



MAKING ROOM AT THE INN

A PRACTICAL GUIDE / JULY 2020

This Guide is intended for any pub operator who might want to consider developing overnight accommodation for business and leisure visitors.

From opening up a few unused bedrooms above the pub to a new build extension with a larger number of rooms, the guidance outlines how you should approach it and how to translate your idea into reality.

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THE PUB ACCOMMODATION SECTOR

THE OPPORTUNITY: NATIONALLY AND LOCALLY

To set the scene, the Guide begins with an overview of sector trends that point towards the potential for pub accommodation, together with some background on what has been happening UK-wide in terms of pub accommodation development, and the benefits it can bring, to your business and more widely.

The scope for pub accommodation development in Greater Lincolnshire is then set out in terms of current supply, a look at what is driving growth in the market, and what this means for the markets that your pub accommodation might attract.

FROM IDEA TO REALITY

DELIVERING YOUR PUB ACCOMMODATION PLANS

Through the detailed guidance that follows you will learn about the initial research you need to do to ensure that your pub has the physical potential for accommodation development. Determine if there is a market demand (or potential demand) in your location. As well as understanding your competition and how you will position your offer.

From here it takes you through the process of dealing with planning and other regulatory requirements, preparing a business and financial plan, and provides best practice examples and performance information from other pub accommodation developments to help you assess the viability of your scheme and ensure your plans are firmly based on realistic assumptions.

The Guide also sets out the risks and rewards of pub accommodation development, and the keys to success, in terms of your product, the market, and how you manage and market the business going forward.

FURTHER INFORMATION AND CONTACTS

At the back of the guide you will find sources of further information and support with contact details and web links, together with a template that can be used as a business planning tool for pub accommodation development projects.

PUB ACCOMMODATION

THE NATIONAL CONTEXT

THE PUB SECTOR CONTEXT

These are challenging times for the UK pub industry. A number of factors have combined to create acute financial hardship for many and closure for rising numbers – economic downturn, an oversupply of pubs, falling alcohol/beer sales, the ban on smoking, and the temptation of residential values if sold for conversion being just a few. Many of these pubs are in rural areas, helping bring life and vitality to the countryside, but even in towns and villages pubs offer an important focus for their local communities.

In the face of continuing challenges – including more leisure choices, tighter margins, tougher commercial conditions, tax rises and increased regulation – pubs, particularly in rural areas and small towns, can only survive if they have a range of income streams over and above the traditional wet trade. The food offer is key, but with strong competition from a multiplicity of other food offers, in many cases even this not enough.

 These are challenging times
for the UK pub industry.



THE TIME IS RIGHT

Unlocking the potential of pub accommodation

THE TOURISM SECTOR CONTEXT

Tourism in the UK has been booming: since 2013 the staycation trend has created increasing demand from UK residents to holiday at home, particularly for short breaks; inbound tourism has continued to see growth¹, with visitor numbers forecast to grow by 2.9% in 2020. With both markets increasingly looking for different experiences and authenticity in the offer, pubs have strong appeal. Added to this is the growth in interest and participation in outdoor activities in the countryside, all of which pub accommodation is well-positioned to capitalise on. Pubs have enormous appeal for their distinctiveness and individuality, character, warmth, friendliness, and provide a unique cultural snapshot of an area. As such, characterful quality pubs are a significant tourism asset for domestic and overseas visitors, and the settings in which they are located.

THE ACCOMMODATION SECTOR CONTEXT

Hotel performance in the UK is at an all-time high. Since 2014 a strong and growing economy has been reflected in increased levels of both business and leisure tourism and a rising demand for hotels as well as other forms of visitor accommodation. In 2019, UK provincial hotel occupancy stood at 76%, and achieved room rates at £72.50², and despite some slowing of economic growth and the uncertainty around Brexit, and significant levels of new hotel supply still coming on stream across the UK, forecasters still anticipate some growth in achieved room rate to £73.10 in 2020 particularly around strong inbound tourism demand.

THE TIME IS RIGHT

In terms of pub, tourism and accommodation sector trends, the time is absolutely right for the expansion of the pub accommodation offer. However this is traditionally a fragmented industry, made up of lots of individual businesses – whether owner operated, managed or leased pubs. They are often not well-connected to tourism networks, and vary greatly in terms of their standards and pricing.

They are also competing with budget hotels and other accommodation offers frequently with strong brand identities and consumer awareness, centralised booking, consistent standards, and with national media campaigns supporting them.

We are seeing both regional pub companies and independents stepping up to deliver high end accommodation and great food. The online booking revolution has created a national and global market for pub accommodation operators. Websites such as 'Stay in a Pub' are providing platforms for showcasing pub accommodation. In turn this is driving up standards and providing quality reassurance.

