market might support a 3 star hotel. A hotel of 3 star standard has been mooted for the Red House site;
- If all the hotel proposals for 3 and 4 star hotels on the outskirts of the city go ahead, this will more than meet the requirement identified in the forecasts. They will need to generate significant levels of additional business through supply-led growth, particularly from leisure markets, and conference centre demand - which has not been factored into our calculations;

- At budget level, the two Travelodge hotels at Orchard Park and Newmarket Road meet the medium level growth rate projections for budget hotel demand through to 2031, and will be operational in 2013. If the Premier Inn at Intercell House is also to go ahead, the market would need to expand at the high growth rate to meet this requirement. A budget level hotel could also be proposed for the station area, at CB1.

6.5.3 Whilst at an overall level, therefore, the numbers of proposed rooms and forecast demand have some fit between the medium growth rate and the high growth rate projections, the mix being delivered could be slightly at odds with this, in terms of the standard and location of hotel development and what the market is seeking.

6.5.4 In the final section of this report, we look at what can be done influence this in both the short and longer term.

6 - HOTEL DEVELOPER INTEREST PROPOSALS AND SITES

TABLE 14- CAMBRIDGE
PROJECTED MARKET REQUIREMENTS COMPARED TO PROPOSED FUTURE SUPPLY
2016 – 2031

Standard of Hotel/ Year	Projected New Rooms Required Medium Growth	Projected New Rooms Required High Growth	Firm Hotel Proposals[1]- New Rooms
City Centre 4 Star/ Boutique			
2016	181	207	Ashley – 35
2021	275	338	Gonville – 80
2026	385	496	Station[2] – 150
2031	512	687	**Total New Rooms - 265**
City Centre 3 Star			
2016	20	30	Gonville -(80)
2021	55	79	Station[2] – 150
2026	96	138	**Total New Rooms - 70**
2031	144	209	
3/4 Star – City Outskirts			
2016	140	157	Radisson Blu – 296
2021	200	240	Addenbrookes -150
2026	269	339	NW Cambridge -130
2031	349	458	**Total New Rooms - 576**
Budget			
2016	203	224	Travelodge Orchard Park -138
2021	277	326	Travelodge Newmarket Road -219
2026	362	448	Premier Inn Intercell -120
2031	460	594	**Total New Rooms - 477**
Serviced Apartments			
2016	15	18	
2021	25	33	
2026	39	52	
2031	48	65	
TOTALS			
2016	559	636	**Total New Rooms - 1388**
2021	832	1016	
2026	1151	1473	
2031	1513	2013	

Notes:

1. Hotel schemes with identified hotel operator interest that have planning permission granted or pending.
2. There is no firm information available on the standard of the hotels that are proposed at the station. We have assumed a 3 and a 4 star hotel, both at 150 bedrooms.

6.6. The Potential Impact of New Supply on Existing Hotels and Guest Houses

6.6.1. The above comparison between the projected market requirements for additional hotel supply in Cambridge and the currently proposed future hotel supply suggests the following in terms of the potential impact of new supply on existing hotels and guest houses in the city:

- The proposed hotels at the Station could have a short-term impact on city centre 3 and 4 star hotel occupancies if they are progressed at these levels in the market. The projections suggest however that the city centre hotel market should be able to absorb these hotels and recover relatively quickly. The Station is a secondary location for hotel development on the edge of the city centre. New hotels here are less likely to impact on the rates that city centre 4 star hotels are currently achieving although could exert some downward pressure on prices at off peak times.

- The proposed hotels on the outskirts of the city could have a significant impact on occupancies of existing 3 and 4 star hotels in these locations and some impact on city centre 3 and 4 star hotel occupancies. If all three hotels go ahead this additional supply would exceed the projected market requirements for new hotel bedrooms on the city outskirts. Much will depend on how quickly these new hotels come on stream and the extent to which they are able to generate new business, particularly in terms of residential conference demand and leisure trade. The proposed Radisson Blu should compete strongly for corporate demand from Cambridge Science Park and Cambridge Business Park, taking business from city centre 4 star hotels and 3/4 star hotels on the outskirts of the city. Our research suggests that there will continue to be strong demand for city centre hotels from corporate visitors to companies in these locations, especially overseas visitors and corporate visitors that are staying for a few days. City centre 3/4 star hotels may thus be less affected than 3/4 star hotels on the outskirts of the city.

- The new budget hotels that have recently opened in Cambridge and the additional budget hotels that are planned/ proposed on Newmarket Road are likely to have a significant impact on the occupancies of the city's existing budget hotels, 3 star hotels, 2 star/lower grade hotels and guest houses. Hotels of these standards and guest houses have already seen a drop in their occupancies since the opening of the Premier Inn and Travelodge at Orchard Park. The projections suggest that the new Travelodge on Newmarket Road and the Premier Inn that is proposed here also will open well ahead of market growth, resulting in further downward pressure on budget, 3 star, 2 star and lower grade hotel occupancies and guest house performance. Much will depend on how such affected businesses respond in terms of upgrading and repositioning, quality of service, pricing and marketing. Good quality, well located establishments are likely to be less affected. Poorer quality, less well located properties could be hit very hard. Some may decide to exit the market.

6.6.2. In order to provide an insight into the potential impact of new budget hotels on the performance of guest houses and small hotels in Cambridge, Hotel Solutions has undertaken a fair share analysis for this sector of the city's accommodation supply. This models how the average levels of room occupancy for such establishments might change under different market growth scenarios and according to the number of new budget hotel bedrooms that might open in the city. The approach and results are described in detail at Annex 4. The fair share analysis suggests that the opening of the Travelodge on Newmarket Road, the development of the proposed Premier Inn here, and any further new budget hotels that might open in the city, e.g. at the Station, will add significantly to the downward pressure on room occupancies for the city's guest house and small hotel sector that has already taken place since 2009 following the opening of the new Premier Inn and Travelodge hotels at Orchard Park. Under this scenario it seems likely that some of the city's guest houses and small hotels will seek to exit the market and cease trading. The scale of loss will depend on the level and pace of new budget hotel development in the city, how strongly the Cambridge accommodation market grows and the extent to which the city's guest houses and small hotels are able to respond to the additional competition from new budget hotels. It is likely that the better quality and well located guest houses and small hotels that have a loyal customer base will be less affected, while poorer quality, less well run and less well located establishments may well close.

7 - CAMBRIDGE HOTEL FUTURES – MOVING FORWARD

7.1 Summary of Key Findings

7.1.1 The research has shown:

- A strong hotel market in Cambridge and potential for significant levels of growth to 2031;
- Exceptional levels of performance in many of the hotels, well above national benchmark figures for hotels and a number of the city's competitor heritage destinations;
- A significant number of proposals for new hotel development, many of which have planning, and several of which look likely to come forward in the short to medium term;
- Strong levels of additional interest from hotel developers and operators not currently represented in Cambridge, over and above the firm proposals;
- Some sites that could offer potential for hotel development, but intense competition from alternative uses and high value expectations which are amongst a number of challenges to securing hotel sites in and around the city;
- A preference amongst a large part of the market to be in the city centre, but a particular paucity of sites/development opportunities here, particularly for boutique hotels and a large luxury 4 or 5 star hotel;
- Potential to cater for the growth in demand driven by major developments on the outskirts of the city by locating hotels there thus minimising the need to travel. These hotels will also need to generate significant levels of new supply-led demand;
- Firm proposals that fit loosely between medium and high growth rate forecasts for market growth through to 2031, but would deliver a mix that is out of sync with the identified potential;
- An opportunity for the city to try to manage and influence current proposals and to create a future planning framework to fit with the forecast potential and to maximise the benefit of these schemes to Cambridge.

7.2 National Planning Guidance

7.2.1 National planning guidance on the development of hotels comes in the form of the '**Good Practice Guide on Planning for Tourism',** which contains a specific appendix on tourist accommodation, dealing principally with the location of accommodation.

7.2.2 The guidance covers general locational principles and guidance relating to particular types of serviced accommodation (major hotels, budget hotels/lodges, rural/pub accommodation). Some of the key principles include:

- Identifying suitable locations for hotel accommodation should be an integral part of the plan making process, and should involve the tourist industry;
- Major hotel developments should look to the town centre first, because of their transport and regeneration implications;
- Outside the development plan process site selection should follow the sequential approach;
- There is a need to recognise the market being served by different types of hotel when allocating sites and considering applications, as this will affect the optimum location;
- New hotel developments in historic towns and cities need to be sensitive to their surroundings; conversions may also be a realistic proposition subject to impact;
- The potential to convert and re-use historic buildings in towns and the countryside should be considered;
- Extensions e.g. to pubs to add bedroom accommodation can help support the viability of these businesses, but need to be proportionate;
- Budget hotels catering for longer staying markets should generally be destination focused i.e. in town centres;
- Lodges catering for stop-over traffic may require a location on a major routeway, ideally edge of town rather than in open countryside.

7.2.3 The issues surrounding tourism and hotel development were also addressed to some degree in **PPS 4**. PPS4 builds on the objectives for the planning system set out in PPS1 providing the tools for Local authorities to plan effectively for economic growth. It requires Local authorities to adopt a positive and flexible approach to economic development (which includes tourism and leisure development). It also emphasises the importance of an evidence base to understand industry/sector needs, using relevant market and economic information, particularly where proposals are not specifically supported by plan policies. In addition, it states that Local authorities should limit the designation of sites for single or restricted use classes and promote mixed use developments in appropriate locations.

7.2.4 The associated **Practice Guidance** on need, impact and the sequential approach 'Planning for Town Centres' includes an Appendix on its application to hotels. It sets out an approach to assessing future need through gap analysis by location and standard/type of hotel, refined using performance data and forecasting techniques, to provide an evidence base against which individual hotel schemes can be assessed.

7.2.5 The **National Planning Policy Framework** was published at the time of writing this report which provides new guidance for the Planning system. Key threads of relevance to developing the hotel sector and some of the issues identified in this study include:

- Retention of the presumption in favour of sustainable development;
- A continued significant focus on supporting economic growth, also reflecting local circumstances;
- Encouragement to plan positively, meeting objectively assessed needs with flexibility to adapt to change;
- A streamlined and speedy approach to decision-making on schemes that accord with the development plan;
- Retention of requirements relating to the setting of local car parking standards, reflecting local levels of ownership, and encouragement of sustainable modes of transport;
- Policies should seek to address potential barriers to investment;

- The sequential test remains important in ensuring the vitality of town centres;
- Pro-active engagement with applicants is a key strand in positive planning and pre-application discussions encouraged;
- Joint working is expected between local authorities on cross-boundary issues, in relation to which there is a duty to co-operate;
- A 12 month transitional period to up-date plans to conform with the national framework, but a requirement to treat these policies as a material consideration when deciding on planning applications with immediate effect.

7.3 Current Local Hotel Planning Policy

7.3.1 Current policies for hotel development are contained in the 2006 **Cambridge Local Plan**. The strategy seeks to manage rather than promote tourism, but recognises the contribution that visitors have to make to the economy and character of the city as a destination. The need for an adequate supply and range of visitor accommodation is identified, as is the potential to locate hotels in mixed use schemes and in urban extensions.

6/3 Tourist Accommodation

Development which maintains, strengthens and diversifies the range of short-stay accommodation will be permitted. Provision should be made for disabled visitors. In the case of change from residential use, part of the accommodation must be retained as permanent residential accommodation.

Development will not be permitted which would result in the loss of existing short-stay tourist accommodation unless the change is to permanent residential accommodation or community facilities for which there is a need in Cambridge.

6.9 An adequate supply and range of accommodation is needed to encourage staying visitors. Hotels may be acceptable as part of mixed use development sites and in the urban extensions. The needs of disabled people should be considered in all applications for new tourist accommodation, or for alterations to existing. Accommodation with over six guest bedrooms should have at least one accessible room. Hotels or guest houses with over ten bedrooms should have between 6% and 10% of accessible rooms. These rooms should meet the Visit Britain Stars standards which the Tourist Office promotes.

6.10 The appropriate balance has to be achieved between protecting residential properties and meeting the needs of visitors. For proposals involving the loss of residential, the retention of private residential accommodation to be occupied by the proprietor will be secured by planning condition to ensure there is no loss of residential units.

6.11 Planning permission will not normally be required for the use of two rooms only of a dwelling house as guest bedrooms, the rest of their house remaining in family occupation.

7.3.2 We offer a number of observations on the current policy as it stands:

- No quantum of rooms needed is identified, nor an indication of the type and standard of hotel required;
- The policy and text refer to developments that 'strengthen and diversify' the city's hotel offer, without explaining what this means, and there is no mechanism or source of expertise in place to evaluate any hotel proposal on this criteria;
- There appears to be a presumption in favour of residential use over hotel use, with an element of any residential conversion to hotel being required to remain in residential use, and hotels being permitted to convert to residential. This could put pressure on hotels to exit the market, especially as residential values are so much higher than anything hotels can generate;
- The policy does not specifically refer to the extension of existing hotels, for additional bedrooms or facilities such as restaurants, leisure, spas and conference/function rooms, yet there has been a fair amount of interest in such development from existing hotel operators and issues in securing permission;
- Two sites were allocated for hotel use in the Plan - Mill Lane and Intercell House; neither has yet been delivered.

7.3.3 Other policies also impact upon the ability to deliver hotel development, including the protection of employment land and buildings, limiting the potential to convert office buildings for hotel use or develop hotels on business parks. The priority given to housing needs and also HMO use could also put pressure on operators to exit hotel use, especially given their higher associated value. Policies to retain residential accommodation are also restricting their conversion to hotel, including in association with existing hotels where an adjacent residential property might be a route to expansion.

7.3.4 Policies relating to transport/parking, urban design and conservation will have implications for hotel location/access, design and associated costs, potentially impacting on scheme viability.

