

**Report to:** Scrutiny Committee

**Date:** 10 February 2025

**Title:** Tourist Accommodation Retention Supplementary Planning Document (SPD)

**Report of:** Robert Cottrill, Chief Executive

**Cabinet member:** Councillor Colin Swansborough, Cabinet member for Enterprise, Community Spaces and Planning

Councillor Margaret Bannister, Deputy Leader and Cabinet member for tourism, leisure, accessibility and community safety

**Ward(s):** Devonshire and Meads

**Purpose of report:** To seek Cabinet approval to publish the Revised Tourist Accommodation Retention Supplementary Planning Document (SPD) for public consultation

**Decision type:** Non-Key

**Officer recommendation(s):**

- (1) That Cabinet approve the publication of the Revised Tourist Accommodation Retention Supplementary Planning Document (SPD) for public consultation between Friday 28<sup>th</sup> February and Friday 25<sup>th</sup> April 2025
- (2) To delegate authority to the Head of Planning Policy, in consultation with the Cabinet Member for Enterprise, Community Spaces and Planning, to make minor or typographical changes to the SPD prior to publication.

**Reasons for recommendations:**

- (1) To meet the requirements of Regulations 12 and 13 of the Town & Country Planning (Local Planning) (England) Regulations 2012 (as amended) for representations on supplementary planning documents
- (2) To ensure that any minor or typographical errors can be corrected prior to the Tourist Accommodation Retention SPD being published for consultation

- Recommendations to the Scrutiny Committee**
- 1) **Note the Recommendations for in the Tourist Accommodation Retention Supplementary Planning Document (SPD) report; and**
  - 2) **Respond to the Cabinet with any views it wishes to be considered.**

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## **1 Introduction**

- 1.1 Existing Local Plan policies seek to retain tourist accommodation within a designated area along the seafront, unless it can be demonstrated that the continuing use of properties as tourist accommodation is no longer viable.
- 1.2 Concerns have been raised that the tourist accommodation retention policy is too strict and does not reflect the current market. This has led to an oversupply of tourist accommodation, which is having adverse impacts on the quality of accommodation provided, and in turn risks reputational harm to the resort. In order to address this, it is proposed that the existing Tourist Accommodation Retention Supplementary Planning Document be revised to help further address this issue.
- 1.3 A Supplementary Planning Document (SPD) is a planning policy document that builds upon and provides more detailed advice or guidance on how specific policies in a Local Plan should be applied. An SPD is a material consideration in the determination of planning applications.
- 1.4 The Council must undertake consultation in revising the SPD. Cabinet is requested to approve the publication of the revised SPD (Appendix 1) so that a period of public consultation can be undertaken.

## **2 Background**

- 2.1 Eastbourne Borough Council has sought to retain tourist accommodation within the main tourist areas through planning policy since at least 1976. The current planning policy was introduced through the Eastbourne Borough Plan (2003). This designates a Tourist Accommodation Area (TAA) within which the loss of tourist accommodation to other uses should be resisted, unless there are exceptional circumstances where it can be demonstrated that the continuing

use of the land as tourist accommodation is unviable (Borough Plan Policy TO2).

- 2.2 In 2017, a new Tourist Accommodation Retention Supplementary Planning Document (SPD) was adopted to provide new guidance on the application of the existing policy for tourist accommodation retention, in response to concern raised by the local accommodation industry that this policy was too rigid and was creating an oversupply of accommodation that impacted negatively on prices and quality.
- 2.3 Since the pandemic, pressure has been growing again to re-consider the policy approach to tourist accommodation retention, particularly as a result of the changes in market conditions and visitor expectations over recent years. Recent evidence has confirmed that the tourist accommodation retention policy approach has resulted in an oversupply of accommodation that was having adverse impacts on quality and harming the reputation of the resort.
- 2.4 Given this context, it is considered that a revision to the existing SPD to update the approach to apply tourist accommodation retention policy in light of recent changes is an appropriate response to help to address continuing concerns of accommodation providers in the short term, in advance of any further work on the new Local Plan.