 The potential is
clearly there – waiting
to be un-locked... 

1 <https://www.visitbritain.org/visitbritain-forecasts-record-year-inbound-tourism-2020>
 2 PwC UK Hotels Forecast 2019 and 2020

THE BENEFITS OF PUB ACCOMMODATION DEVELOPMENT

WHY DEVELOP PUB ACCOMMODATION?

The benefits of embracing the tourist market and offering overnight accommodation to visitors are significant, and include:

- › Creating a third income stream alongside food and drink
- › Opening the business to new markets, presenting an opportunity to widen the customer base to people who never otherwise come to your pub, and to generate additional repeat trade
- › Increasing food and drink sales from staying visitors who choose to eat and drink on site, especially in more remote locations with fewer surrounding facilities
- › Creating a more balanced and rounded business, not just in terms of income streams but also generating demand across the week and year
- › Improving pub viability and profitability, through increased revenues
- › Rooms also provide a much higher profit margin as there are minimal additional operating costs
- › Making total pub revenues more consistent and less dependent on weather
- › Supporting employment of staff at the pub, extending their hours, better utilising manpower throughout the day, and in some cases creating new jobs
- › Monetising unused spaces
- › Increasing the value of the business and the asset, making it more attractive to buyers at a higher asking price.

 Increasing
the value of
the business... 



THE DEVELOPMENT OF PUB ACCOMMODATION IN THE UK

DEFINING THE PUB ACCOMMODATION SECTOR

There are around 6,000 pub accommodation businesses in the UK providing over 50,000 bedrooms, turning over more than £800m per year. The majority have 5-10 bedrooms.

The largest proportion are privately owned freehouses (2,802 pubs/22,830 rooms), followed by tenanted and leased pubs (2,373 pubs/17,583 rooms); only 524 are managed houses with 10,295 rooms. Despite the investment taking place by national and regional groups (see below), at an overall level relatively little of the pub accommodation supply nationally is branded.

The Stay In A Pub With Accommodation Survey 2019 identified over 300 new pubs offering accommodation and existing pubs adding rooms that have opened since 2016. This is at a time when the overall pub market has been in decline. It found that 13% of providers are planning to increase their number of rooms, and 49% have plans to invest in up-grading and refurbishment of rooms. The ALMR/Christie's pub benchmarking survey (2018) also showed that revenue growth at over 4% was higher for pub accommodation sales than for food or drink.



EXAMPLES ARE:

The Lord Crewe Arms | Blanchland, Northumberland
www.lordcrewearmsblanchland.co.uk

Inn on the Square | Keswick, Cumbria
www.innonthesquare.co.uk

The Five All | Filkins, Gloucestershire
www.thefiveallsfilkins.co.uk

The Plough | Kelmscott, Oxfordshire
www.theploughinnkelmscott.com

The Wild Rabbit | Kingham, Cotswolds
www.thewildrabbit.co.uk

The Victoria | Holkham, Norfolk
www.holkham.co.uk/victoria

The Pheasant | Gestingthorpe in Suffolk
www.thepheasant.net

Swan House | Beccles, Suffolk
<http://swan-house.com>

Woolpack Inn | Warehorne, near Ashford in Kent
<http://woolpackinnwarehorne.com>
 Alastair Sawday's Pub with Rooms 2016/17

The Grasshopper Inn | Moorhouse on the
 Surrey/Kent border near Westerham
www.grasshopperinn.co.uk

The Bell | Ramsbury, Wiltshire
www.thebellramsbury.com

The Royal Oak | Swallowcliffe, Wiltshire
 2017 Good Hotel Guide Newcomer of the Year
www.royaloakswallowcliffe.com