7.3.5 In terms of the workability of current policies relating to hotel development, some difficulties and frustrations have been identified by the Planning Team:

- Having no independent evidence base against which to assess hotel applications;
- Hotel needs assessments submitted by applicants and agents many of which present contradictory evidence and which are extremely variable in quality and coverage;
- A grey area in terms of the emergence of aparthotels and serviced apartments let to the tourism market on a short stay basis, and how these should be dealt with in planning terms;
- Concern at the limited ability to influence the type of hotel delivered within a scheme, as C1 hotel use covers everything from a budget hotel to a luxury offer;
- A trend to the delivery of large hotels, likely driven by the need to offset additional site and development costs, which might not be the most appropriate scale for the sensitive historic core of Cambridge where these costs are highest.

7.3.6 The area around the Cambridge City boundary falls within **South Cambridgeshire District**. South Cambridgeshire District Council has granted permission for some major hotel schemes in the past 5 years, including the Premier Inn (154 rooms) and Travelodge (138 rooms) budget hotels at Orchard Park, and the Radisson Blu at Cambridge Science Park (296 rooms). This is very much part of the Cambridge market area; the Science Park in particular generates a lot of business for the city's hotels. The District Council's approach to hotel development has essentially been reactive, and no evidence base has been produced to identify the scale of hotel need. In many cases no needs assessment has been submitted as part of the planning applications. Cambridge City Council has been a consultee on these applications, but there does not appear to be a joined up approach to considering schemes in the light of the scale and location of hotel development needed in and around the city. In order to inform any such joined up approach, South Cambridgeshire District Council should undertake an appropriate assessment.

7.4 The Need to Plan for Hotels

7.4.1 The research has demonstrated that the Cambridge hotel market is strong and growing; there are numerous proposed hotel schemes, many already with planning permission; and there continues to be strong hotel development interest in the city. Given this scenario, why plan for hotels? Why not just leave delivery to the market?

7.4.2 There are a number of implications of adopting this sort of 'hands off' approach:

- There is no guarantee that the granted hotel proposals will be delivered. Several of those with permission have stalled for funding and other reasons, and some have been on the cards for some time;
- Leaving it to the market might well deliver hotels that don't have best fit with key sites and types of hotel that will be of greatest destination benefit;
- An undersupply of hotels will constrain the development of both business and leisure tourism:
  - Hotels are part of the basic economic and social infrastructure of a place; they are part of what makes a city a good place to do business, and as such they support future business development, which our analysis of drivers has shown will see considerable expansion in Cambridge;
  - Much of leisure tourism spend is discretionary and if the right accommodation is not available at the right price then some of this will go to other places. Different hotel products and brands can also help stimulate new demand.
  - As tourism is one of the 5 identified clusters around which the city's future growth will be focused, the sector will not be able to deliver to its full potential;
- There is always the danger that people may still visit Cambridge but stay elsewhere, adding to congestion without bringing wider economic benefits.
- An opportunity will be lost to create employment and add to economic diversity.

7.4.3 While hotel schemes have been granted permission on the outskirts of Cambridge and at Cambridge station, linked to existing and planned new drivers of demand in these locations, hotel development and investment is only slowly coming forward in the city centre, where there is a clear market demand for additional supply. Some proposals to expand and develop existing hotels in the city centre have had difficulty in securing planning permission. There is also a severe lack of available and affordable hotel sites and conversion opportunities in the city centre. There is a need therefore to look at what can be done to ensure that future planning policy is as enabling and supportive as possible to allow city centre hotel development, extension and upgrading schemes to be progressed in Cambridge.

7.4.4 A number of hotel schemes have been granted planning permission in priority locations where there are existing or planned new drivers of demand for hotel accommodation. It would seem sensible to strengthen the deliverability of the granted hotel schemes in these locations by focusing planning policy on these priority locations unless a clear case can be made for hotel schemes in other parts of the city.

7.4.5 There is also a need for future planning policy for hotel development in Cambridge to give greater clarity as to how the following issues should be addresses:

- Assessing and managing the traffic and parking impact of new hotel schemes;
- The planning status of serviced apartments;
- Whether hotel and guest house retention policies are warranted in Cambridge to resist the loss of hotels and guest houses in the city centre;
- The case for a joint approach to hotel development policy for Cambridge and its outskirts between Cambridge City Council and South Cambridgeshire District Council.

7.4.6 It is often the case that the existing hotel industry in any destination will be resistant to new supply coming on stream, particularly when hotels have been trading well; any fall back in business will understandably be of concern. However, in reality the room for manoeuvre in planning terms in stopping new hotel development, especially in city centres, is limited. Whilst the Council could turn down applications for specific sites on various planning grounds, given the scale of demand and existing status of Cambridge as a tourist destination, a policy blocking new hotel development is unlikely to be successful or appropriate. A more likely scenario is that high land values, planning constraints and competition from other uses will constrain new hotel development.

7.4.7 Planning for hotels, based upon an informed evidence base, presents an opportunity to try and manage the growth of the sector in a sustainable way, and at a level that will not impact significantly on the performance of existing supply.

7.5 A Hotel Development Strategy for Cambridge

7.5.1 This section of the report looks at a series of policy options for the development of hotels in and around Cambridge, both in terms of the further development of existing hotels and the development of new supply through conversion and new build.

7.5.2 However, we would advocate that the starting point for the future planning framework for the hotel sector should be the development of a hotel development strategy within which each of these policies play their part. This will ensure a holistic and more integrated approach to hotel development, which incorporates both a locational strategy and one that clearly identifies the quantity and quality of hotels to be developed, and the role of hotels in aiding the delivery of the wider vision for the city.

7.5.3 In preparing this quantified and qualified hotel development strategy for Cambridge, it is important that it is not used as a straight-jacket to limit or cap the development of the hotel sector. The strategic approach is about directing hotel development to locations that can best support demand drivers, and at the same time minimise traffic movements. The Cambridge Hotel Futures Study provides an indication of the scale and nature of hotel development that future market growth is likely to support in Cambridge over the next 20 years. The growth projections that were prepared as part of the study do not however include any quantification of supply-led growth that new hotels might generate because of their branding and marketing. Nor do they attempt to quantify the potential hotel demand that might be generated by the Trinity Centre and proposed conference centres at Addenbrookes and NW Cambridge if they are supported by on-site hotels. In reality therefore Cambridge may be able to support a greater level of new hotel development than the growth projections show. It is not possible at this point to anticipate all the potential options for delivering hotels that could come forward over a 20 year period. There needs therefore to be some flexibility to respond to opportunities that emerge that are 'outside the box', provided that they are evidenced and can demonstrate no negative impacts on achieving the wider strategic approach. Monitoring the demand-supply balance will be a requirement to enable an informed view to be taken on this.

7.5.4 The strategy should also seek to identify other tools that can work alongside the planning process to influence potential schemes and pro-actively target the right hotel investments to the optimum sites.

7.5.5 In refining the hotel development strategy, beyond the broad quantity and quality of hotel space required, our research identified a policy vacuum in terms of the vision for Cambridge as a visitor destination over the plan period to 2031. A clearly articulated tourism strategy that identifies target markets and their requirements would enable more detailed guidance to be given as to the 'best fit' hotel offers to meet these needs and help grow the desired markets. As an example, an aspiration to attract a younger, affluent market might point towards delivering the potential identified for boutique hotel development via cool, hip and funky brands like Bespoke, Malmaison, ABode and Hotel Indigo. The nature of some elements of the business tourism market, involving companies at the leading edge of technology developments, might point to targeting some 'tech-savvy' lifestyle brands and innovative offers new to the UK such as Aloft and Hyatt Place, and some of the budget boutique brands. As part of the forward strategy, this vacuum needs to be filled if Cambridge is to make the most of what tourism has to offer it, and to ensure that the city gets the hotel offer it deserves.

7.5.6 Any future strategy for hotel development in Cambridge should be designed to:

- Deliver a World-Class hotel offer in Cambridge city centre to match the city's credentials as a leading international centre of academic, research, technological and clinical excellence and aspirations as a leading international tourist destination.
- Meet anticipated future business and leisure tourist demand for hotel accommodation in the city:
- Achieve an environmentally acceptable and economically sustainable growth in the city's hotel supply;

7.5.7 In order to meet these objectives, the Cambridge Hotel Futures Study suggests that the priorities for further hotel development in Cambridge over the next 20 years should be to:

a) Achieve a high quality and distinctive hotel offer in Cambridge city centre in terms of national and international branded 4 star hotels, boutique hotels, good quality 3 star hotels and possibly a 5 star hotel – through the upgrading and expansion of existing hotels and the conversion of suitable properties.

b) Direct new-build hotel development to locations on the edge of the city centre and city outskirts where there are existing and/or potential future drivers of corporate and conference demand for hotel accommodation and frequent bus services into the city centre:

- The Station Area;
- Cambridge Science Park/Cambridge Business Park;
- Addenbrookes;
- NW Cambridge
- Cambridge Airport – in the longer term.

7.5.8 This broad hotel development strategy would:

- Drive up the quality of the city centre hotel offer;
- Focus new hotel development on locations where there are existing and new drivers of demand;
- Support the development of the growth areas;
- Enable existing and proposed conference centres at the Cambridge Science Park, Addenbrookes and NW Cambridge to secure conference business;
- Reduce unnecessary car traffic movements by hotel guests by providing hotel accommodation at the locations where people are doing business or attending conferences and encouraging hotel guests to use bus services to access the city centre.

7.5.9 Financially viable and environmentally acceptable new-build hotel development will be very difficult to achieve in Cambridge city centre given the lack of available and affordable sites; the competition for sites from higher value uses; and the scale that new-build hotels would need to be developed to in order to ensure their commercial viability. Budget hotel development will also be very difficult to achieve in Cambridge city centre for these reasons. This makes a different vision for the centre difficult to achieve - e.g. a family friendly and accessible city centre with affordable hotel accommodation – without a greater level of intervention. The economics of hotels and the strong competition for sites in the city centre point towards more exclusive and bespoke hotel offers here.

7.6 Support for the Expansion and Upgrading of Existing Hotels

7.6.1 The Cambridge Hotel Futures Study identifies both a need and an opportunity to encourage and support the expansion and upgrading of city centre hotels in Cambridge. The growth projections suggest market potential for further 4 star and boutique hotel provision in the city centre, while other aspects of the research suggest a possible opportunity for a city centre 5 star hotel and continuing demand for good quality mid-priced hotel accommodation in the city centre. Given the challenges of securing sites and conversion opportunities for new hotels in the city centre it would seem logical to try to meet some of these requirements through the expansion and/or upgrading or repositioning of existing hotels. This suggests a requirement for an explicit planning policy that recognises this opportunity and is sympathetic to the improvement and development of established hotels in the city centre (whilst not over-riding other plan policies). It will be for the City Council to determine how far it wishes to go in articulating a more flexible policy approach for existing city centre hotels.

7.6.2 The principle of supporting the development and improvement of existing hotels might also sensibly apply to the rest of the city.

7.7 Support for the Conversion of Suitable City Centre Properties to Hotels

7.7.1 The Cambridge Hotel Futures Study identifies market potential for a further 2-3 new boutique hotels in Cambridge city centre over the next 20 years together with possible scope for a new luxury 4 or 5 star hotel. While some of this requirement could be met through the repositioning and upgrading of existing city centre hotels, there is likely to be a requirement for further sites or conversion opportunities to fully satisfy the identified market opportunities. With no easily identifiable sites for new-build hotel development in the city centre, the conversion of suitable properties looks likely to provide the most realistic way forward for delivering the required new hotels in the city centre. There will however undoubtedly be pressure for the redevelopment of any suitable properties that may come forward from other, higher-value uses, e.g. residential, that a hotel use would not be able to compete with – although some properties may lend themselves more to conversion as boutique hotels.

7.7.2 An explicit policy that is sympathetic to the conversion of suitable city centre properties to hotels might therefore be appropriate. Another option could be to identify certain key city centre properties for conversion to hotels as a preferred or even allocated use e.g. one of the properties or sites at Mill Lane, the Guildhall or the Shire Hall. This would require further discussion to determine how desirable and achievable this would be as an option for such properties. Engagement with the Colleges as landowners will be important in moving this forward, and the potential for smaller properties for which the alternatives may be more limited, to be considered for boutique guest accommodation, as has been developed in Oxford and Bath.

7.8 Allocating the Shire Hall for a Luxury 4 or 5 Star Hotel?

7.8.1 The Cambridge Hotel Futures Study suggests that Cambridge can support a large new luxury 4 or 5 star hotel within the next 20 years even if the Radisson Blu hotel proceeds at Cambridge Science Park and a 4 star hotel is developed at the station, albeit that the opportunity may be more in the longer-term if these hotels proceed. The CB1 development may attract a 4 star hotel but probably not a deluxe 4 star property and is unlikely to be a location that would attract a 5 star hotel.

7.8.2 The only realistic site for a luxury hotel in the city centre is the Shire Hall, given its location, the attractiveness of the building, the setting and the availability of parking here. The site is likely to be equally attractive for other uses, including residential, which may command a higher value than a hotel use. There may therefore be a case for a policy that specifically articulates a desire to see the Shire Hall converted to a luxury 4 or 5 star hotel, should the County Council decide to vacate and dispose of it, possibly expressed through a Development Brief for the site or site allocation for a luxury hotel. This would clearly require further discussion with the County Council.

7.9 Assessing Hotel Planning Applications in Non-Priority Locations

7.9.1 The proposed hotel development strategy for Cambridge suggests focusing hotel development in the city on those locations where there is evidence of current shortages and/or deficiencies (in quality terms) of hotel supply or there are existing or planned new drivers of hotel demand that are well serviced by public transport i.e.:

- The city centre;
- The Station Area;
- Cambridge Science Park/Cambridge Business Park;
- Addenbrookes;
- NW Cambridge;
- Cambridge Airport – in the longer-term, if the airport expands and there is associated business park development here.

