Advisory pack: Gwent Levels Visitor Accommodation

Guidance notes to help develop appropriate visitor accommodation

Prepared by

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Contents

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Front cover photo kindly supplied by Under the Thatch.

1.0 Introduction

In terms of their landscape, bio-diversity and heritage value the Gwent Levels are as important to Wales as Snowdonia. Bursting with stories and experiences yet the area has remained, in visitor terms, hidden in plain sight; so close to two cities, over 1m people and Wales premier transport artery.

When we developed a destination plan for the 'Gwent Levels' in 2017 one clear conclusion was the lack of visitor accommodation, particularly that suited to the outdoor activities and experiences which are rapidly developing in this unique and fascinating landscape area.

As a result, we researched the barriers to investment and how they might be overcome. This resource pack shares what we have learned, and hopefully gives confidence to tourism and rural businesses, whether new or existing, to better prepare for the opportunity. Here you will find information on planning, markets, tourism trends, business planning, encouraging case studies and funding support. Of course, a relatively short document like this can only provide an introduction to these subjects so we have included links to find out more.

Health Warning: Each business is unique of course so readers should be conscious that this document should not be taken as formal pre-application advice. Similarly, case studies as offered as examples not as templates….

The Advisory Pack has been Commissioned by Monmouthshire County Council and Newport City Council. This project has received funding through the Welsh Government Rural Communities - Rural Development Programme 2014-2020, which is funded by the European Agricultural Fund for Rural Development and the Welsh Government.

Cyllidwyd y prosiect hwn drwy Cymunedau Gwledig Llywodraeth Cymru - Rhaglen Datblygu Gwledig Cymru 2014-2020, a ariennir gan Lywodraeth Cymru a'r Gronfa Amaethyddol Ewrop ar gyfer Datblygu Gwledig.

2.0 Planning considerations

The very things that make the Gwent Levels so special mean it is a heavily protected area in planning terms. Large sections of the destination, in both local authority areas (Monmouthshire County Council and Newport City Council), have multiple designations designed to protect the unique landscape, bio-diversity and historic environment (which make it an attractive area for visitors). For example, Site of Special Scientific Interest (SSSI), Special Protection Area, Special Area of Conservation, Scheduled Ancient Monument, Ramsar (protection for wetlands and wildfowl).

In addition, the inherent flood risk (seen to be increasing markedly with climate change) limits the scope of development. This does not mean tourism development on the Levels is impossible by any means but it needs to work 'with the grain' of planning protections, in terms of the most appropriate type, scale and location.

It is also likely that any planning application would need a specific environmental and flood risk assessment which would need to be factored in to development costs.