### **3 Existing Tourist Accommodation Retention SPD**

- 3.1 The existing Tourist Accommodation Retention SPD was introduced in 2017 to provide more up to date guidance on the application of the tourist accommodation retention policy, based on contemporary evidence.
- 3.2 An SPD is unable to change existing planning policy, which meant that the tourist accommodation retention policy and the Tourist Accommodation Area could not be amended. Instead, the SPD identified two different 'sectors' within the Tourist Accommodation Area:
- Primary sector – comprising more prime seafront locations where tourist accommodation should be most viable; and
  - Secondary sector – comprising less prominent locations behind the seafront where there could be a gradual reduction of stock, which in turn should help stimulate investment in better quality accommodation appealing to a broader range of visitors.
- 3.3 The SPD sets out detailed criteria against which an application for the loss of tourist accommodation will be assessed, in order to demonstrate whether or not the continuing use of the land as tourist accommodation is viable and

economically sustainable. The SPD sets different criteria in the Primary and Secondary Sectors, in order to allow additional flexibility for tourist accommodation in the Secondary areas.

- 3.4 Within the Primary Sector, applications for the loss of tourist accommodation are required to submit evidence to demonstrate compliance with a two-stage test.
- 3.5 The first stage involves an application needing to demonstrate that the existing use of the tourist accommodation is not viable. In order to do this, an applicant will have to submit evidence to demonstrate the following:
- There is no interest in the tourist accommodation business being bought as a going concern (including evidence of marketing for sale for a minimum of 2 years)
  - The tourism accommodation business has been run in a reasonable and professional manner, and a serious and sustained effort has been made to save the business (including evidence of performance and costs over a 3-year period, and marketing over the previous 12 months)
  - The physical condition and cost of repair of the building would be prohibitive to running a viable business
  - The running costs of the business cannot be covered
- 3.6 Once the first stage has been satisfied, the second stage applies. The second stage of the test is the consideration of other tourist accommodation uses. Firstly, the applicant should show that they have considered partial conversion to non-serviced accommodation (e.g. holiday flats), and then full conversion to non-serviced accommodation, and then partial conversion to residential, before a complete loss of tourist accommodation can be justified.
- 3.7 The criteria are different within the Secondary Sector to enable greater flexibility with the application of the policy within this area. Within the Secondary Sector, proposals for partial or full conversion to non-serviced accommodation, or partial conversion to residential, will be supported. This would enable investment in the remaining serviced accommodation, enhancing the quality of the accommodation. A commitment to this would be secured by a Section 106 legal agreement.
- 3.8 Proposals for the complete loss of tourist accommodation will need to submit evidence to demonstrate the following:
- There is no interest in the tourist accommodation business being bought as a going concern (including evidence of marketing for sale for a minimum of 1 year)

- The tourism accommodation business has been run in a reasonable and professional manner (including evidence of performance and costs over a 3-year period, and marketing over the previous 12 months)
- The running costs of the business cannot be covered

## **4 Tourist Accommodation Study**

4.1 In February 2024, a new Tourist Accommodation Study for Eastbourne was commissioned. In summary, the study found that:

- There has been continued decline in the market for tourism with a drop in tourism staying visits of between 15% and 29% over the period 2008 to 2019.
- There has been a significant structural change in the provision of tourist accommodation with a significant shift from serviced to non-serviced accommodation (which does reflect national trends).
- Despite a fall in the number of serviced accommodation establishments, the overall number of rooms available has increased slightly 2015, due to the creation of a significant number of non-serviced / self-catering accommodations.
- Demand for coaching holidays and 'Bed and Breakfast' (B&B) stays is falling, whilst there has been a rise in demand for Apart-hotels.
- The annual average occupancy for serviced accommodation in Eastbourne in 2023 (66%) is significantly below the national average. This affects the average daily room rate achieved (£79.40), which is also significantly below the national average. New products will generally look for occupancy levels of above 75% before entering a market.
- Much of the serviced accommodation stock in Eastbourne is not of the requisite quality and will not meet the needs of contemporary visitors, particularly those attracted to events or conferences.
- Planning policies which seek to retain tourist accommodation are 'working' to their intended purpose, in that they are restricting the loss of tourist accommodation from the market.
- The current economic environment is making it difficult for businesses to invest and expand, which contributes to a decline in accommodation quality with reputational impacts.