7.9.2 If this strategy is accepted, the issue then is how strictly the City Council might wish to enforce the strategy in planning policy terms and whether hotel schemes could be considered in other locations should they come forward in the future. Planning permission has already been granted (or may shortly be granted) for sufficient hotels in most of the above locations (apart from the city centre and Cambridge Airport) to meet the projected market requirements for new hotels through until 2031. It does not seem unreasonable therefore for the City Council to seek to restrict hotel development in other locations until hotels have been delivered in these priority locations, where permissions for hotels have already been granted. Any hotel schemes that may come forward in other parts of the city would thus need to be supported by a strong case and evidence base for why they need to be sited in a different location.

7.9.3 If the suggested locational strategy for hotel development in Cambridge is accepted the boundaries of the city centre will need to be more clearly defined, possibly as a City Centre Hotel Development Zone, to give developers and Development Control Officers clarity about where hotel development can be considered in the city centre.

7.10 Traffic and Parking Impact Assessment and Management

7.10.1 It must be recognised that any new hotel or hotel extension will generate additional traffic in terms of delivery and staff vehicles and guests arriving by car, taxi or company minibus. Very few hotel guests arrive on foot or by bus. Guests arriving by train or air will generally use taxis to reach their hotel. The traffic generation impact of proposed hotel schemes will thus need to be carefully considered. Where appropriate applicants may be required to provide traffic impact assessments for hotel development schemes.

7.10.2 New hotels and hotel extensions will also generate additional demand for car parking. A high proportion (typically 40-50%) of midweek guests for Cambridge city centre hotels arrive without a car (usually arriving by taxi or company minibus). A greater percentage of weekend guests (typically 80%) arrive with a car however, and require somewhere to park. This suggests that any new hotel development or extension scheme will need to demonstrate adequate provision for guest and staff parking in terms of:

- On-site parking;
- Valet parking arrangements using a nearby car park with available capacity;
- Arrangements with nearby public or private car parks that have spare capacity to accommodate guests' vehicles.

7.10.3 It does not seem unreasonable for the City Council to require a car parking plan for any new hotel scheme.

7.10.4 In such a congested city as Cambridge it is important to try to minimise hotel guest use of vehicles (private cars and taxis) during their stay and encourage use of buses and bikes to access the city centre. This is one of the key rationales behind siting new hotels on existing and planned business parks and alongside existing and planned conference centres, to lessen the need for business visitors and conference delegates to travel to and from city centre hotels during their stay. It will also be important to ensure that new hotels are well served by frequent bus services into the city centre and possibly that new hotels include some measures to encourage guests to cycle into the city centre, perhaps by implementing or subscribing to some form of cycle hire scheme. The City Council will need to decide how strongly it wishes to express such a policy and the extent to which it would wish to refuse proposed hotel schemes that are not served by bus services.

7.10.5 We understand that the County Council is preparing a Transport Strategy for Cambridge that will include looking at parking, and would suggest that the needs of the hotel sector are fed into this review.

7.11 Planning Conditions

7.11.1 If the City Council recognises the need for additional hotel supply in Cambridge and the challenges to achieving commercially viable hotel schemes in the city, it will also need to recognise the impact that overly onerous planning conditions can have on the viability of hotel projects, particularly in terms of Section 106 agreements, building design and requirements to meet BREEAM standards. While it will clearly be important to ensure that new hotel buildings blend with the historic environment of Cambridge city centre and deliver high standards of architectural design in other locations, Development Control officers need to recognise the additional cost burdens they may be placing on hotel schemes and the impact they have on commercial viability. This is not to suggest that hotel schemes should be exempt from the type of planning conditions that may be applied to other types of development, but that a reasonable approach is needed to avoid pushing otherwise desirable hotel projects to a point where they cannot be commercially progressed. Use of the Community Infrastructure Levy might be one route, through relaxation to aid scheme viability.

7.12 Planning Policy for Serviced Apartments

7.12.1 The new generation of hotel accommodation that combines an element of self-catering with some service is causing a blurring of the boundaries between uses in planning terms. In general they are intended to serve extended stay corporate demand, but may also let their units for shorter stays to business and leisure tourist markets. Extended stay hotels operate under several banners, brands and models but generally fall into one of 4 categories:

- All-suite hotels;
- Apartment hotels or aparthotels;
- Purpose-built serviced apartment blocks;
- Residential apartments let as serviced apartments by letting agencies.

7.12.2 From a planning point of view, aparthotels, all-suite hotels and purpose-built serviced apartment blocks would fall within the C1 hotel use class, whereas residential apartments that are let out as serviced apartments would fall within the C3 residential use.

7.12.3 The distinction in use class terms between aparthotel and serviced apartments appears to revolve around a number of aspects. Aparthotels offer:

- A higher level of service – cleaning, laundry, food hampers, toiletries, towels provided
- Letting on a daily short term basis, although some might require a minimum 2-3 night stay;
- Reception facilities;
- A hotel style booking system

7.12.4 If C3 residential units intended for permanent residential or second home use are subsequently let out as serviced apartments, there is no planning distinction between the uses, and planning will already have been granted without any occupancy conditions. The situation is further blurred if some units within a block are let for tourism use and others not. If a whole block becomes given over to tourism lets there may be a case for change of use. However in reality, residential apartments are often let as serviced apartments for variable periods of time dependent upon the owners' objectives. They may not therefore remain as serviced apartments on a permanent basis. Requiring a change of use may not therefore be practically possible to enforce.

7.12.5 It must also be recognised that residential apartments that are let out as serviced apartments for extended corporate stays compete as much in the residential lettings market as they do in the hotel market. Other options for companies to house their long stay visitors are to take a short hold tenancy on a residential property or possibly to buy a property as a company house or apartment.

7.12.6 In Cambridge there have been a number of cases of residential apartments moving in and out of the serviced apartment market. With minimal servicing, and minimum letting terms, i.e. not available on a daily basis, legal advice indicated their letting on a shorter term basis does not constitute a material change of use.

7.12.7 Moving forward, it would be good to give some clarity to this element of the market by having a policy for serviced apartments and aparthotels. The policy would recognise there is some limited potential for the development of aparthotels and serviced apartments and make clear that both aparthotels and purpose-built serviced apartment blocks would be treated as a hotel use class, limiting permanent occupation, and therefore retaining their use for the tourist market and extended stay leisure and business markets. Occupancy conditions could be applied as part of the planning/legal agreement.

7.12.8 If the loss of permanent residential accommodation and the under-cover creep of residential property into the hotel market are issues of strong concern to the Council, It would be possible to also have a local policy preventing without planning permission the change from permanent residential accommodation to use for short term letting, whether serviced or not, and to impose conditions on the granting of planning permission. Greater London Authority have a General Powers Act which facilitates some London Boroughs to operate policies to tackle this, though an alternative approach is to consider applying for a license to let on a short term basis, defined as less than 90 days.

7.12.9 In summary, whilst setting a policy for purpose-built units as a hotel use would appear straightforward, a policy to prevent change of use from residential to serviced apartment for short term letting would appear to be fraught with difficulty. Given that policies seeking to protect the loss of residential accommodation are already in place, combined with the complications emanating from the fact that many of the owner/agency letting agreements are temporary and may relate to only parts of buildings, a change of use policy could be hard to implement, and as legal advice has already intimated, may be difficult to enforce. On balance, the planning system might not be the best vehicle for controlling this activity; licensing could offer a more practical and less cumbersome solution, and if a chosen route forward, should be developed in association with the serviced apartment industry.

7.13 Hotel and Guest House Retention

7.13.1 The research has shown quite clearly a strong demand for many leisure and business visitors to be in the city centre, a limited number of sites identified for new hotel development in the city centre, and real challenges to bringing these sites forward. The existing hotel supply located here therefore is precious, and given the difficulty of securing other city centre sites, there is a strong argument for retaining these hotels, particularly in the face of pressure for higher value residential use.

7.13.2 One option to deliver some of the potential for hotel development identified in the growth forecasts could be through the re-positioning, redevelopment and extension of existing hotels. Indeed, a number of hotels have identified an interest in doing this, moving from 3 to 4 star, or repositioning as boutique hotels. Some of the central and inner ring road hotels have been criticised on Trip Advisor on quality and for a lack of investment. However, in many cases their general location and aspect is good, and as such they present opportunities for re-positioning that could deliver rooms at the right level in the market with walk-ability to the central area, so much in demand by the market.

7.13.3 One option for future planning policy therefore could be to introduce a policy that seeks to retain hotels in the city centre, resisting their change of use, including to residential. The definition of 'city centre' needs to be clearly articulated; some of the existing hotels with potential are located around the inner ring but on the opposite side of the road to the city centre boundary. We understand that there is also some wider debate about extending the city centre boundary that could include the station area.

7.13.4 A hotel retention policy would not be intended to present existing hotels with a stranglehold on their future development. Such policies are common in resorts, which often define a hotel zone where loss would be resisted. However, where the case can be made that the hotel is not and cannot be made viable with investment, exit can sometimes be negotiated. Guidelines would need to be developed to clearly articulate these conditions and the evidence that would be required, in terms of marketing for sale and viability calculations.

7.13.5 With the level of new budget supply coming on stream in the short term, ahead of market forecasts, and as the fair share analysis has shown, we expect that there may be some guest houses and small hotels that might seek to exit the market. Outside the core city centre/fringe zone, there might be more flexibility to permit this, and those properties that are less well-located and of poorer quality might be lost without too much detriment to the overall supply.

7.14 A Joint Approach with South Cambridgeshire

7.14.1 There is currently no joint strategy for hotel development in and around Cambridge between the two Councils, or any sort of formalised approach to consultation on hotel-related schemes, particularly on the city outskirts, where they fall into South Cambridgeshire. Clearly, hotels on the outskirts of Cambridge trade in, and have an impact on the Cambridge city centre hotel market, so it is a cross border issue. As with Cambridge City Council, South Cambridgeshire is currently commencing a review of its LDF; this process and the development of the emerging Local Plans presents an opportunity to consider putting such a joint hotel planning policy framework and strategy in place for Cambridge and its surrounds.

7.15 Monitoring Hotel Performance

7.15.1 This Hotel Futures report presents a snapshot of the market at a particular point in time. It has forecast potential growth in the hotel market to 2031 based upon the best available data, in line with growth forecasts for the Cambridge economy, University expansion and tourism. Clearly we have had to make some assumptions about which hotel schemes and sites are most likely to come on stream; the potential impacts of new supply; and the likely movement of business between the city centre and the city outskirts. The growth projections also do not factor in any additional demand that new hotels might generate themselves or the potential hotel demand that existing and proposed conference centres on the outskirts of the city might generate if they are supported by adjacent hotels. Many factors affect the hotel market, locally, nationally and globally, not all of which can be predicted.

7.15.2 Monitoring hotel performance on a regular basis, and particularly as new hotels come on stream, would be a valuable means to keeping a finger on the pulse of the market, also ensuring an up-to-date evidence base is in place against which to assess individual planning applications and needs assessments.

7.16 Optimising the Potential – Other Recommended Actions

7.16.1 The hotel development strategy for Cambridge is not just about planning for hotels, but working with many other aspects of destination development and management to fully optimise the potential of the sector and the part it can play in delivering the wider destination vision. Below we identify a series of other actions that would support this process and the potential for new hotel development in Cambridge.

a) Articulating a Vision for the City

7.16.2 Articulating a vision for Cambridge as a destination is critical to identifying the nature of the hotel offer that can best contribute to that vision. This requires a Destination Management Plan that can spell out the aspiration for what Cambridge will look like as a visitor destination in 2031 and how to get there. Central to this is the markets that the city wants to target – their requirements will help shape the nature of the hotel offer to be developed. There is a need for the City Council to work with its partners across both the public and private sectors to develop a vision for Cambridge as a visitor destination and a joined up approach to delivering Destination Management.

b) Pro-Active Targeting of Hotel Brands and Offers

7.16.3 Having identified 'best fit' hotel offers, pro-actively targeting the developers and operators of these hotel products and brands gives the city its best chance of delivering the vision, and attracting added value business. From our understanding to date of the City Council's approach and the market potential, those offers that could add value might include:

- Luxury brands e.g. Four Seasons, Waldorf Astoria
- International brands e.g. Marriott, Wyndham, Sheraton
- National boutique brands e.g. Malmaison, ABode
- Innovation and leading edge offers e.g. Hyatt Place, Aloft

7.16.4 We know that Cambridge is high on the target lists of most hotel developers and operators. An approach from a prestige city that wants to make development happen will be well-received. There is an opportunity then to engage with their professional staff, get their input into specific site opportunities, and better understand their requirements.

c) Supporting the Search for City Centre Sites

7.16.5 The availability of suitable city centre hotel sites has been identified as a major barrier to investment. We have seen that there is strong demand for 4/5 star hotels and boutique hotels in the city, and relatively few sites likely to come forward, given the challenges of strong competition for space and value. To promote the delivery of a luxury 4 or possibly 5 star hotel and additional boutique hotel offers in the city centre, the City Council may well need to intervene in one or more ways:

- Inform key landowners of the potential for boutique and luxury hotel development and encourage them to bear this potential in mind in reviewing their estates;
- The College Bursars are an important target in this respect, in terms of the land and buildings they control, much of which will be central and characterful, even quirky. Unusual buildings might convert well to boutique hotels where other uses might be more of a challenge. Smaller properties may lend themselves to conversion to boutique guest houses;
- Buildings and sites in the ownership of the City and County Council offer the additional advantage of public sector control. Both the City and County Council Estates Teams should be approached to identify potential opportunities;
- The Shire Hall offers a unique opportunity to develop a luxury, even 5 star hotel, for Cambridge, particularly given its setting. The potential to include a luxury hotel as part of the mix for the future of this site should be explored at the earliest opportunity;
- The Guildhall could also present an opportunity for hotel development such as a boutique Malmaison. Oxford City Council secured the Malmaison in the Oxford Prison buildings by allocating it for hotel development;

- Hotels can make successful upper floor uses, often requiring limited ground floor presence. Combining an upper floor hotel with a branded ground floor restaurant would be one way to get more value out of a site/development and is worthy of discussion with site owners and the developers of mixed use schemes.