**IN ADDITION, A NUMBER OF NATIONAL PUB COMPANIES HAVE DEVELOPED
BRANDED PORTFOLIOS OF INNS:**

- › **Greene King** has continued to expand its Old English Inns brand and has upgraded many of the inns in this portfolio
- › Daniel Thwaites has embarked on the development of its **Thwaites Inns of Character** chain of quality country inns
- › Marston's operates a portfolio of 60 inns in the 'premium budget' segment across the country under its **Marston's Inns** brand. It has opened a number of lodges alongside new-build pubs as well as adding lodge blocks to existing pub sites
- › Marston's launched the **Revere Pub Company** in 2013 as a premium pub brand, so far including 7 inns with boutique accommodation in Hampshire, West Sussex, Sheffield, Kent and Wiltshire
- › Dorset-based brewer **Hall & Woodhouse** operates 28 hotels and inns in Dorset, Devon, Hampshire, Somerset, Surrey, Hertfordshire, West Sussex and Wiltshire. It has recently opened a new inn in the New Forest
- › **Shepherd Neame** operates 15 hotels and inns in Kent
- › **Fuller's** operates 34 hotels and inns in London, Hampshire, West Sussex and the Home Counties. It has upgraded the accommodation at a number of its pubs over the last few years, including the development of luxury boutique bedrooms at a number of them. The portfolio includes **6 former Bel & The Dragon pubs** acquired in June 2018. A further 201 rooms are being added to the Fullers estate in January 2020 with the acquisition of Cotswold Inns & Hotels
- › Swindon-based brewer **Arkell's** operates 42 hotels and inns in Swindon, Wiltshire, Oxfordshire, Berkshire and Gloucestershire. It is investing in the refurbishment of these properties, as well as adding bedrooms to some of its pub estate
- › **JD Wetherspoon** operates 55 hotels and inns throughout the UK under its Wetherspoon Hotels brand
- › **Brakespear** has a portfolio of 36 inns across Oxfordshire, Berkshire, Buckinghamshire, Northamptonshire, Wiltshire and Kent, a number of which have seen recent investment to upgrade their bedrooms, including the Sheep on Sheep Street in Stow-on-the-Wold in the Cotswolds and The George Townhouse in Shipston-on-Stour in Warwickshire in 2016, and The Townhouse in Stratford-upon-Avon in 2017
- › London-based brewer **Young's** operates 30 hotels and inns in London, Surrey, Hertfordshire and Wiltshire, including a number of boutique properties. It acquired the boutique Lamb at Hindon in Wiltshire in 2014 as part of the expansion of its hotel portfolio, and reopened The Greyhound in Carshalton, Surrey as a boutique inn in 2016
- › **The Coaching Inn Group** has grown from 2 to 16 sites with over 400 rooms since launching in 2007 as the **Bulldog Hotel Group**. Since 2017, the group has seen £50m invested in new acquisitions which have included The Feathers Hotel in Ledbury and Bell Inn at Stilton, and investment to upgrade existing sites in Horncastle, Thirsk, St Ives and Hungerford.



REGIONAL PUB ACCOMMODATION COMPANIES HAVE DEVELOPED IN SOME PARTS OF THE COUNTRY, ACQUIRING AND UPGRADING INNS WITH ROOMS; EXAMPLES INCLUDE:

- › **Sussex Pub Group**
- › **Cotswolds Inns & Hotels**
- › **Cozy Pubs** in Essex
- › **The Agellus Collection** in Suffolk
- › **The Chestnut Group** in East Anglia, which acquired the Black Lion in Melford in 2017 as its sixth property
- › Letchworth-based **Anglian Country Inns**, which acquired its eight property in East Anglia in 2017
- › **Peach Pub Company** across the Midlands
- › Bedfordshire-based **Epic Pubs**
- › **Miller's Collection**, with three inns in Hampshire and Berkshire
- › **The Inn Collection** in the North East
- › **Town & Village Hotels**, which has two hotels in North Yorkshire, one in Greater Lincolnshire and one in Cheshire
- › **Draco Pub Co** in Somerset
- › **Provenance Inn & Hotels** in North Yorkshire
- › **Ramblinns** in Kent
- › **Stay Original** in the South West, which opened The King's Arms in Dorchester as its fourth property in January 2017
- › London-based pub company **Faucet Inns**, which has opened boutique inns in Southampton and Surrey
- › The London-based pub company **Distinct Group** acquired the Cromwell Hotel in Stevenage in December 2015, which it intends to reposition as a boutique hotel and gastropub
- › **Oakman Inns & Restaurants** with pubs and inns across Oxfordshire and Hertfordshire; Oakman Inns has announced a multi-million-pound expansion with the acquisition of The Royal Foresters in Ascot, Berkshire, the expansion of its Akeman flagship site in Tring, Hertfordshire, and plans to convert a nursing home in Olney, Buckinghamshire into an Oakman Inn
- › Cheltenham-based **Lucky Onion** acquired the Wild Duck in the village of Ewen in Gloucestershire in November 2015 to add to its No 131 The Promenade boutique hotel in Cheltenham and 14-bedroom Wheatsheaf Inn gourmet pub-restaurant with rooms in Northleach
- › **16 Hospitality** in the North West and North Wales, which has identified 21 locations in the North West and North Wales where it would like to acquire properties
- › Surrey-based **Red Mist leisure** re-opened The Red Lion in Odiham in Hampshire in June 2017, with 7 guest bedrooms
- › Luxury pub operator **Cirrus Inns** is planning to increase its portfolio of pubs, with a strategy focused on acquiring pubs close to the main shooting sites in Southern England.

Photography credit: Snugzz at the Sali | Nettleton

PRODUCT IMPLICATIONS

WHAT DOES THE MARKET WANT?