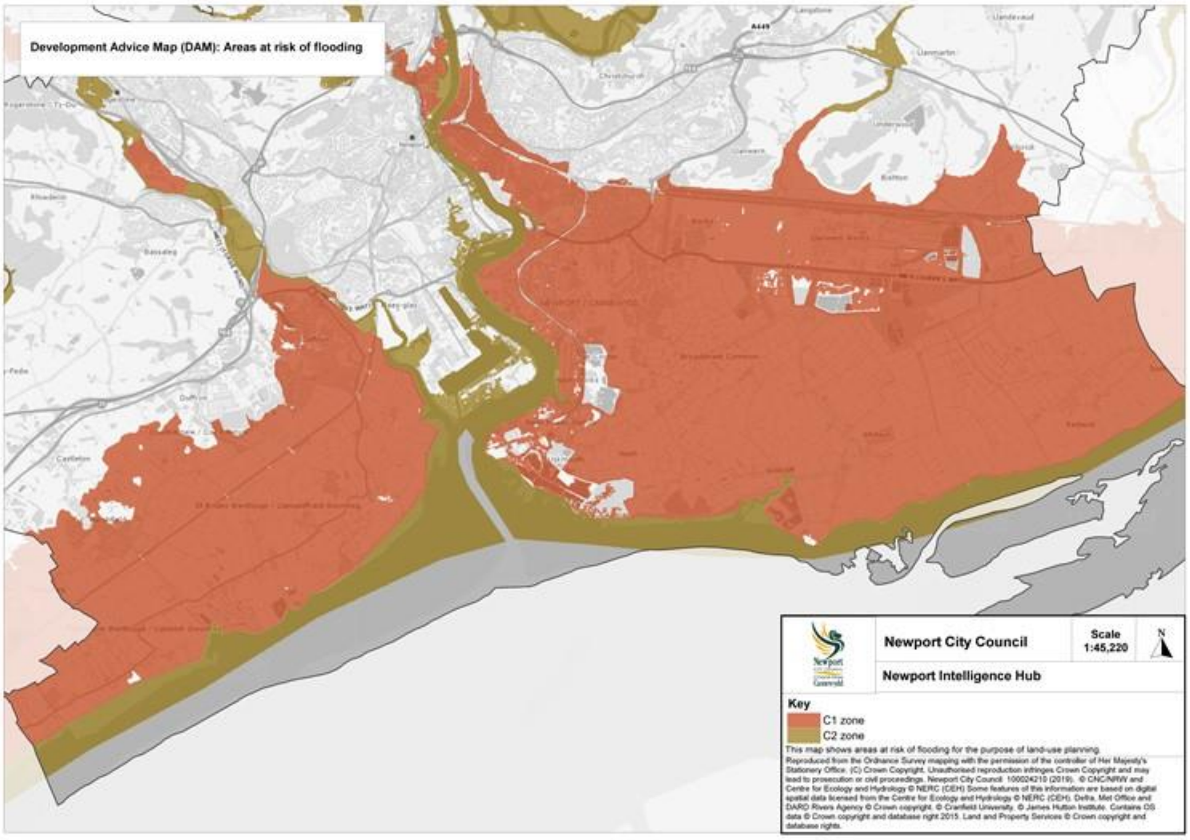
Development planning decisions are made by local authorities in line with their Local Development Plans, but in the case of the Levels their policies have been strongly influenced by Natural Resources Wales (NRW), which has statutory responsibilities for both environmental protection and flood management. NRW has lead responsibility for the Wales Coast Path and its staff also manages the unique system of drainage in the Levels day-to-day so it is very involved in actively managing the destination to the benefit of visitors and residents.

The planning policies of both local authorities are positively encouraging to visitor economy development of sympathetic scale – indeed in Monmouthshire's case there is also a specific requirement to maintain current provision where possible.

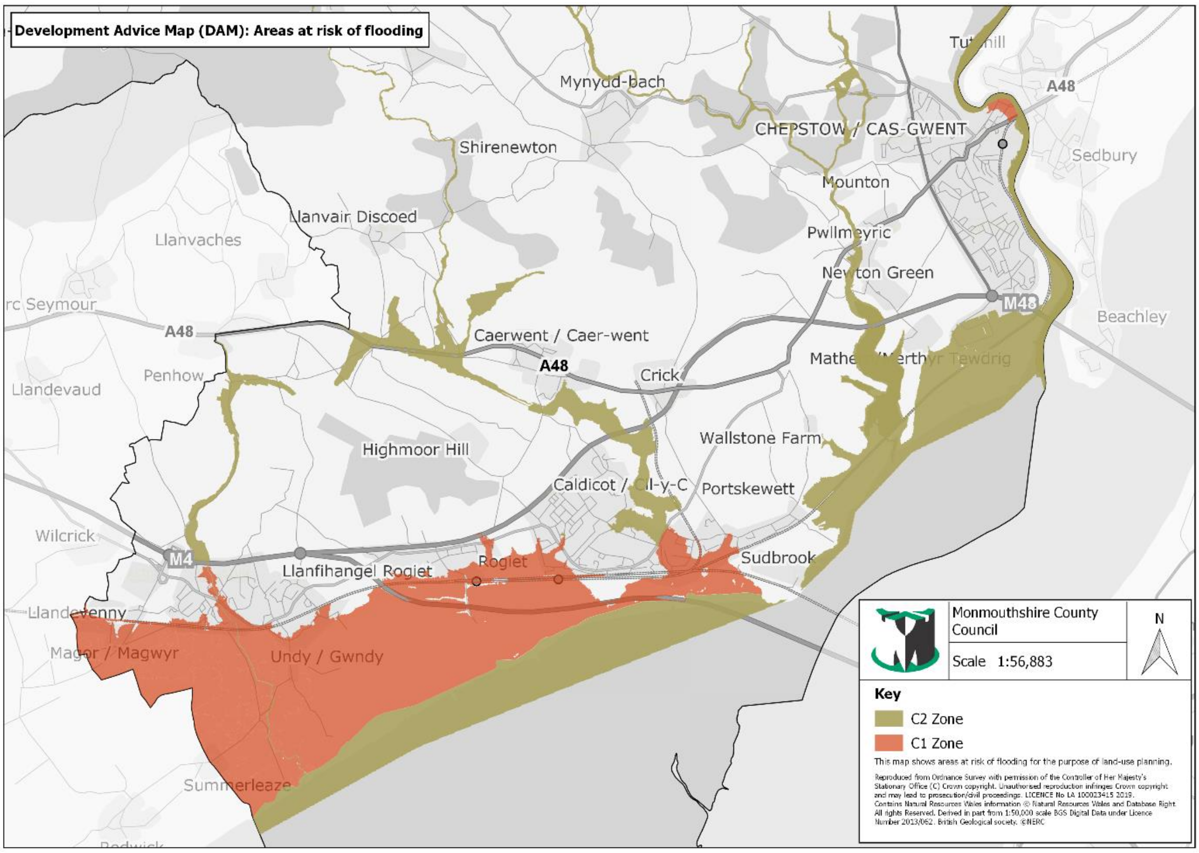
NRW is also positive, but, perhaps counter-intuitively, favours permanent over temporary structures (as the latter could be seen as an additional watercourse hazard in the case of a flood). Please note that LAs and NRW charge for formal pre-application advice so it pays to do as much 'homework' as possible before entering the planning 'system'.