d) Engaging with Hotel Developers and Site Owners

7.16.6 In addition to trying to identify additional sites in the central area, there is an opportunity to engage with hotel developers and operators in relation to schemes that already have permission but have not yet been delivered. There is a lack of clarity about the nature of the hotels to be delivered in the station area: the Red House has been associated with a 3 / 4 star hotel operation; CB1 with an operator of multiple hotel brands from budget to 4 star. There is an opportunity to approach the companies concerned, find out more about their brand proposals, and if required to try and influence these schemes in line with market potential and vision for Cambridge as a visitor destination.

e) Making Hotel Market Performance Information Available

7.16.7 Part of the influencing process, we believe, is to make quality, up-to-date market performance information available to hotel developers and operators, to help inform their decision-making on hotel opportunities. We would recommend condensing the key data into a Cambridge Hotel Market Fact File, which can be used to respond to hotel developer and operator enquiries, but could be pro-actively sent to those behind current hotel proposals as a way of engaging them in discussion with the City Council.

f) Communicating the Findings to the City's Existing Hotels

7.16.8 The city's existing hotels are a key element of the tourism offer, and a number offer potential for upgrading, re-positioning and expansion to meet the future market needs of the city. Key performance data and detail of the opportunities identified for re-positioning should be communicated to them. Ideally this would form the basis for a closer working relationship that might explore what potential there could be, particularly for key sites in the city centre and around the inner ring road. Many have had difficulties with the planning system and would welcome a more co-operative rather than confrontational approach to moving their hotel forward.

g) Communicating the Findings to Planning Teams

7.16.9 Planning Policy and Development Control Teams in both the City and South Cambridgeshire District Councils need to be made aware of the potential identified in this study. Arrangements for joint working and consultation on hotel schemes need to be put in place, under the umbrella of a joint hotel strategy for the city and its outskirts. This needs to be fed into the Issues & Options process for the development of both Local Plans. If required, a presentation to joint planning teams could be delivered.

h) Leisure Marketing

7.16.10 Cambridge is undoubtedly a very strong leisure tourist destination yet its hotels are primarily only attracting one-night leisure break stays and have spare bedroom capacity on Friday and Sunday nights as well as some Monday and Thursday nights, particularly during the winter, and during August when corporate demand reduces. There is a clear case therefore for more proactive marketing of Cambridge as a UK leisure break, overseas tourist and group tour destination. This will become even more important as the city's hotel supply increases and the Cambridge hotel market becomes more competitive on trough nights and during quieter periods.

7.16.11 There is merit therefore in the City Council coming together with the city's hotels, the Colleges, tourism-related businesses and neighbouring local authorities, to mount more proactive leisure marketing campaigns to boost demand at the times that the city's hotels and other businesses most need additional business.

7.16.12 Further research will be needed to more precisely identify which leisure markets can best deliver the sort of business that the city needs.

i) Marketing Cambridge as a Conference Destination

7.16.13 There is also a case for more proactive and co-ordinated marketing of Cambridge as a conference destination, particularly as the city's hotel supply increases and its conference venue product develops. Many of the Colleges have spare conference room capacity during term time that they may be able to fill by working more proactively with the city's hotels. Cambridge is a highly sought after conference destination. There is undoubtedly more conference business that the city can win if it wants to.

j) Assessing the Conference Market Potential

7.16.14 There could be merit in undertaking research to more clearly understand the conference market potential of Cambridge to help inform:

- The development and marketing plans for the Trinity Centre and the proposed conference centres at Addenbrookes and N W Cambridge;
- Proactive conference marketing for the city.

7.16.15 Such research should seek to identify the potential target conference markets for Cambridge; their venue and accommodation requirements; and how best to reach them through marketing communication.

7.16.16 Such research might be progressed by the City Council working in partnership with the Colleges, the Trinity Centre, the backers of the conference centres at Addenbrookes and NW Cambridge and the city's hotels. A well co-ordinated piece of research should prove more cost-effective for all parties and could be a good starting point for achieving a well planned conference product development and marketing strategy for the city.

k) Managing and Planning for Hotel Guest Traffic and Parking

7.16.17 The parking needs of guests staying at existing and potential new city centre hotels need to be considered as part of the County Council's emerging transport strategy. This will require some consultation with city centre hotels to understand where they are currently directing their guests to park if they do not have sufficient on-site parking and whether the public car parks that they are sending their guests to have the capacity to cope with demand. It will also require an assessment of the extent to which potential new city centre hotels might add to hotel guest demand for public car parks in the city centre.

7.16.18 Some hotels mentioned to us in the course of our discussions with them that there is no overnight coach parking in Cambridge. This constrains the potential for city centre hotels to cater effectively for group tour business. While few of them want to attract this market at present, some of the existing and potential new hotels in the city might want to target this market in the future in a more competitive hotel market. Addressing the requirement for overnight coach parking may therefore need to be given further consideration in the future.

7.16.19 There could be merit in developing some form of cycle hire scheme for hotel guests as a means of encouraging them not to drive or take taxis into the city centre. Cycling in and around the city could then be promoted as a key part of the Cambridge visitor experience for hotel guests.

l) Helping the Independent Hotel, Guest House and B&B Sector to Adjust to a New Market Environment

7.16.20 As the city's supply of budget and other hotels increases there may be a need for some form of intervention in terms of marketing and business management advice and training to help independent hotel, guest house and B&B owners to adjust to a more competitive market environment. Assistance with Internet and social media marketing and adapting to taking online bookings may be particularly useful.

7.17 Next Steps

7.17.1 The Hotel Futures study has identified a series of actions involving not just planning teams but action that crosses local authority departments and boundaries. Unfortunately, hotels are rarely identified within local authorities as anyone's 'responsibility'. However, in our experience, effective implementation of recommendations such as those made here will require leadership – which can be at Officer or Member level – and in addition possibly some 'champions' or 'ambassadors' to act as advocates for moving the hotel sector forwards in the city.

7.17.2 The required actions will need co-ordinating and resourcing. They cannot all be achieved at once, and in some cases there will be a natural sequence to the way that the recommendations are progressed. Ideally this requires action planning and prioritisation. We appreciate that these are difficult and unchartered waters that might require some additional hotel expertise to move forward.

7.17.3 There is clearly a process to go through to test the hotel development strategy proposed here, involving widespread consultation and debate. We would be happy to further support the City Council in the implementation process as required.

ANNEX 1

Glossary of Hotel Definitions

ANNEX 1

GLOSSARY OF HOTEL DEFINITIONS

Budget Hotel/Lodge

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

Upper Tier Budget

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

3 Star

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

4 Star

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

Brand examples include Marriott, Holiday Inn Crowne Plaza, Hilton, Radisson Blu.

5 Star

A luxury, full service offer, with highly personalised service/high staffing levels, fine dining and luxury throughout the offer.

Brand examples include RF Hotels, Radisson Edwardian

Boutique Hotel

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

Brand examples include Malmaison, Hotel du Vin, Abode, Bespoke, Apex.

Budget Boutique

A hotel with similar qualities to a traditional boutique hotel, particularly in terms of being design-led, but pitched at the mid-market and with less emphasis on levels of service.

Brand examples include Sleeperz, Hoxton Urban Lodge.

Townhouse Hotels

Small, luxury hotels of individual and distinctive style located in cities or large towns that offer a small number of luxury rooms, high quality fittings and a high guest to staff ratio. May offer a high quality restaurant or room service equivalent.

Brand examples include Eton Townhouse Hotels.

Country House Hotels

A quality hotel, often a building of character, set in extensive grounds in a rural setting. Most are luxuriously appointed and the rooms frequently have special features often targeted at the leisure rather than the business guest. Some may have health and fitness facilities, swimming pools and spas and may be able to offer or arrange country sport activities such as clay pigeon shooting and fishing. The atmosphere of a country house hotel should be one of relaxation, comfort and style.

Golf Hotels and Resorts

Hotels attached to or developed with a golf course that can range considerably in their standard and the facilities on offer. Usually they would be at least 3 star in standard, and can be developed to 4 star and luxury standards, especially if in association with a championship course. As with country house hotels and other destination hotel offers that are more remotely located, most would usually offer, restaurants, bars, function/banqueting rooms, full leisure centres, often spas, and may also have other specialist facilities such as golf academies. Some also have shared ownership lodges in their grounds.

Brand Examples include De Vere Hotels, MacDonald Resorts, Marriott Hotels & Country Clubs.

Aparthotels, Suitehotels and Serviced Apartments

A new generation of hotel accommodation that combines an element of self-catering through the provision of a kitchen in each unit, together with hotel services, including reception, daily cleaning, linen, toiletries and a hotel-style booking system. They are generally aimed at the extended stay market, and whilst they can offer rooms from one night upwards, most request a minimum stay. Some are purpose-built units in one ownership; others are individually owned and managed by an agency. Brands such as Staybridge Suites will also provide a limited food offer e.g. buffet style breakfast.

Brand examples include Staybridge Suites, Bridge Street Worldwide, SACO.

Occupancy Rate

The percentage of all rooms sold as a proportion of all rooms available in that period.

Achieved Room Rate (ARR)

The net average amount of rooms revenue that hotels achieve per night per room let after deduction of VAT, breakfast (if included), discounts and commission charges. Hotel rooms revenue divided by the number of rooms sold.

Revpar

Revenue per available room. The net average amount of rooms revenue that hotels achieve per night per available room after deduction of VAT, breakfast (if included), discounts and commission charges

ANNEX 2

Cambridge Hotel Stock Comparisons

ANNEX 2
CAMBRIDGE HOTEL STOCK COMPARISONS

CAMBRIDGE HOTEL STOCK COMPARISONS

Prepared for:
Cambridge City Council

April 2012

hotel solutions
the hotel development consultancy

CONTENTS

1. INTRODUCTION

The following report has been prepared for Cambridge City Council as part of the Cambridge Hotel Futures Study to compare hotel supply and development activity between Cambridge and other historic cities in England.

The comparator cities assessed are as follows:

- Bath
- Chester
- York
- Oxford
- Norwich

The comparisons cover star-rated and branded hotels and non-inspected and guest accommodation rated hotels with 10 or more bedrooms. 5 star guest accommodation businesses are also included in the analysis.

In terms of geographic coverage the comparisons have included hotels in each city (defined as city centre and edge of city centre) and on the outskirts of each city. For the purposes of the comparisons hotels in surrounding rural areas have been excluded, although it is recognised that in some cases such hotels may be part of the overall competitive hotel supply for each city.

The report is based on desk research as follows:

- A review of visitor/ accommodation guides and websites for each comparator city;
- Internet searches for information on hotel development projects;
- Telephone interviews with Tourism, Economic Development and Planning Officers in each city.

The report provides information on the following:

- The current supply of hotels in each city;
- Changes in the hotel supply in each city between 2000 and 2011 and more recently between 2006 and 2011;
- Planned hotel development projects in each city;
- Conclusions regarding possible hotel development opportunities and priorities for Cambridge.

2. CURRENT HOTEL SUPPLY

Appendix 2 provides a comparison of the current hotel supply in each comparator city by standard. Key observations from these comparisons are as follows:

- In terms of total hotel supply, Cambridge has a similar stock of hotel accommodation to Oxford and Norwich and a higher supply than Bath. It is slightly behind Chester in terms of total hotel bedrooms and some way behind York (which has the most significant hotel stock of the six cities).

- In comparison to Oxford and Norwich, Cambridge has a greater supply of hotel accommodation in the city centre/ edge of city centre compared to the city outskirts, while the hotel supply in Oxford and Norwich is more evenly split between city centre/edge of city centre locations and the city outskirts.

- Hotel accommodation is concentrated more in city centre/ edge of city centre locations in Bath, York and Chester. A lower proportion of the hotel stock for these cities is located on the city outskirts, especially in the case of Bath and York.

- Cambridge and Norwich are the only cities that do not currently have a 5 star hotel. Bath has three 5 star hotels.

- Cambridge has a similar 4 star hotel supply to Oxford and Norwich, more 4 star hotel bedrooms than Bath and a smaller stock of 4 star hotel accommodation than York and Chester. Chester has by far the most significant supply of 4 star hotel accommodation. Norwich's 4 star hotel supply is located primarily on the outskirts of the city: Norwich has only one medium-sized, independent city centre 4 star hotel.

- 4/5 star hotel brands represented in the 6 cities are as follows:
    - Crowne Plaza (Cambridge, Chester)
    - Hilton (Bath, York)
    - Doubletree by Hilton (Cambridge, Chester)
    - Marriott (York, Norwich)
    - De Vere (Cambridge, Chester, Norwich)
    - Principal (York)
    - Macdonald (Oxford, Bath, Chester)
    - Puma (Oxford, Bath)
    - Four Pillars (Oxford)
    - Menzies (Cambridge)
    - MGallery (Bath)
    - Mercure (York, Oxford, Chester, Norwich)
    - Cedar Court (York)
    - Best Western (York, Chester)

- All 6 cities have a small supply of boutique hotel accommodation, comprising a mix of small branded and independent boutique hotels. Cambridge and Oxford have the largest numbers of boutique hotel bedrooms. Norwich has only one small independent boutique hotel. The boutique hotel supply in each city is largely to be found in city centre/ edge of city centre locations. Cambridge is the only city that has a boutique hotel on its outskirts.

- Boutique hotel brands represented in the 6 cities are as follows:
    - Hotel du Vin (Cambridge, York)
    - Malmaison (Oxford)
    - ABode (Chester)

- In terms of 3 star hotel accommodation, Cambridge has a similar supply to Bath and Norwich, more 3 star hotel bedrooms than Oxford and Chester and a much smaller 3 star hotel supply than York, which has by far the most significant 3 star hotel stock of all of the cities.

- The 3 star hotel supplies of all 6 cities comprise mainly small to medium-sized independent 3 star hotels, a number operated as part of the Best Western marketing consortium.