4.2 The conclusions of the study are clear that there is too much supply for current demand, too much of the 'wrong' type of accommodation, and that some serviced stock is not offering the standard required. A substantial proportion of

the legacy serviced accommodation is not appealing to current or growing markets. At the moment many properties trade on price rather than quality, a trend exacerbated by the cost-of-living crisis where competition for fewer visitors has intensified. A reduction in the amount of stock would help to lift quality over the longer term. However, the current policy is preventing this market shift from taking place.

- 4.3 Notwithstanding this, the study identifies the continued importance of retaining an appropriate level of accommodation – in particular the higher quality stock, much of which is positioned in the western part of the TAA. The Georgian and Victorian merits of this area are noted by the study.
- 4.4 Accordingly, the study finds that the intention of the policies and guidance remains relevant to a degree in protecting valuable stock, and there is still a role for the tourist accommodation retention policy. However, due to the excess of stock, the current approach is considered to currently be overly stringent.
- 4.5 The Tourist Accommodation Study recommends that Eastbourne must reduce the amount of serviced tourism accommodation in the TAA that it has available as a pre-requisite to successful future development. Reducing the current levels of serviced accommodation stock will improve the viability of new developments and encourage branded and other hotels offering new formats into the market.
- 4.6 Considering the market decline and the current oversupply of rooms, the Tourist Accommodation Study recommends that an overall reduction of 30% in number of serviced rooms would be highly desirable in order for the performance of the resort to improve and to be able to encourage new investment.

## **5 Engagement with accommodation providers**

- 5.1 In addition to consultation and engagement that took place through the Tourist Accommodation Study, further discussions have taken place with representatives of the local tourism industry.
- 5.2 Representatives from the local industry generally agreed with the findings of the Tourist Accommodation Study that there is an oversupply of accommodation, which means too much competition for the same business and lower rooms rates, and this is having an impact on the type of visitor that is being attracted.
- 5.3 Some hotels have made a conscious decision to invest in the quality of the product, resulting in increased room rates. However, low returns for other accommodation providers have resulted in difficulties investing in their properties as much as they would like. Expenses have also increased significantly, particularly insurances and commercial utilities, which is having an

impact on rates being charged. Representatives also commented on the shortening of the season, and a reduction in business from coaching holidays.

- 5.4 Furthermore, it was suggested that there is limited interest in running a 'lifestyle accommodation' business (e.g. B&Bs/Guesthouses where the business is also the proprietor's home), particularly due to the inability to generate a sufficient return to provide sufficient income from this. This means that 'Lifestyle businesses' that have been placed on the market have not had any interest from accommodation providers and difficulty selling as a business. 'Lifestyle businesses' also have difficulty competing with short term non-serviced lets, particularly as these are not required to comply with standards that are required from regulated businesses.

## **6 Revised Tourist Accommodation Retention SPD**

- 6.1 Both the evidence from the Tourist Accommodation Study and the feedback from accommodation providers indicates a clear need to reconsider the application of the tourist accommodation retention policy, particularly in respect of 'lifestyle businesses', with the aim of enabling the market to rebalance supply. Revising the existing Tourist Accommodation Retention SPD provides a short-term solution to changing how the current tourist accommodation retention policy is applied, with the aim of reconsidering the policy approach in the longer term through the new Local Plan.
- 6.2 At the current time, the existing policy, including the Tourist Accommodation Area, cannot be changed through the SPD, so revisions to the SPD need to be considered in this context.
- 6.3 It is important to note that the SPD only deals with the issue of tourist accommodation retention and whether this element of policy can be satisfied (i.e. if the loss of tourist accommodation is acceptable). It does not deal with issues around the future use of such properties, which would need to be considered in accordance with other adopted planning policies.
- 6.4 The proposed revisions are focused on two areas:
- The designation of Primary and Secondary sectors within the TAA
  - The criteria for demonstrating compliance with the policy
- 6.5 Primary and Secondary Designation
- 6.5.1 Currently, 82% of the 'serviced' tourist accommodation establishments within the TAA are within the Primary sector, comprising 2,074 rooms (84%). This

means that the greater flexibility allowed in the Secondary sector currently only applies to 18% of the serviced establishments and 16% of the serviced rooms.