Each local authority provides interactive designation maps. These illustrate the 'zoning' of flood risk and the special protections mentioned earlier. In simple terms a C2 designation means a high-risk area with little chance of gaining planning permission. There is much more scope for development in C1 areas however. Even at an early stage of your project development process it is worth taking a good look at these maps.   Please see the maps below.

Newport City Council – C1 and C2 designations



Monmouthshire County Council – C1 and C2 designations



What does all this mean for those thinking about developing, extending or converting a tourism enterprise or rural business in the Levels?

Think about the scale of what you want to do – is it in sympathy with the Levels landscape? Could it make new use of existing structures or buildings? Is it a natural extension of an existing business? How many jobs will it secure or create?

Think about the location – is it in an area unlikely to get permission? (In simple terms the nearer it is to the northern edge of the Levels the more likely to be supported… as well as being nearer to markets and access points)

Have you talked **informally** to the Local Authority about your project idea? In the first instance this could be with the Tourism, Regeneration or Economic Development Officer, rather than going straight to the Planning Department. Please see Section 7.0 for key contacts.

NB At the time of writing it is unclear whether the Welsh Government will move ahead with the building of the M4 relief road. If this major project goes ahead it will undoubtedly create a different planning context for the Levels – in terms of both constraints and opportunities.

3.0 Understanding the market

The 'staycation' trend of more domestic holidays has extended more than 10 years and levels of holiday-taking remain higher than pre-recession times. Even though overseas trips have also now seen some return to growth, the ‘staycation’ projection is still strong and the main growth areas include city breaks and rural trips.

The trend towards more short breaks continues as people are taking multiple breaks (sometimes referred to as 'holiday snacking') in addition to main holidays. One trend according to travel data analysts Sojern is that short breaks of 3 or less days increased by 8.8% in 2016 and this trend favours domestic breaks (relatively easier travel).

The UK tourism sector has benefitted from the decline in the value of the Pound (making the UK more attractive to overseas visitors, with trips to overseas destinations more expensive for UK residents).

We are also observing a number of other trends, for example, the continued growth in specific market sectors, such as activity tourism, camping (particularly glamping which can be evidenced by operators such as Canopy and Stars and Go Glamping) and health and wellbeing related activities and breaks. The outlook for tourism in the UK remains buoyant.