Holiday Inn is the only 3 star hotel brand that is represented in all of the cities apart from Bath. Norwich has 3 Holiday Inns. 3 star hotel brands represented in the 6 cities are as follows:

- Holiday Inn (Cambridge, Oxford, Chester, Norwich, York);
- Park Inn (York)
- Novotel (York)
- Best Western (Cambridge, Oxford, Bath, York, Norwich, Chester)
- Forestdale (Cambridge, Bath)
- Mercure (Oxford)

- In terms of 2 star and lower grade hotels Cambridge has a similar supply to Chester, more 2 star/lower grade hotel bedrooms than Oxford, Bath and Norwich, and a much lower supply than York, which has a significant stock of hotel accommodation at this level.

- Bath has eight 5 star guest accommodation operations, including a number of boutique establishments. Cambridge has no guest accommodation operations of this standard. The other 4 cities each have one 5 star guest accommodation business.

- All 6 cities have one Holiday Inn Express upper-tier budget hotel of varying sizes.

- With regard to budget hotel provision, Cambridge has a similar total supply to Chester, more budget hotel bedrooms than Oxford and Bath, and significantly fewer budget hotel bedrooms than York and Norwich. Bath has a very limited supply of budget hotels. York, Chester and Norwich have much greater city centre supplies of budget hotel bedrooms than Cambridge, Oxford and Bath. Budget hotel provision in Cambridge and Oxford is concentrated more on the city outskirts. There are no budget hotels in Oxford city centre/ edge of city centre locations.

- Premier Inn and Travelodge are represented in all 6 cities. The only other budget hotel brands represented in the cities are Ibis (York), Comfort Inn (Chester) and Innkeeper's Lodge (Chester, Norwich).

- Cambridge has the highest number of serviced apartment operations of all of the cities. There do not appear to be any serviced apartment operations in Chester and Norwich, although there are a number of independently let serviced apartments in these cities. Bath is the only city with a purpose-built serviced apartment complex.

3. CHANGES IN HOTEL SUPPLY

Appendices 3, 4 and 5 provide information on hotel development and supply growth in each of the comparator cities between 2006 and 2012 in terms of new hotel openings, major hotel extensions and the repositioning, rebranding and refurbishment of hotels. Key observations from these appendices are as follows:

- All 6 cities have seen an increase in hotel supply between 2006 and 2012. Cambridge and Chester have seen the most significant growth in hotel supply, followed by York. The hotel supplies of Norwich and Oxford have grown to a lesser extent, while there has been little overall growth in hotel provision in Bath, although a number of changes in terms of the repositioning of existing hotels.

- Key trends in hotel development in the cities since 2006 have been the development of budget and boutique hotels. Serviced apartment operations have also developed in some cities.

- Cambridge, Chester, York and Norwich have seen significant growth in budget hotel provision since 2006, with new Premier Inn and Travelodge hotels opening in each of these cities, either as new-build hotels or through the repositioning of existing 3 star and upper-tier budget hotels. Cambridge and Chester have seen the most significant percentage increases in budget hotel provision between 2006 and 2012. Travelodge has opened a second hotel in Bath through the repositioning of a former 4 star hotel. In Oxford there have only been two budget hotel bedroom extensions. No new budget hotels have opened in Oxford.

- Cambridge, Oxford, Bath, York and Chester have all seen the opening of new boutique hotels in the last 5 years in terms of new-build boutique hotels, the conversion of suitable properties to boutique hotels and the repositioning of existing hotels as boutique offers. These have been primarily independent boutique hotel developments. In terms of boutique hotel chains, Hotel du Vin has opened in Cambridge and ABode has opened in Chester.

- Serviced apartment operations have developed most strongly in Cambridge. Bath has also seen the opening of a purpose-built serviced apartment block.

- Another key trend has been the development of 5 star hotel provision. Oxford, Bath and York have seen the development of 5 star hotel accommodation, with the opening of a new 5 star hotel in York, the upgrading of 4 star hotels in Oxford and Bath and an extension to one of the 5 star hotels in Bath.

- The 4 star hotel supply has increased in Cambridge, York and Chester through the upgrading of existing 3 star hotels and the expansion of an existing 4 star hotel in Chester. The 4 tar hotel stock has reduced in Oxford and Bath as a result of the upgrading of hotels to 5 stars. No new 4 star hotels have opened in any of the cities between 2006 and 2012.

- All of the cities apart from Oxford have seen a reduction in 3 star hotel provision as a result of the upgrading of hotels to 4 stars.

- Cambridge and Bath have seen a reduction in their supplies of 2 star/lower grade hotels as a result of upgrading. New 2 star/ lower grade hotels have opened in Oxford and York.

- York has seen the repositioning of two upper-tier budget hotels to budget hotels.

4. PLANNED HOTEL DEVELOPMENT

Appendix 6 provides details of planned hotel development in each of the comparator cities. This shows the following:

- There are proposals for new hotels in all 6 cities and plans for the expansion and/or repositioning of existing hotels in each city. New hotels are proposed at 3, 4 and 5 star, boutique and budget levels.

- Cambridge has the highest number of proposed new hotel bedrooms (1,292). If all of the proposed hotels proceed they will result in a 62% increase in the Cambridge hotel supply and Cambridge would overtake Chester to have the second highest number of hotel bedrooms after York. New hotels are proposed in Cambridge at 3 and 4 star, boutique and budget levels. A 219 –bedroom Travelodge is currently under construction on Newmarket Road on the edge of the city centre.

- York is also set to see a significant increase in its hotel stock, with 1,005 new hotel bedrooms proposed and 8 new hotels, including two 4 star hotels, a 3 star Hilton Garden Inn, a Hotel Indigo branded boutique hotel and a Hampton by Hilton upper-tier budget hotel.

- There are proposals for an additional 657 hotel bedrooms in Bath, which would result in a 41% growth in the city's hotel supply if they are all developed. 4 new hotels are proposed in Bath city centre, including a 5 star spa hotel, a 4 star hotel and a Premier Inn budget hotel. There are also plans to reposition an existing 3 star hotel as a mid market boutique hotel.

- Fewer new hotel bedrooms are currently proposed in Chester, Oxford and Norwich. A new, small boutique hotel will open in Chester in June 2012. There are also proposals for an Ibis budget hotel and a 3/4 star hotel in the city centre and a 150-bedroom hotel at Chester Zoo. In Oxford there are plans for two new boutique hotels in the city centre and a Travelodge budget hotel on the outskirts of the city. Two existing hotels also have plans to add bedrooms. A hotel and conference centre has also been mooted as part of the regeneration of the West End area of the city centre. In Norwich there are proposals for a 3 star Hilton Garden Inn, a 150-bedroom 4 star hotel as part of the city's St James Place office development, a 3 star Bannatyne hotel on the outskirts of the city and a 47-bedroom aparthotel in the city centre.

5. CONCLUSIONS – CAMBRIDGE HOTEL DEVELOPMENT PRIORITIES

The comparisons with the current hotel supply and recent hotel development activity in the other historic cities suggest the following as possible priorities for new hotel development in Cambridge, to ensure that the city's hotel offer remains competitive with that of other historic cities in England; to take full advantage of current trends in hotel development in the UK; and to contribute to the continued development of Cambridge as a leading international heritage destination. The suggested priorities for Cambridge to consider are as follows:

- The development of a 5 star/ luxury hotel. Oxford, Bath, York and Chester all have 5 star hotels. Bath has three 5 star hotels and a fourth is planned for the city. Cambridge stands out as the only major heritage city in England that does not have a 5 star hotel.

- A new city centre 4 star hotel, ideally an international 4 star brand. Cambridge lags slightly behind York and Chester with only two international 4 star hotels compared to three in each of these cities. Marriott is represented in York and Norwich and could be a good brand for Cambridge. A Radisson Blu is proposed on the outskirts of Cambridge at the Science Park. There are no proposals currently for this brand in any of the other comparator cities.

- Further boutique hotel development, both in terms of independent boutique hotels and national boutique hotel brands such as Malmaison (represented in Oxford), ABode (represented in Chester) and Hotel Indigo (planned for York). While Cambridge is currently leading the field with Oxford in terms of boutique hotel provision, further boutique hotels are planned in Oxford, York, Bath and Chester.

- There could be scope for a branded 3 star hotel in Cambridge. Hilton Garden Inn 3 star hotels are proposed for York and Norwich. As an international brand this could be a good brand for Cambridge.

- The development of 5 star and boutique guest accommodation operations. Cambridge is currently the only city without a 5 star guest accommodation establishment. Bath has 8 such establishments.

CAMBRIDGE HOTEL STOCK COMPARISONS - APPENDICES

APPENDIX 1

HOTEL LISTINGS FOR EACH COMPARATOR CITIES

APPENDIX 1

CAMBRIDGE – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
City			
Crowne Plaza	4 star	198	Crowne Plaza
De Vere University Arms	4 star	119	De Vere
Doubletree by Hilton	4 Star	122	Doubletree by Hilton
Hotel du Vin	Boutique	41	Hotel du Vin
The Varsity	Boutique	48	
Arundel House	3 star	103	
Gonville	3 star	80	Best Western
Lensfield	3 star	30	
Regent	3 star	22	
Royal Cambridge	3 star	57	Forestdale
Ashley	2 star	16	
Centennial	2 star	39	
Fenners	n/a	22	
Hamilton Lodge	3 star GA	32	
Helen	n/a	18	
Sorrento	n/a	22	
Travelodge Cambridge Central	Budget	120	Travelodge
Cityroomz	Budget	24	
City Stay Apartments	Serviced Apts	32	
Nobleo Apartments	Serviced Apts	8	
Quest Apartments	Serviced Apts	24	
Your Space Apartments	Serviced Apts	65	
City Outskirts			
Menzies Cambridge	4 star	136	Menzies
Felix	Boutique (AA 2 Rosettes)	52	
Holiday Inn Cambridge	3 star	161	Holiday Inn
Cambridge Quy Mill	3 star (AA 1 Rosette)	50	Best Western
Holiday Inn Express	Upper-tier Budget	100	Holiday Inn
Cambridge	n/a	35	Express
Lovell Lodge	Budget	154	
Premier Inn Cambridge A14	Budget	20	Premier Inn
J32	Budget	138	Premier Inn
Premier Inn Cambridge North			Travelodge
Travelodge Cambridge	Budget	20	
Orchard Park			Travelodge
Travelodge Cambridge			
Lolworth			

BATH – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
City			
Bath Spa	5 star (AA 2 Rosettes)	129	Macdonald
Royal Crescent	5 star (AA 3 Rosettes/RAC Blue Ribbon)	45	
Bath Priory	5 star (AA 3 Rosettes/RAC Gold Ribbon)	31	Brownsword Hotels
Hilton Bath City	4 star	173	Hilton
Francis	4 star	98	MGallery
Milsoms	Boutique	9	
The Halcyon	Boutique	21	
The Queensbury	Boutique	29	
Best Western Abbey	3 star	62	Best Western
Dukes	3 star	17	
Harington's	3 star	13	
Lansdowne Grove	3 star	55	Shearings
Parade Park	3 star	38	
Pratt's	3 star	46	Forestdale
The Royal	3 star	35	
Carfax	2 star	31	
Redcar	2 star	41	
Wentworth House	2 star	19	
Bath Paradise House	5 star GA	11	
Cheriton House	5 star GA	13	
Dorian House	5 star GA Boutique	11	
One Nine Three	5 star GA Boutique	8	
Tasburgh House	5 star GA	12	
The Ayrlington	5 star GA (VB Gold Award)	16	
The Windsor	5 star GA	13	
Villa Magdala	5 star GA (VB Gold Award)	20	
Holiday Inn Express Bath	Upper-tier Budget	126	Holiday Inn Express
Travelodge Bath Waterside	Budget	125	Travelodge
Travelodge Bath Central	Budget	66	Travelodge
SACO Bath	Serviced Apartments	43	SACO
City Outskirts			
Combe Grove Manor	4 star (AA 1 Rosette)	42	Puma
Bailbrook House, Batheaston	3 star	78	
Best Western Limpley Stoke	3 star	67	Best Western
Cliffe	3 star	11	Best Western
The Old Mill, Batheaston	3 star	35	

CHESTER – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
City			
The Chester Grosvenor	5 star (AA 5 Red Star/ AA 3 Rosettes/ RAC Blue Ribbon /VB Gold Award)	80	Small Luxury Hotels of the World/ Pride of Britain
Crowne Plaza Chester	4 star	160	Crowne Plaza
Best Western Premier Queen	4 star	218	Best Western
Macdonald New Blossoms	4 star	67	Macdonald
ABode Chester	Boutique	85	ABode
Green Bough	Boutique	15	
Mill	3 star	129	
Westminster	3 star	75	Best Western
Alton Lodge	3 star	21	
Lloyd's of Chester	3 star	17	
Belgrave	2 star	34	
Brookside	2 star	23	
Curzon	2 star	16	
Dene	2 star	48	
Eaton	2 star	16	
Hotel Roma	2 star	28	
Stafford	2 star	25	
Bawn Lodge	n/a	15	
Chester Court	3 star GA	20	
Dragonfly	5 star GA Boutique	6	
Holiday Inn Express Chester Racecourse	Upper-tier Budget	97	Holiday Inn Express
Comfort Inn Chester	Budget	31	Comfort Inn
Premier Inn Chester City Centre	Budget	120	Premier Inn
Premier Inn Chester Central North	Budget	31	Premier Inn
Travelodge Chester Central	Budget	60	Travelodge
Travelodge Chester Central Delamere St	Budget	160	Travelodge

City Outskirts			
Crabwall Manor	4 star (AA 4 Red Star)	48	
Doubletree by Hilton Chester	4 star	140	Doubletree by Hilton
Grosvenor Pulford	4 star	73	
Mercure Chester West	4 star	126	
Mollington Banastre	4 star	63	Mercure
Rowton Hall	4 star (AA 1 Rosette/VB Silver Award)	38	
Holiday Inn Chester South	3 star	143	Holiday Inn
Innkeeper's Lodge Chester South East	Budget	14	Innkeeper's Lodge
Premier Inn Chester Central South East	Budget	94	Premier Inn
Travelodge Chester Warrington Road	Budget	35	Travelodge