6.5.2 Furthermore, 21 of the 26 'lifestyle business' accommodation establishments in the TAA and 195 of the 241 rooms within this type of accommodation are located within the Primary sector.

6.5.3 For the purpose of considering whether the current sectors are still appropriate, the TAA was split into 18 discrete character areas. Each character area has been assessed based on the prominence of the location, particularly in terms of having unobstructed views of the sea or fronting onto gardens/squares, which would be the criteria for the Primary sector.

6.5.4 This indicates that there are five character areas that are currently within the Primary sector, but that do not meet the criteria outlined above. These are:

- 'Eastern end' of Royal Parade (east of the Langham Hotel)
- Carlisle Road
- Lascelles Terrace and Carlisle Buildings
- Rear of Lansdowne Hotel
- St Johns Road

6.5.5 It is recommended that these five character areas are therefore moved from the Primary sector to the Secondary sector of the TAA. This would result in 16 establishments and 214 rooms moving from Primary to Secondary, and would mean that 44% of the establishments and 25% of the rooms within the TAA would benefit from the greater flexibility that the Secondary sector confers.

6.5.6 13 of the 16 'serviced' accommodation establishments that would move from Primary to Secondary are lifestyle businesses, which indicates that the character areas proposed to move are predominantly occupied by lifestyle businesses.

## 6.6 Criteria for justifying loss of tourist accommodation

6.6.1 The Tourist Accommodation Study compared the SPD criteria with the viability assessment process and requirements for two other local planning authorities with a comparable resort offer. This indicates that criteria in the current SPD is broadly equivalent to the other local planning authorities. This being the case, it is not proposed to make any changes to the criteria for the Primary sector.

6.6.2 Additional flexibility is currently applied for 'lifestyle' businesses in the Primary sector, by removing requirements to provide evidence of annual business plan, including financial budget and sales/marketing strategy. Given the evidence and feedback of issues running lifestyle businesses, this is still considered relevant.



6.6.3 It is proposed that a minor change be made to some of the criteria in the Secondary sector. The existing requirement to provide evidence of performance and costs over a 3-year period is in excess of the requirements of similar local planning authorities. Therefore, it is proposed that this be **reduced to 2 years** to show that appropriate efforts have been made to run the business over the previous two summer seasons.

6.6.4 In addition, it is proposed that the requirement to provide evidence of annual business plan, including financial budget and sale and marketing strategy, be removed for tourist accommodation establishments within the Secondary Sector. This is because many of the properties in the Secondary sector will be lifestyle businesses, and these would be expected to operate in a less commercial manner.

## **7 Outcomes**

7.1 The revisions to the SPD as highlighted above will help to provide some additional flexibility with the policy that would start to allow the market to solve the problem of oversupply in Eastbourne, particularly within the Secondary sector and for 'lifestyle businesses'.

7.2 The revisions would mean that 614 serviced rooms in the Tourist Accommodation Area would have a low level of protection within the context of the existing policy, which will make it easier for them to exit the market if this accommodation is not viable. In theory, this could result in the creation of approximately 300 homes in the event that this tourist accommodation is converted to residential use. Any applications for change of use from tourist accommodation to residential would be also be considered against other policies in the local plan.

7.3 There are also 14 'serviced' accommodation establishments comprising 226 serviced rooms outside of the TAA, and therefore not subject to the retention policy. This means that 28% of serviced accommodation rooms in Eastbourne have either no protection or a lower level of protection, and could therefore be lost from the market.

7.4 A comprehensive review of the Tourist Accommodation Area and the approach to tourist accommodation retention will be undertaken through the preparation of the new Local Plan to seek to address the oversupply problem over the longer term.

## **8 Consultation**

- 8.1 The revised Tourist Accommodation Retention SPD has been prepared in consultation with Local Plan Steering Group.
- 8.2 If approved by Cabinet, the Revised Tourist Accommodation Retention SPD will be subject to an 8-week consultation period between Friday 28th February and Friday 25th April 2025, in accordance with the Council's adopted Statement of Community Involvement.
- 8.3 The consultation would be hosted via the Council's online Consultation Portal that allows comments to be made directly via the website. All statutory bodies and individuals and organisations who have asked to be informed of the progress of the Eastbourne Local Plan will be notified directly about the consultation, and it will be further publicised on the Council's website, and through press releases and social media.