The Levels Visitor Economy

While only the Snowdon massif in Wales shares its environmental importance, the Gwent Levels is not yet a well-established tourist destination. It lacks a strong identity or cachet in the minds of visitors and remains relatively unknown. For this reason, the Destination Plan for the Living Levels developed in 2017 identifies the need to lead, at this early stage, with ‘experiences’ (events, immersive activities etc) and activity products (e.g. walking, cycling, wildlife-watching etc) rather than trying to market a destination brand. There is however already significant visitor economy activity in the area. A STEAM[1] analysis based on 2015 figures suggests a value of around £100m based on 1.3m visits generating 1.7m visitor days (split 1m day visits, 257k staying with friends and relatives, 48k non-serviced and 350k Serviced) and 1,170 fte jobs. It would be fair to say that currently much of this activity is incidental to the core Levels offer but nonetheless gives comfort to those seeking to develop or upgrade accommodation. Similarly, the opening of International Convention Centre Wales at Celtic Manor will increase demand for accommodation across the sub-region, with primary and displacement opportunities for providers in the Levels area.

[1] STEAM – Scarborough Tourism Economic Activity Monitor – a model used by all LAs in Wales to monitor volume, value and trends in local tourism.

The most recent origin data (2016 South East Wales Visitor Survey, Beaufort Research) gives us a general picture for the region as a whole. Notably, "the majority of visitors to South East Wales are from Wales (71%), which is higher than for Wales as a whole. This reflects the higher proportion of day visitors to this area than to Wales generally." For staying visitors the M4 and M5 corridors remain the best producing markets.

What is Visit Wales up to in Marketing?

Tourism is, pro rata, more important as an economic activity to Wales than other parts of the UK. Visit Wales' 'Partnership for Growth' Strategy had set a 10% real terms growth target for the sector from 2013 – 2020 and it is clear that this will be exceeded. Work on developing the successor strategy is now underway.

Visit Wales' own investment and marketing priorities are focused in support of the 'This is Wales/ Gwlad Gwlad' brand, the development of route-based experiences, including, in the first phase, the A470 corridor, or 'Cambrian Way', and the 'Years of…' approach to marketing, product development and communications – 2016 'Adventure', 2017 'Legends', 2018 'the Sea' and 2019 'Discovery'. This targeted approach is particularly aimed at first-time and overseas visitors to Wales, previously under-represented our side of the border. VW still sees these as primarily **'Independent Explorers'**, further broken down as:

- 'Scenic Explorers' - looking for activities/ stays in a rural environment
- 'Cultural Explorers' – often older, seeking a deeper look under the skin of Wales' culture, creativity and heritage
- 'Family Explorers' – spending family time together on shared activities
- 'Pre-family Explorers' – younger couples looking for the buzz of a vibrant new destination

While seasonality remains an issue for other regions, South East Wales typically sees over 40% of arrivals and income from October to March, although dominated by day visits.
The removal of the Severn Bridge tolls, the electrification of the London-Cardiff main-line in the medium term and the development of the M4 Relief Road to the south of Newport in the longer term (if it proceeds) will all improve market accessibility significantly and will have wider economic benefits. However, there will be a potential impact on the tranquillity and the sense of getting away from it all which is associated with some parts of the Gwent Levels area (along with clear environmental impacts).

4.0 Precedent examples

There are a number of interesting examples where additional and innovative visitor accommodation of a relevant type and scale has been introduced, both across Wales and further afield.

Under the Thatch

Under the Thatch demonstrates how old buildings (cottage, farm houses) and other structures (railway carriages) have been re-purposed into high quality self-catering accommodation. We set out several examples below (photos kindly supplied by Under the Thatch).




Owners of the properties let their accommodation through Under the Thatch but the company does not ask for exclusivity - owners are free to use other platforms to market their properties.

Under the Thatch has a strong focus on properties in Wales with a presence in Ireland and France too and some other international short breaks.

Under the Thatch will visit and arrange photograph to be take to market the property and they pride themselves on relationships with owners. Under the Thatch is responsible for marketing the properties and providing the customers – they charge a commission to market the properties.

Properties marketed by Under the Thatch command a premium tariff.   Find out more about Under the Thatch here.

Feather Down

Feather Down offers a premium self-catering product with a variety of glamping tents and cabins, which are located on farms. The company now operates in in the UK and five other countries in Europe.

We set out several illustrative photos below, which have kindly been supplied by Feather Down.




Feather Down has a range of accommodation type with different capacities (4 to 10 person units). The main product is based upon a traditional ‘lodge style tent’ which incorporates a wood burning stove, cooking facilities, bedrooms and toilet (the tent itself has a wooden floor).

At the time of writing the business operation works on a model whereby small-scale farms run clusters of canvas lodges.