YORK – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
City			
Cedar Court Grand	5 star	107	Cedar Court
Hilton	4 star	130	Hilton
York Marriott	4 star	151	Marriott
Royal York	4 star	167	Principal
The Grange	4 star (AA 3 Red Star/ 2 Rosettes/ RAC Blue Ribbon VB Gold Award)	36	
Best Western Plus Dean Court	4 star (AA 2 Rosettes/ VB Silver Award)	37	Best Western
Grays Court	Boutique	7	
Hotel Du Vin York	Boutique	44	Hotel Du Vin
Marmadukes	Boutique	14	
Churchill	3 star	32	
Park Inn York	3 star	200	Park Inn
Holiday Inn	3 star	142	Holiday Inn
Best Western Kilima	3 star	26	Best Western
Minster	3 star	35	
Best Western Monkbar	3 star	99	Best Western
Novotel York Centre	3 star	124	Novotel
Mount Royale	3 star (AA 1 Rosette)	24	
Hotel 53	3 star	100	
Elmbank	3 star	63	
Hedley House	3 star	29	
Alhambra Court	2 star	24	
Coach House	2 star	11	
Holgate Hill	2 star	18	
Hotel Noir	2 star	28	
Lady Anne Middleton's	2 star	54	
Knavesmire	2 star	20	
Newington	2 star	44	
The Queens	2 star	78	
Wheatlands Lodge	2 star	60	
Beechwood Close	n/a	14	
Blue Bridge	n/a	18	
Jorvik	n/a	22	
Bishops	5 star GA	13	
City Lets	Serviced Apts	35	
Ibis	Budget	85	Ibis
Premier Inn York City Centre (Blossom Street North)	Budget	102	Premier Inn
Premier Inn York City Centre (Blossom Street South)	Budget	91	Premier Inn
Travelodge York Central	Budget	93	Travelodge
Travelodge York Micklegate	Budget	104	Travelodge

City Outskirts			
Middlethorpe Hall	4 star (AA 4 Red Star/ 2 Rosettes RAC Gold Ribbon)	29	Relais & Chateaux
Mercure Fairfield Manor	4 star	89	Mercure
York Pavilion	3 star (AA 2 Rosettes)	57	Best Western
Holiday Inn Express York East	Upper Tier Budget	49	Holiday Inn Express
Premier Inn York North	Budget	49	Premier Inn
Premier Inn York North West	Budget	64	Premier Inn
Travelodge York Hull Road	Budget	40	Travelodge

OXFORD – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
City			
Macdonald Randolph	5 star	151	Macdonald
Oxford Spires Four Pillars	4 star	160	Four Pillars
Old Parsonage	4 star	30	
Cotswold Lodge	4 star (AA 1 Rosette)	49	
Old Bank	Boutique (AA 1 Rosette)	42	
Ethos	Boutique	12	
Malmaison	Boutique	94	Malmaison
The Bocardo	Boutique	10	
Mercure Eastgate	3 star	63	Mercure
Royal Oxford	3 star	26	
Best Western Linton Lodge	3 star	70	Best Western
Balkan Lodge	2 star	13	
Bath Place	2 star	20	
River	2 star	20	
Tree	2 star	9	
Victoria	2 star	22	
Burlington House	5 star GA	11	
Remont	4 star GA	25	
Noa Residence	Svcd Apts	12	
Oxford Short Lets	Svcd Apts	92	
City Outskirts			
The Oxford	4 star	168	Puma
Oxford Thames Four Pillars	4 star	62	Four Pillars
Hawkwell House	3 star	66	Bespoke
Holiday Inn Oxford	3 star	154	Holiday Inn
Westwood Country	3 star	20	
Holiday Inn Express Kassam Stadium	Upper-Tier Budget	162	Holiday Inn Express
Premier Inn Oxford	Budget	143	Premier Inn
Travelodge Oxford Peartree	Budget	197	Travelodge

NORWICH – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
Town			
Maids Head	4 star	84	
St Giles House	Boutique	23	
Holiday Inn Norwich City	3 star	150	Holiday Inn
Best Western George	3 star	43	Best Western
Best Western Annesley House	3 star	26	Best Western
Georgian House	3 star	30	
Oaklands	3 star	49	
Stracey	3 star	20	
Lansdowne	2 star	37	
38 St Giles	5 star GA	7	
Premier Inn Norwich City Centre (Duke Street)	Budget	117	Premier Inn
Premier Inn Norwich Nelson City Centre	Budget	159	Premier Inn
Travelodge Norwich Central	Budget	104	Travelodge
Travelodge Norwich Central Riverside	Budget	81	Travelodge
City Outskirts			
Sprowston Manor	4 star	94	Marriott
De Vere Dunston Hall	4 star	166	De Vere
Mercure Norwich	4 star	107	Mercure
Holiday Inn Norwich North	4 star	121	Holiday Inn
Holiday Inn Norwich, Ipswich Road	3 star	119	Holiday Inn
The Brook	3 star	80	
The Old Rectory, Crostwick	3 star	16	
The Old Rectory, Thorpe St Andrews	2 star (AA 2 Red stars)	8	
Holiday Inn Express Norwich	Upper Tier Budget	78	Holiday Inn Express
Innkeeper's Lodge Norwich	Budget	10	Innkeeper's Lodge
Premier Inn Norwich Centre South	Budget	92	Premier Inn
Premier Inn Norwich Airport	Budget	64	Premier Inn
Premier Inn Norwich (Showground/A47)	Budget	62	Premier Inn
Travelodge Norwich Cringleford	Budget	62	Travelodge

APPENDIX 2

HOTEL STOCK COMPARISONS BY STANDARD

CAMBRIDGE HOTEL FUTURES – ANNEXES

Standard	Cambridge		Oxford		Bath		York		Chester		Norwich	
	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms
City												
5 star			1	151	3	205	1	107	1	80		
4 star	3	439	3	239	2	271	5	521	3	445	1	84
Boutique	2	89	4	158	3	59	3	65	2	100	1	23
3 star	5	292	3	159	7	266	11	874	4	242	6	318
2 star	6	149	6	109	3	91	12	391	9	205	1	37
5 star GA			1	11	8	104	1	13	1	6	1	7
Upper-tier Budget					1	126			1	97		
Budget	2	144			2	191	5	475	5	402	4	461
Serviced Apartments	4	129	2	104	1	43	1	35				
Total City	**22**	**1242**	**20**	**931**	**30**	**1356**	**39**	**2481**	**26**	**1577**	**14**	**930**
City Outskirts												
5 star												
4 star	1	136	2	230	1	42	2	118	6	488	4	488
Boutique	1	52										
3 star	2	211	3	240	4	191	1	57	1	143	3	215
2 star	1	35									1	8
Upper-tier Budget	1	100	1	162			1	49			1	78
Budget	4	332	2	340			3	153	3	143	5	290
Serviced Apartments	1	7										
Total City Outskirts	**11**	**873**	**8**	**972**	**5**	**233**	**7**	**377**	**10**	**774**	**14**	**1079**
Total												
5 star			1	151	3	205	1	107	1	80		
4 star	4	575	5	469	3	313	7	639	9	933	5	572
Boutique	3	141	4	158	3	59	3	65	2	100	1	23
3 star	7	503	6	399	11	457	12	931	5	385	9	533
2 star	7	184	6	109	3	91	12	391	9	205	2	45
5 star GA			1	11	8	104	1	13	1	6	1	7
Upper-tier Budget	1	100	1	162	1	126	1	49	1	97	1	78
Budget	6	476	2	340	2	191	8	781	8	545	9	751
Serviced Apartments	5	136	2	104	1	43	1	35				
TOTAL	**33**	**2115**	**28**	**1903**	**35**	**1589**	**46**	**2858**	**36**	**2351**	**28**	**2009**

APPENDIX 3

CHANGES IN HOTEL SUPPLY 2006-2012

APPENDIX 3

CHANGES IN HOTEL SUPPLY 2006-2012

CAMBRIDGE			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
Travelodge Cambridge Orchard Park	Budget	138	2011
The Varsity	Boutique	48	2010
Nobleo Apartments	Serviced Apts	8	2009 est.
Premier Inn Cambridge A14 J32	Budget	154	2009
City Stay	Serviced Apts	29	2008
Hotel du Vin	Boutique	41	2007
Premier Inn Cambridge North	Budget	20	2007
Quest Apartments	Serviced Apts	26	2006
Cityroomz	Budget	26	2006
Hotel Extensions			
Hotel	**Standard**	**Additional Rooms**	**Additional Facilities**
No major hotel extensions 2006-2012			
Rebranding, Repositioning and Refurbishment of Hotels			
The Cambridge Garden House was rebranded as a Doubletree by Hilton in 2008			
The Arundel House upgraded to 3 star (from 2 star) in 2008			
The Cambridgeshire Moat House was purchased by Menzies Hotels in 2006 and upgraded to 4 star			

BATH			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
SACO Bath	Svcd Aprtmnts	43	2007
Hotel Extensions			
Hotel	**Standard**	**Additional Rooms**	**Year Opened**
Hilton Bath City	4 star	11	2010
Bath Spa	5 star	21	2007
Rebranding, Repositioning and Refurbishment of Hotels			
The Bath Priory has been upgraded to 5 stars (from 4 stars)			
The Royal Crescent was acquired by London & Regional Property in 2012, following the liquidation of Von Essen Hotels			
The Hilton Bath City underwent a major refurbishment programme in 2011.			
George's Hotel was redeveloped as The Halcyon boutique hotel in 2010, with 21 bedrooms.			
The 4 star Menzies Waterside was acquired by Travelodge in 2008 and was rebranded as the Travelodge Bath Waterside			
The Francis was acquired by Accor (from Macdonald Hotels) in 2006. Initially rebranded as a Mercure 3 star hotel, the hotel has been repositioned as an MGallery 4 star hotel in 2012, following a £6 million refurbishment.			
The 3 star Lansdowne Grove has been sold to Shearings – formerly Marston Hotels			
Leighton House has been repositioned as the One Three Nine boutique guest house			

CHESTER			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
ABode Chester	Boutique	85	2010
Travelodge Chester Central Delamere Street	Budget	160	2010
Premier Inn Chester City Centre	Budget	120	2009
Travelodge Chester Central	Budget	60	2008
Hotel Extensions			
Hotel	**Standard**	**Additional Rooms**	**Year Opened**
Queen	4 star	87	2009
Doubletree by Hilton	4 star	43	2009
Premier Inn Chester Central (South East)	Budget	24	2008
Rebranding, Repositioning and Refurbishment of Hotels			
The Ramada Chester was rebranded as the Mercure Chester East in 2011			
The Innkeeper's Lodge Chester North East was rebranded as the Travelodge Chester Warrington Road in 2009			
The Hoole Hall Hotel was rebranded as a 4 star Doubletree by Hilton in 2009 – previously a 3 star hotel			
The Moat House has been rebranded as a Crowne Plaza			
The Macdonald New Blossoms has undergone a significant refurbishment programme, upgrading the hotel to 4 star			

YORK			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
Grays Court	Boutique	7	2011
Cedar Court Grand	5 star	107	2010
Premier Inn York City Centre (Blossom Street South)	Budget	91	2010
Hotel Noir	2 star	28	2008
Hotel du Vin	Boutique	44	2007
Marmadukes	Boutique	14	2006
Hotel Extensions			
Hotel	**Standard**	**Additional Rooms**	**Year Opened**
The Grange	4 star	6	2008
Churchill	3 star	18	2007
Premier Inn York North West	Budget	20	2007
Rebranding, Repositioning and Refurbishment of Hotels			
Ramada Fairfield Manor rebranded as the Mercure Fairfield Manor in 2011			
Ramada Encore rebranded as the Travelodge York Central Mickelgate in 2010			
The Grange was upgraded to 4 star (from 3 star)in 2008			
The Dean Court was upgraded to 4 star (from 3 star) in 2008			
The Novotel was refurbished in 2008.			
The Express by Holiday Inn York Clifton was acquired by Premier Inn in 2008 and has been rebranded as the Premier Inn York North.			
The York Moat House was sold to Rezidor in 2007 and rebranded as a Park Inn (3 star). The hotel was fully refurbished in 2008.			