## **9 Corporate plan and council policies**

- 9.1 The Eastbourne Borough Council Corporate Plan 2024-2028 identifies 'economic development and tourism' as a key area of focus, and notes that Eastbourne has traditionally been seen as a tourist destination and our aspiration is for this to continue to be the case.
- 9.2 The delivery of a new overarching strategy for tourism, income, and economic diversification is identified as a priority in the Corporate Plan, and other priorities such as enabling high quality arts and events programmes to be delivered in the town and increasing the conference and exhibition trade at Devonshire Quarter will be impacted by tourist accommodation provision.
- 9.3 The Corporate Plan also highlights partnership working with organisations such as the Eastbourne Hospitality Association, who have been engaged in the preparation of this revised SPD.

## **10 Alternative options considered**

- 10.1 An alternative option that was considered was to not revise the Tourist Accommodation Retention SPD at this time, and instead undertake a wholesale review of tourist accommodation planning policies through the Local Plan.
- 10.2 However, the new Local Plan is not expected to be adopted until 2027. Revising the SPD at this time enables a more up-to-date application of the existing policies to start to address oversupply issues in the short-term whilst the new Local Plan is being prepared.

## **11 Financial appraisal**

- 11.1 There are no financial implications to the Council as a direct result of this report. The cost of the consultation and publication of the Tourist Accommodation Retention SPD will be met from within the service budget.

## **12 Legal implications**

- 12.1 The Tourist Accommodation Retention SPD has been prepared in order to comply with Regulations 12 and 13 of the Town & Country Planning (Local Planning) (England) Regulations 2012, and with regard to the requirements of the National Planning Policy Framework.

- 12.2 Town & Country Planning (Local Planning) (England) Regulations 2012 prescribes the legal process that must be carried out when the Council is seeking to create a Supplementary Planning Document (SPD). As part of the public consultation, the regulations require that the Council prepares a statement, to be made available as part of the consultation, that sets out:

- (i) the persons the local planning authority consulted when preparing the supplementary planning document;
- (ii) a summary of the main issues raised by those persons; and
- (iii) how those issues have been addressed in the supplementary planning document.

Legal implications Provided 23.12.24 EBC-JCS IKEN 13674

## **13 Risk management implications**

- 13.1 The implications of not preparing a Revised Tourist Accommodation Retention SPD at this time are that issues relating to the oversupply of tourist accommodation in Eastbourne will not be addressed, with potential impacts to the reputation of the resort. In addition, not providing additional flexibility to enable some unviable tourist accommodation to exit the market may encourage some properties to covertly change use without planning permission. This may result in additional pressures on the Planning Enforcement team.

## **14 Equality analysis**

- 14.1 An Equality and Fairness Screening has been prepared for the Revised Tourist Accommodation Retention SPD. This concludes that it is not considered that a full Equalities and Fairness Analysis is required for the Tourist Accommodation Retention SPD because the SPD provides more detail on how an existing policy should be applied through the planning application process, rather than

introducing new policy. It is also not expected that it would impact on protected groups.

## **15 Environmental sustainability implications**

15.1 It is not expected that there would be any significant environmental sustainability implications of this report. The SPD only deals with the issue of tourist accommodation retention and whether this element of policy can be satisfied (i.e. if the loss of tourist accommodation is acceptable). It does not deal with issues around the future use of such properties, which would need to be considered in accordance with other adopted planning policies.

## **16 Appendices**

16.1 • Appendix 1 – Draft Revised Tourist Accommodation Retention SPD

## **17 Background papers**

The background papers used in compiling this report were as follows:

- [Planning and Compulsory Purchase Act 2004 \(as amended\)](#)
- [Town and Country Planning \(Local Planning\) \(England\) Regulations 2012 \(as amended\)](#)
- [National Planning Policy Framework \(2024\)](#)
- [Eastbourne Borough Plan 2001-2011 \(Adopted 2003\)](#)
- [Eastbourne Core Strategy 2006-2027 \(Adopted 2013\)](#)
- [Eastbourne Tourist Accommodation Retention SPD \(2017\)](#)
- [Eastbourne Tourist Accommodation Study \(2024\)](#)