Feather Down has two main operating models. In the first the company invests in the location/ farm and provides the accommodation units. Farmers/ Landowners do not need to pay for the accommodation but they do need to provide the basic infrastructure such as piping, septic tank, water supply etc. and level bases for the tents,

In the second model, farmers invest in the accommodation units and join the network. The farmer receives a percentage of turnover in both models.

The farmers are responsible for welcoming the guests, cleaning of the accommodations and taking care of the extras including onsite sales (firewood, milk, other provisions). Feather Down are responsible for marketing and managing payment.

The development ethos has focused on working with small scale farms to help maintain 'environmental' quality and creates an 'authentic' experience for guests. Guests can often also purchase produce from the farm.

The high-quality glamping units command a premium tariff. Find out more about Feather Down here.

5.0 Business planning

Operational business plans

In considering an accommodation related business enterprise, the first terms often bandied around are room occupancy, rack rate, achieved room rate and more recently percentage commission (for marketing and booking services).

Whilst it is easy to get lost in the jargon and these terms are important to obtain accurate forecasts and manage budgets, it is important to produce a simple business plan. It is vital that your bank or other lenders can understand your business proposition at first review. Within the business plan, the potential risks and benefits of different options can be considered and you need to be clear about how your business will perform financially from the first year of trading in simple 'lay terms.'

Your business plan will be incredibly useful when it comes to securing loans and investment but it is also a personal tool to help you understand your objectives.

Research your market

A significant amount of research is involved in the early stage of project development in order to establish a robust business case and to ensure that the end product meets the needs of the market.

A big part of knowing whether your business will be successful is understanding your market and customers. Make sure your plan is clear about your target market – who will you be selling to and how many other businesses are operating in your target sector?

A market review looks at the needs of visitors, considering factors such as:

- Current provision of tourist accommodation in the local area – understanding the competitive landscape, which also helps to identify gaps and pricing policy of other accommodation providers
- The wider tourism market place and trends (Visit Wales is a good source of information on the wider market place)
- Opportunities with developing relationships and possibly joint marketing initiatives other compatible business providers such as food outlets, pubs and activity providers

Operational considerations

Key operational considerations form an essential part of delivering a realistic and achievable business plan. These may include:

- Opening periods
- Pricing with seasonal adjustments
- Approach to discounting
- Restrictions on use (e.g. policy on pets, party size etc)
- Management and staffing – will the business involve you and others on a full or part time basis
- Marketing (liaising with your Destination Management Organisation who can assist you with marketing). Also, explore potential partnership opportunities such as joining a local business consortia (if available), local marketing network and chamber of commerce.

Your approach to all of these aspects of the business should be set out in your plan.

Plan your finances

Visitor modelling forecasts expected throughput in terms of room and bedspace occupancy. This will be driven by a range of factors including market trends, appeal of the offer, pricing policy, accessibility, capacity, opening times and marketing which need to be set out and factored into this analysis alongside seasonality and repeat visits.

The other essential part of a business plan is the finance section. It is important to ensure long term plans are realistic and achievable and you need to be very clear on how you will make a profit. The financial analysis projects income forecasts and operational costs along with maintenance and management costs.

With accommodation businesses, it is critical to establish a breakdown of users (the occupancy by month) and the average room rate per night or short break. Information is available from tourism bodies including Visit Wales with a range of national and regional data over a number of years which can provide a useful steer to underpin your assumptions.

Expenditure will include cost of sales items, staffing, consumables, cleaning, etc. There will then be a need to add premises costs (energy, insurance, maintenance etc). If your accommodation has a hot tub for example this will have additional cost implications for ongoing cleaning and maintenance.

Benchmarking

Benchmarking against competitors and similar sites, identifying examples of best practice which could be applicable to the project, can provide a vital guide. In our view the best way to produce a robust trading profile is to test assumptions against comparable activities elsewhere. If possible, project assumptions need to be supported by reference to typical rates in the sector and supported by direct examples.

The operational business plan should not be seen as a one-off document. It should include a risk assessment considers factors including economic climate. It must be a tool for business management which shapes decisions and targets but is also reviewed and updated on a regular basis.