OXFORD			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
The Bocardo	Boutique	10	2012
Ethos	Boutique	12	2008
Remont	4 star GA	25	2006
Hotel Extensions			
Hotel	**Standard**	**Additional Rooms**	**Year Opened**
Oxford Spires Four Pillars	4 star	45	2007
Hawkwell House	3 star	10	2007
Premier Inn	Budget	23	2006
Travelodge	Budget	47	2006
Rebranding, Repositioning and Refurbishment of Hotels			
The Oxford has been taken over by Puma Hotels in 2012 – previously Barcelo Hotels			
The Randolph was upgraded to 5 star in 2007 (previously 4 star)			
The 3 star Eastgate has been acquired by Accor (from Macdonald) and rebranded as a Mercure hotel			
Hawkwell House has been purchased by Bespoke Hotels (from Furlong Hotels)			

NORWICH			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
Travelodge Norwich Central Riverside	Budget	81	2009
Holiday Inn Norwich City	3 star	150	2007
Hotel	**Standard**	**Additional Rooms**	**Additional Facilities**
No major hotel extensions 2006-2012			
Rebranding, Repositioning and Refurbishment of Hotels			
The Ramada Norwich was rebranded as the Mercure Norwich in 2011			
The Georgian House Hotel underwent a major modernisation and refurbishment programme in 2007			
The 3 star Nelson Hotel was converted to a Premier Inn in 2006			

APPENDIX 4

HOTEL DEVELOPMENT 2006 – 2012

APPENDIX 4

HOTEL DEVELOPMENT 2006-2012

Hotel	Standard	Rooms
Cambridge		
Hotel du Vin	Boutique	41
The Varsity	Boutique	48
Menzies Cambridge (upgrading of Moat House)	4 star	136
(Cambridgeshire Moat House)	(3 star)	(136)
Arundel House (upgrading to 3 star)	3 star	103
(Arundel House)	(2 star)	(103)
Travelodge Cambridge Orchard Park	Budget	138
Premier Inn Cambridge A14 J32	Budget	154
Premier Inn Cambridge North (Girton)	Budget	20
Cityroomz	Budget	26
Quest Apartments	Serviced Apts	24
City Stay Apartments	Serviced Apts	32
Nobleo Apartments	Serviced Apts	8
Bath		
Bath Spa (extension)	5 star	21
Bath Priory (upgrading to 5 star)	5 star	31
(Bath Priory)	(4 star)	(31)
Menzies Waterside	4 star	(112)
Hilton Bath City (extension)	4 star	11
Francis MGallery (upgrading to 4 star)	4 star	98
(Francis Mercure)	(3 star)	(95)
The Halcyon (repositioning of George's Hotel)	Boutique	21
(George's)	(2 star)	(18)
Travelodge Bath Waterside	Budget	124
SACO Bath	Serviced Apts	43
Chester		
Queen (extension)	4 star	87
Doubletree by Hilton (rebranding/extension of Hoole Hall)	4 star	140
Hoole Hall (rebranding to Doubletree by Hilton)	(3 star)	(97)
Macdonald New Blossoms (upgrading to 4 star)	4 star	67
(Macdonald New Blossoms)	(3 star)	(67)
ABode	Boutique	85
Premier Inn Chester City Centre	Budget	120
Premier Inn Chester Central South East (extension)	Budget	24
Travelodge Chester Central	Budget	60
Travelodge Chester Central Delamere Street	Budget	160

York		
Cedar Court Grand	5 star	107
The Grange (upgraded to 4 star + extended)	4 star	36
(The Grange)	(3 star)	(30)
Dean Court (upgraded to 4 star)	4 star	37
(Dean Court)	(3 star)	(37)
Hotel du Vin	Boutique	44
Marmadukes	Boutique	14
Grays Court	Boutique	7
Churchill (extension)	3 star	18
Hotel Noir	2 star	28
Premier Inn York North (rebranded from Express by Holiday Inn York Clifton)	Budget	49
(Express by Holiday Inn York Clifton)	(Upper-tier Budget)	(49)
Travelodge York Central Micklegate (rebranded from Ramada Encore)	Budget	104
(Ramada Encore)	(Upper-tier Budget)	(104)
Premier Inn York City Centre (Blossom Street South)	Budget	91
Premier Inn York North West(extension)	Budget	20
Oxford		
The Randolph (upgraded to 5 star)	5 star	151
(The Randolph)	(4 star)	(151)
Oxford Spires Four Pillars (extension)	4 star	45
Ethos	Boutique	12
The Bocardo	Boutique	10
Hawkwell House (extension)	3 star	10
Remont	4 star GA	25
Travelodge (extension)	Budget	47
Premier Inn (extension)	Budget	23
Norwich		
Holiday Inn Norwich City	3 star	150
(Nelson – converted to a Premier Inn)	(3 star)	(159)
Premier Inn Norwich Nelson City Centre	Budget	159
Travelodge Norwich Central Riverside	Budget	81

APPENDIX 5

HOTEL GROWTH 2006-2012

APPENDIX 5

CHESTER HOTEL STOCK COMPARISONS – HOTEL GROWTH 2006-2012 – HERITAGE DESTINATIONS

Standard	Cambridge			Oxford			Bath			York			Chester			Norwich		
	New Hotels	New Rooms	% Growth (Rooms)	New Hotels	New Rooms	% Growth (Rooms)	New Hotels	New Rooms	% Growth (Rooms)	New Hotels	New Rooms	% Growth (Rooms)	New Hotels	New Rooms	% Growth (Rooms)	New Hotels	New Rooms	% Growth (Rooms
5 star				1	151	*	1	52	34.0	1	107	*						
4 star	1	136	31.0	(1)	(106)	(18.4)	(2)	(34)	(9.8)	2	73	12.9	2	294	46.0			
3 star		(33)	(6.2)		10	2.5		(95)	(17.2)	(2)	(49)	(5.0)	(2)	(164)	(29.9)		(9)	(1.7)
Boutique	2	89	171.2	2	22	16.2	1	21	55.2	3	65	*	1	85	566.7			
Upper-tier Budget										(2)	(153)	(75.7)						
Budget	4	338	244.9		70	25.9	1	125	189.4	3	264	51.1	3	364	201.1	2	240	47.0
2 star	(1)	(103)	(36.0)	1	25	29.8	(1)	(18)	(16.5)	1	28	7.7						
Serviced Apmnts	3	64	88.9				1	43	*									
Total	**10**	**491**	**30.2**	**3**	**172**	**9.9**	**1**	**94**	**6.3**	**6**	**335**	**13.3**	**4**	**579**	**32.7**	**2**	**231**	**13.0**

Notes:

* No hotels of this standard existed in the city before 2006.

Figures in brackets ( ) show a decrease in supply

Figures for new hotels and new rooms are net figures taking account of new hotel openings and rebrandings/ upgradings

Growth rates are calculated on the basis of the total hotel supply for each city (in city centre/edge of city centre and city outskirts locations)

APPENDIX 6

PLANNED HOTEL DEVELOPMENT

APPENDIX 6 - PLANNED HOTEL DEVELOPMENT – AS AT APRIL 2012

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	NEW ROOMS	STATUS
Cambridge				
Gonville Hotel, city centre	Refurbishment and upgrading to 4 star	4 star		Underway – due to be completed in 2012
Eastern Gate, Newmarket Road	Travelodge	Budget	219	Under construction – due to open 2013
Cambridge Station redevelopment – CB1 + Red House sites	2 hotels proposed	Likely to be a 3 star and 4 star hotel – one hotel could possibly be a budget hotel	357	Planning permission has been granted for two hotels as part of the redevelopment of a 26 acre site around Cambridge station that will also include offices, apartments, retail and leisure uses and a major new transport interchange.
Intercell House, Newmarket Road	Premier Inn	Budget	121	Planning application pending
Ashley Hotel, Chesterton Road	Redevelopment as a town house hotel	Boutique	19	Planning permission granted for a redevelopment of the hotel
Cambridge Science Park	Radisson Blu	4 star	296	Planning permission granted for the redevelopment of the Trinity Centre to include a new hotel
Addenbrookes	Proposed hotel	4 star	150	Planning permission granted for a hotel as part of the expansion of the Addenbrookes site and development of the new Cambridge Biomedical Campus
N W Cambridge	Proposed hotel	3 star	130	Planning application pending for a hotel as part of a new university and research quarter
Total Planned New Hotel Rooms – Cambridge			**1292**	

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	ROOMS	STATUS
Bath				
Beau Street, City Centre	The Gainsborough YTL Hotels	5 star spa hotel	98	Due to open in 2014
James Street West	Kingsmead House	4 star	177	Planning permission approved for the demolition of the 1960s office building and replacement with a 4 star hotel with conference facilities
Green Park Road	Green Park House	n/a	190	Planning permission approved for conversion to a hotel
James Street West	Premier Inn	Budget	107	Planning permission granted at appeal
	Abbey Hotel	Mid market Boutique		New owners plan to redevelop this 3 star hotel as a mid-market boutique hotel
Batheaston	Bailbrook House	Luxury	61	Planning permission granted October 2008 for the development of the site into a luxury hotel with 139 bedrooms, a spa, two fine dining restaurants, bars, lounges and conference facilities.
Queen Square	Francis MGallery	4 star	24	Proposal for a 21 bedroom extension and conversion of a meeting room to 3 bedrooms
Total Planned New Hotel Rooms - Bath			**657**	

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	ROOMS	STATUS
Chester				
City centre	Oddfellows	Boutique	18	New boutique hotel due to open June 2012
Boughton Retail Centre		3/4 star	120	Hotel planned as part of the redevelopment of the Boughton Retail Centre alongside a Waitrose supermarket and offices
Grosvenor Park Road	Ibis	Budget	87	Planning permission granted Jan 2008
Chester Zoo		n/a	150	Hotel included as part of the planned expansion of Chester Zoo
Total Planned New Hotel Rooms - Chester			**375**	

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	ROOMS	STATUS
York				
Terry's Chocolate Factory	Plans for 2 hotels	4 star Budget	150 100	Plans have been put forward by developers Grantside for up to 2 hotels as part of the redevelopment of the former Terry's Chocolate factory. Planning permission granted in 2010. Remedial site works and demolition of the factory started in March 2012
Barbican Centre	Hilton Garden Inn	3 star	165	Hotel proposed as part of the redevelopment of the Barbican Centre site by Broadhall.
Proposed new sports stadium for York City Football Club and York Knights Rugby League Football Club	Possible hotel to be included as part of the stadium development	4 star	120	Hotel is being considered as an option as part of the stadium development
St Leonard's Place		Boutique	80	Property currently being marketed for conversion to a boutique hotel
Walmgate	Hotel Indigo	Boutique	102	Hotel planned by Sojourn Hotels. Due to open in 2013
Toft Green	Hampton by Hilton	Upper-tier Budget	120	Hotel proposed by Avantis Hotels
Layerthorpe City centre		n/a	124	Hotel proposed by Tiger Developments.
	Novotel	4 star	44	Planned bedroom extension and upgrade to 4 star
Total Planned New Hotel Rooms – York			**1005**	

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	ROOMS	STATUS
Oxford				
St Michael's Street	Vanburgh House	Boutique	22	Planned conversion to boutique hotel by Sojourn Hotels
George Street		Boutique	43	Proposed conversion of empty offices to a boutique hotel.
Abingdon Road	Travelodge	Budget	83	Proposed hotel on the former Motor World site
Iffley	Hawkwell House	3 star	11	Proposed conversion of a laundry and conference room to hotel bedrooms
Cowley	Grehan House	Budget	32	Proposed hotel
Sandford	Oxford Thames Four Pillars	4 star	38	Proposed bedroom extension
Oxpens, West End		4 star	150	A hotel and conference centre has been mooted as part of the regeneration of the West End area of Oxford. There is no firm proposal at present however.
Total Planned New Hotel Rooms - Oxford			**379**	

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	ROOMS	STATUS
Norwich				
St Ann's Wharf	Hilton Garden Inn	3 star	125	Hotel proposed as part of City Living Developments' St Ann's Wharf mixed-use scheme
St James' Place		4 star	150	Hotel proposed as part of the St James' Place office scheme alongside a Green's health & fitness club
Thorpe St Andrews	Bannatyne Hotel	3 star	50	Hotel proposed adjacent to the Bannatyne health club
Faith's Lane		Aparthotel	47	Planning permission granted in 2008 for an aparthotel. An application to renew the permission is currently pending
Total Planned New Hotel Rooms – Norwich			**372**	

ANNEX 3

Cambridge Hotel Market Growth Projections – Methodology & Assumptions

ANNEX 3

CAMBRIDGE HOTEL MARKET GROWTH PROJECTIONS

METHODOLODY & ASSUMPTIONS

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1. Methodology

In order to provide an indication of the number of new hotel bedrooms that might be needed in
Cambridge over the next 20 years as the city's hotel market grows, Hotel Solutions has prepared projections of possible future growth in hotel demand in and around the city at 5-yearly intervals from 2011 to 2031. These projections are based on the intelligence that we have gathered about the current demand for hotel accommodation in Cambridge and our assessment of the prospects for future growth in each of the main markets for hotel accommodation in the city. The projections assume that hotel market growth will be unconstrained by site availability and planning policy.

We have prepared projections for the following categories and locations of hotel:

- City centre 4 star and boutique hotels
- City centre 3 star hotels
- 3/4 star hotels on the outskirts of Cambridge
- Budget hotels across Cambridge
- Serviced apartments across the city

The projections use our estimates of 2011 business and leisure roomnight demand at each level in the market as their baseline. We have then applied assumed Low, Medium and High growth rates to our baseline business and leisure roomnight figures, based on the latest employment forecasts for Cambridge, the projected increase in student numbers at Cambridge and Anglia Ruskin Universities, national forecasts for domestic and inbound tourism and population growth forecasts for Cambridge.

In preparing the projections we have made the following assumptions regarding denied and lost business for hotels at the 3 and 4 star level:

- The business that city centre 4 star and boutique hotels are currently denying will be balanced out against business that such hotels will lose to any new 4 star hotels that are developed on the outskirts of Cambridge. The projections for city centre 4 star and boutique hotels do not therefore factor in the current levels of business that they are denying.
- City centre 3 star hotels will lose 25% of their current business to the new budget hotels on Newmarket Road, any new 3 star hotels that are developed on the outskirts of the city and city centre 4 star hotels trading down at quiet times. The projections for city centre 3 star hotels thus factor in this level of lost business.
- New 3 and 4 star hotels on the outskirts of the city will take 20% of corporate business from city centre 3 and 4 star and boutique hotels. The projections for 3/4 star hotels on the city outskirts thus factor in these additional corporate roomnights.

Our projections for budget hotels have factored in estimated levels of business that the city's existing budget hotels were denying in 2011, based on the information that we obtained through our interviews with budget hotel managers.

We have assumed that future growth in demand for serviced apartments will be primarily from the long stay corporate market. We have thus only applied the business growth rates to serviced apartments.

The growth projections do not include any quantification of supply-led growth that new hotels might generate because of their branding and marketing. Nor do they attempt to quantify the potential hotel demand that might be generated by the Trinity Centre and proposed conference centres at Addenbrookes and NW Cambridge if they are supported by on-site hotels, as we did not have access to any projections for these conferences centres to allow us to do this in a meaningful way. The projections do not take account of the proposal for a major conference centre in Cambridge as this project is not currently being actively progressed.

Having calculated the potential future roomnight figures for each category and location of hotel we have then worked out the number of hotel bedrooms that the future roomnight demand would support assuming that all hotels achieve an average annual room occupancy of 70%. These are levels of occupancy that would support new hotel development and allow existing hotels to continue to trade well. Comparing these figures to the baseline supply in 2011 we have then calculated the number of additional bedrooms that might be needed to meet market growth for each category of hotel in each location.

Making any sort of market forecasts is an uncertain process: all forecasts are based on judgement and assumptions, and are susceptible to unforeseen changes. The projections we have prepared should thus be taken as indicative only and should be reviewed at regular intervals. They have been prepared to provide an illustration of the numbers of new hotel bedrooms that might be needed under different growth scenarios. They are not intended to be accurate projections of how the market will grow, however. Clearly the further ahead that one looks, the more difficult it is to project growth accurately. Projecting as far ahead as 15-20 years is very difficult. The projections to 2026and 2031 should thus be treated with caution.

2. Assumed Growth Rates

2.1. Business and University Demand

Employment forecasts provide an indicator of local business development and new companies coming into an area. They provide the most suitable indicator of potential growth in the volume of business demand for hotel accommodation therefore.

The currently available forecasts for employment in Cambridge for the period 2011 to 2031 put jobs growth at between 9,160 new jobs (under a low forecast) to up to 22,100 new jobs. Against a 2011 baseline of 102,720 jobs this would put the average annual growth in employment in Cambridge at between 0.45% and 1.08%. Cambridge City Council is considering employment growth options of 10,000, 15,000 and 20,000 new jobs to 2031 for the Local Plan Review, which would fall within these employment growth parameters. The types of new company that are likely to be attracted to Cambridge (national and international high tech, research, pharmaceutical and biomedical companies) should be productive in terms of generating demand for hotel accommodation. There could also be growth in the corporate residential conference market in Cambridge as the national and local economy recovers and expands. It is reasonable therefore to assume that growth in business demand for hotel accommodation in Cambridge will be at a higher rate that employment growth.

The projected increases in student numbers at Cambridge and Anglia Ruskin Universities provide an indication of the potential growth in university-related demand for hotel accommodation in Cambridge. Student numbers at the two universities are forecast to grow by 17.9% between 2011 and 2031, equivalent to an average annual growth rate of 0.9%.

Taking account of these factors we have assumed the following average annual growth rates for business and university-related demand for hotel accommodation in Cambridge between 2011 and 2031.

CAMBRIDGE HOTEL MARKET GROWTH PROJECTIONS

ASSUMED GROWTH RATES FOR BUSINESS & UNIVERSITY DEMAND

Growth Scenario	Assumed Average Annual Growth Rate 2011-2031 %
Low	1
Medium	1.5
High	2

2.2. Leisure Demand

The Cambridge Hotel Futures Study identified the key sources of leisure demand for Cambridge hotels as UK leisure break visitors, overseas tourists and group tours i.e. tourist markets. Wedding parties are a secondary leisure market for the city's hotels. People visiting friends and relatives are an important leisure market for budget hotels.

Research undertaken by Deloitte and Oxford Economics in 2010[1] projected a GVA growth rate for the UK visitor economy of 3.5% per annum between 2010 and 2020, with expenditure by inbound overseas tourists growing by 4.4% per annum. As one of the UK's leading tourist destinations it is not unreasonable to assume that Cambridge should not be able to achieve at least these levels of growth in leisure tourist demand. Having said that, the lack of promotion of the city in the tourism marketplace could result in Cambridge not achieving its full potential at as a leisure tourist destination. The Cambridge Hotel Futures Study showed that the city only attracts one-night leisure break stays. Recent research for Visit England[2] showed Cambridge as having relatively low levels of awareness across the UK, other than in London and the East of England.

Future growth in demand from wedding parties and people visiting friends and relatives is most likely to be related to population growth. The latest population forecasts for Cambridge produced by Cambridgeshire County Council show a growth in the city's population of 29,700 between 2011 and 2031, based on a planned increase of 14,000 new homes. This equates to an increase of 24.5% and an average annual growth rate of 1.22%. Cambridge City Council is however considering growth targets of up to 21,000 new homes and possibly even up to 25,000 new homes. These targets (if adopted and achieved) would result in average annual population growth rates of 1.8% and 2.2%.

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[1] The Economic Contribution of the Visitor Economy: UK and the Nations, Deloitte/Oxford Economics, June 2010

[2] Trends, Motivations and Destinations, Visit England, February 2012

Taking account of these factors we have assumed the following average annual growth rates for leisure demand for hotel accommodation in Cambridge between 2011 and 2031.

CAMBRIDGE HOTEL MARKET GROWTH PROJECTIONS

ASSUMED GROWTH RATES FOR LEISURE DEMAND

Growth Scenario	Assumed Average Annual Growth Rate 2011-2031 %
Low	2
Medium	3.5
High	4.5

ANNEX 4

Cambridge Hotel Futures – Fair Share Analysis

ANNEX 4

CAMBRIDGE HOTEL FUTURES – FAIR SHARE ANALYSIS

THE IMPACT OF NEW BUDGET HOTELS ON GUEST HOUSE AND SMALL HOTEL OCCUPANCIES – FAIR SHARE ANALYSIS 2013-2027

1. INTRODUCTION

In order to provide an insight into the potential impact of new budget hotels on the performance of guest houses and small hotels in Cambridge, Hotel Solutions has undertaken a fair share analysis to model how the average levels of room occupancy for this sector of the city's accommodation supply might change under different market growth scenarios and according to the number of new budget hotel bedrooms that might open in the city. This is of course a highly hypothetical approach, based on assumptions, which may or may not be entirely accurate. The limitations of the approach must therefore be recognised and the results should be treated with caution and as indicative only.

The fair share analysis does not model the potential impact of new budget hotels on room rates for guest houses and small hotels in the city. There is no way of doing this with any degree of accuracy. In other cities where significant new budget hotel supply has opened guest house and small hotel owners have often dropped their room rates to try to maintain their occupancy levels. This could happen in Cambridge also.

2. METHODOLOGY & ASSUMPTIONS

2.1. Methodology

In order to run the fair share analysis we have first calculated an estimate of baseline 2012 roomnight demand for Cambridge guest houses and small hotels based on our audit of the supply of these forms of accommodation in the city and the occupancy data that we were able to obtain from guest houses and small hotels in Cambridge. To this figure we have applied assumed market growth rates under Low, Medium and High Growth scenarios to calculate potential future roomnight demand for guest house and small hotel accommodation in Cambridge for each year for the next 15 years (through to 2027). We have used the same growth rates that we used for the hotel demand projections for the city to ensure a consistent approach. Finally, we have calculated future average annual room occupancies for the city's guest house and small hotel sector under 4 scenarios for future growth in budget hotel provision in the city, making assumptions about the levels of new business that new budget hotels might bring and the extent to which they would also compete with the city's existing budget and 3 star hotels as well as its guest houses and small hotels.

2.2. Assumptions

We have made the following assumptions as the basis for running the fair share analysis:

Base Supply of Guest Houses and Small Hotels in Cambridge

Our audit of the current supply of guest houses, B&Bs and small hotels in Cambridge identified a total of 591 bedrooms in these types of accommodation in the city. We have used this figure as the base supply of guest houses and small hotels for the fair share analysis.

Baseline Roomnight Demand

We have assumed an average annual room occupancy figure for the Cambridge guest house and small hotel sector of 55% in 2012, based on the occupancy data that we were able to obtain from guest houses and small hotels in the city. This represents a significant reduction in the levels of occupancy that the city's guest houses and small hotels were achieving in 2009 and 2010. Such establishments were typically achieving average annual room occupancies of 65-75% in 2009 and 60-65% in 2010. Occupancies reduced substantially in 2011 as a result of the new budget hotel supply in and around Cambridge and are unlikely to increase much in 2012.

Denied Business

We have assumed that the city's guest houses and small hotels will not deny any business in 2012 other than during graduations.

Market Growth Rates

We have applied the following growth rates, in line with the growth rates used for the hotel demand projections for the city:

CAMBRIDGE GUEST HOUSES & SMALL HOTELS – FAIR SHARE ANALYSIS 2013-2027
ASSUMED GROWTH RATES

Type of Demand	Average Annual Growth Rate %		
	Low Growth Scenario	Medium Growth Scenario	High Growth Scenario
Business and University Demand	1	1.5	2
Leisure Demand	2	3.5	4.5

Additional Budget Hotel Supply

The fair share analysis models the impact of the following additional budget hotel supply coming on stream in 2013 and 2014:

- The Travelodge opening on Newmarket Road in 2013 – 219 bedrooms
- The proposed Premier Inn opening on Newmarket Road in 2014 (assuming it gets planning permission) – 121 bedrooms
- A further 100-bedroom budget hotel opening in the city in 2014 (possibly at the Station)
- A 200-bedroom budget hotel opening in the city in 2014 (assuming a larger budget hotel at the Station).

We have assumed that all new hotels would generate entirely new business to the city equivalent to 20 percentage points of occupancy. We have assumed that all new hotels will compete equally with the city's existing budget and 3 star hotels and its guest houses and small hotels

3. RESULTS

The results of the fair share analysis are summarised in the table overleaf.

The Impact of New Budget Hotels on Cambridge Guest Houses and Small Hotels
Fair Share Analysis 2013-2027

Number of New Budget Hotel Rooms	Average Annual Fair Share Room Occupancy for Guest Houses and Small Hotels %															
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Low Growth Scenario																
219 (2013)	55.0	49.2	49.9	50.7	51.4	52.2	53.0	53.8	54.6	55.4	56.3	57.1	58.0	58.9	59.8	60.7
340 (2014)	55.0	49.2	46.6	47.3	48.0	48.7	49.5	50.2	51.0	51.8	52.5	53.3	54.1	55.0	55.8	56.7
440 (2014)	55.0	49.2	44.2	44.8	45.5	46.2	46.9	47.6	48.3	49.1	49.8	50.6	51.3	52.1	52.9	53.7
540 (2014)	55.0	49.2	42.0	42.6	43.2	43.9	44.6	45.2	45.9	46.6	47.3	48.1	48.8	49.5	50.3	51.1
Medium Growth Scenario																
219 (2013)	55.0	49.6	50.9	52.1	53.5	54.9	56.3	57.7	59.2	60.7	62.2	63.9	65.6	67.3	69.0	70.9
340 (2014)	55.0	49.6	47.5	48.7	49.9	51.2	52.5	53.9	55.2	56.7	58.0	59.6	61.2	62.8	64.5	66.2
440 (2014)	55.0	49.6	45.0	46.2	47.3	48.5	49.8	51.1	52.4	53.7	55.0	56.5	58.0	59.5	61.1	62.7
540 (2014)	55.0	49.6	42.8	43.9	45.0	46.1	47.3	48.5	49.8	51.1	52.3	53.7	55.1	56.6	58.1	59.62
High Growth Scenario																
219 (2013)	55.0	50.0	51.7	53.3	55.1	56.9	58.8	60.8	62.8	64.9	67.1	69.4	71.8	74.3	76.8	79.5
340 (2014)	55.0	50.0	48.2	49.8	51.4	53.1	54.9	56.7	58.6	60.6	62.7	64.8	67.0	69.3	71.7	74.2
440 (2014)	55.0	50.0	45.7	47.2	48.8	50.4	52.0	53.8	55.5	57.5	59.4	61.4	63.5	65.7	68.0	70.3
540 (2014)	55.0	50.0	43.4	44.9	46.3	47.9	49.5	51.1	52.8	54.6	56.5	58.4	60.4	62.4	64.6	66.8

CONCLUSIONS

The fair share analysis suggests that the currently planned and possible further new budget hotel provision in Cambridge is likely to have a detrimental impact on guest house and small hotel occupancies in the city, depending on:

- The number of new budget hotel bedrooms that open in the city and how quickly they come on stream;
- How strongly the Cambridge serviced accommodation market grows;
- How guest house and small hotel owners respond to the new competition from budget hotels in terms of their investment, pricing, market positioning, service level and marketing strategies;
- How the guest house and small hotel supply changes in the city.

The fair share analysis suggests that the opening of the Travelodge on Newmarket Road in 2013 could result in a 5-6 percentage point drop in room occupancy for the city's guest house and small hotel sector, with room occupancies for the sector unlikely to recover to their 2012 levels for 5-10 years, depending on how strongly the Cambridge accommodation market grows, and unlikely to return to 2009 levels for at least 10-15 years, assuming no further budget hotel openings in the city other than the Travelodge.

If the proposed Premier Inn on Newmarket Road is granted planning permission and opens in 2014, the fair share analysis suggests that it could result in a further 2-3 percentage point reduction in guest house and small hotel room occupancies in the city (on top of the reduction caused by the Newmarket Road Travelodge), with guest house and small hotel occupancies not returning to their 2012 levels for at least 6-12 years and only getting back to their 2009 levels by 2026 if the Cambridge accommodation market grows strongly (at the High Growth rates).

Should a further 100 or 200 budget hotel bedrooms open in Cambridge in 2014 (e.g. at the Station), the fair share analysis suggests a further 2.5-5 percentage point drop in average annual room occupancies for the city's guest houses and small hotels, which could fall as low as 42-43%, 12-13 percentage points below their 2012 levels and 23-28 percentage points below their 2009 levels. With these numbers of additional budget hotel bedrooms in the city, guest house and small hotel room occupancies would be unlikely to return to their 2012 levels before 2022 under the High Growth scenario and would not return to their 2012 levels for at least the next 15 years under the Low Growth scenario.

The fair share analysis suggests that the opening of the Travelodge on Newmarket Road and any further new budget hotels will add significantly to the downward pressure on room occupancies for the city's guest house and small hotel sector that has already taken place since 2009 following the opening of the new Premier Inn and Travelodge hotels at Orchard Park. Under this scenario it seems likely that some of the city's guest houses and small hotels will seek to exit the market and cease trading. The scale of loss will depend on the level and pace of new budget hotel development in the city, how strongly the Cambridge accommodation market grows and the extent to which the city's guest houses and small hotels are able to respond to the additional competition from new budget hotels. It is likely that the better quality and well located guest houses and small hotels that have a loyal customer base will be less affected, while poorer quality, less well run and less well located establishments may well close. Whilst not built into the model, a reduction in the supply of guest houses and small hotels in the city could result in improved occupancies for the remaining establishments.