6.0 Funding opportunities

Visit Wales / Welsh Government

Visit Wales is able to provide a range of funding support for tourism projects tailored to the variety of tourism enterprises across Wales. Its prime objective is the creation of sustainable employment opportunities within the sector which explains the scale of development it is ideally seeking to support through its mainstream funds. However, the Micro Small Business Fund is open currently to support smaller project

Thinking about the accommodation sector in particular, and the likely scale and scope of any development in the Levels, these are identified as VW's priorities:

Serviced Sector (B&B's to Hotels)

Preference will be given to those targeting a 4 or 5 Star quality. If there is no increase in grade, but there is an 'obvious' facility improvement (e.g. a spa or conference space / business tourism use), applications may still be considered.

Self Catering

Proposals will be considered where the business has or will achieve a cluster of accommodation (as a guideline a minimum 3 units or 12 bedspaces). Priority projects are most likely to be those where there is a quality shift to a 4 or 5 Star, an addition to capacity or a central facility such as leisure or activity products, or an exceptionally distinctive heritage or innovative offer. The level of innovation, quality, and evidence of demand for the product will be critical. A single unit or small numbers of units of self-catering accommodation are not a priority.

Caravan & Camping (including Glamping)

Proposals will be considered where a minimum 4 Star or 5 Star quality is achieved, and where there is added value, such as leisure or activity products. Exceptional schemes that are distinctive, different, or have significant environmental strengths will be prioritised. Small numbers of glamping units or other similar type accommodation are not a priority.

Other Accommodation

For the most part, this includes hostels, private sector activity centres or bunkhouse accommodation. Proposals will be considered for upgrades that achieve a minimum 4 or 5 Star quality or Alternative Accommodation grade. Activity Centre projects (private sector led) can include improvements and additions to the activity offer, and need to be accredited.

In each case VW is looking for a project which supports its own development priorities, delivers, growth, innovation and sense of place, reinforces the Wales brand, reflects the core values and approach and in particular, delivers against the core brand objectives:

- ✓ Elevates Wales' status.
- ✓ Surprises and inspires.
- ✓ Reinforces positive perceptions.
- ✓ Does good things.
- ✓ Is unmistakably 'Wales'.

Link for further information on the Wales brand can be found at:
www.walesthebrand.com

It is important to note that it is rare to secure funding for self-catering developments in Monmouthshire from Visit Wales as it is felt that there is already sufficient accommodation in this sector. Visit Wales has however been open to supporting innovative types of glamping type accommodation.

Current Visit Wales Funds (2019):

- Wales Tourism Investment Fund (WTIF)
- Economic Futures Fund - Tourism Investment Support Scheme (EFF-TISS)
- The Regional Tourism Engagement Fund (RTEF)
- The Tourism Product Innovation Fund (TPIF)
- Tourism Amenity Investment Support (TAIS)
- Micro Small Business Fund (MSBF)

An outline of all these VW funds can be found in the table on the following page.

Fund	WTIF	EFF - TISS	MSBF	RTEF	TPIF	TAIS
Grant/ Loan?	Grant + Loan (20/80)	Mix of Grant and Loan	Grant	Grant	Grant	Grant
Amount	£100k - £5m	£25k - £500k	£25k- £500k	<£30k	<£30k	£25k - £128k
Capital/ Revenue?	Capital	Capital	Capital	Revenue	Revenue	Capital
Eligible Activities	Upgrading New Build	Upgradin g New Build	Upgradin g New Build	Destination Developmen t (Adventure, culture, landscape)	Tourism Innovatio n in support of VW priorities	Public realm and amenity improvemen t
Maximum Interventio n Rate	N/A	25%	40%	90%	90%	80%
Repayment Period	<15 years	N/A	N/A	N/A	N/A	N/A
Application Deadline?	Open	Open	Open to Dec 2020	Closed but may be one more round for 2020	Closed but may be one more round for 2020	Currently closed
Comments	Includes Developmen t Bank for Wales funds		Most relevant for Levels Visitor Economy projects – supporte d through RDP	Aimed at Destination Partnerships	Needs to be Private Sector led	Aimed at Public Sector Partners – funded through Rural Developmen t Programme

More Information? https://businesswales.gov.wales/tourism/finance#guides-tabs--5

7.0 Key contacts

Newport City Council

Tourism

Lynne Richards, Destination Development Manager

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Planning

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