There is a wide variation across the pub accommodation offer, from traditional to contemporary, economy to luxury, in both rural and urban settings. What unites these varied offers are some key characteristics that summarise why customers want to stay in a pub:

- › **The ability to combine traditional charm**
- › **Contemporary décor**
- › **Great food**
- › **A fantastic range of drinks options**
- › **And a characterful home from home experience³.**

The specification of the pub offer will to some extent need to reflect the markets being targeted, location and the nature of the pub/restaurant. However there are some key messages emerging from those already operating in the market.

A quality offering is essential whether the establishment is economy, premium or luxury. This must be reflected in both facilities and the standards of service.

Customers look for quality reassurance. Official schemes still have their place, but increasingly people take more notice of guest reviews and ratings on Tripadvisor and online travel agents (OTAs). Guest satisfaction is paramount, and is the key to repeat visits. The 'Stay in a Pub' 2019 survey reported that TripAdvisor was the most important site for consumers when choosing where to stay (40%), followed by Google (28%). It also revealed that 99% of pub accommodation operators were on TripAdvisor.

The survey also discovered that 85% of pubs used an online booking system and 83% used OTAs (online travel agents such as booking.com and Expedia). With most bookings now being made online, an online presence is critical.

Getting the core offer right is a critical starting point. A high quality bed, an en-suite with powerful shower, flat screen TV, fast Wi-Fi, a well-designed room and superior interiors are all expected from today's discerning customers.

One of the main advantages that pubs can offer over many branded hotels are the personal touches. These little extras can surprise and delight the customer. The ability of non-standard pub accommodation to provide individuality and atmosphere can really create the 'wow' factor!

VIABILITY IMPLICATIONS

PERFORMANCE, COSTS & RETURNS

Insight into the performance of pub accommodation is available from a variety of sources. The RPBi (an online data and news source for the hospitality industry) www.rpb.co.uk is a good starting point. The annual reports and presentations of some of the bigger pub companies are another good source of information.

As with the offer itself, there is a wide variation, by standard and location. We have drawn together some of the statistics to provide a guide, alongside some of the data these sources have revealed around development costs and returns.

PERFORMANCE INDICATORS

› Average annual room occupancy⁴

At national level, pub companies like Fullers and Youngs are quoting occupancy levels of 78-79% across their estates; both operate at a premium level, and have significant resources behind them to deliver and market the product, as well as awareness in the market

Regional pub companies quoted occupancies ranging from 65-75%

The RPBi/Stay In A Pub survey showed ranges of occupancy: 31% of pubs achieved over 75% occupancy; around half of the pubs achieved between 51% and 75%; only 21% had occupancies below 50%

Survey work by Tourism South East found rural pub occupancies averaging 55-60%, and this seems a realistic starting point for small independent operators in Greater Lincolnshire, though there are operators including high quality 4 star and boutique inns achieving much higher occupancies of 75-85%+

› Average annual achieved room rate⁵

Achieved room rates were as high as £94 for one national premium pub accommodation operator, with more up-scale regional operators also achieving rates of £80+. More mid-scale operators were typically averaging £55-£65 achieved room rates

The RPBi/Stay In A Pub 2019 survey found 46% of pub accommodation operators achieving £76-£100, 24% over £100 and 24% £51-£75. Only 6% achieved average rates below £50

› Patterns of business and market mix

Patterns of business across the week and year will vary by location and catchment, depending on whether there is a dominance of business (mid-week) or tourist (weekend, April-October) markets, or a balance of the two

The RPBi/Stay In A Pub 2019 survey reported an average market mix of 63% leisure tourists to 37% business guests, and within this c. 10% of guests from overseas, and 80% repeat visits

› Additional food & beverage spend

Two of the major national pub companies have quoted 50-60% of visitors staying in the pub eating and drinking with them, boosting sales by circa £20 a head. The Stay In A Pub survey quoted 80% of room guests eating at the pub. Again, this is likely to vary by location, and be higher in more remote locations with fewer other food and beverage options on the doorstep, and lower in city/town centres with multiple choices.

⁴ How full a hotel is, the percentage of available rooms let

⁵ The amount achieved for each room sold after VAT, breakfast and any commissions

INVESTMENT INDICATORS

› Development costs

The costs to develop pub accommodation quoted by pub company and independent operators varies significantly, reflecting the type of development and the standard being delivered. These range from as little as £5000-£10,000 per room to refresh and equip existing bedrooms and bringing them into the letting market; £10-£15,000 to reposition an existing pub accommodation offer e.g. to boutique standard; and £60,000-£80,000 per room for new build development

› Potential returns

The returns sought by pub companies typically range between 10% and 20%

As an example of what a pub bedroom might earn in a year for an owner, at an occupancy of 60% and an achieved net room rate of £60, this would produce an income of £13,000+, plus additional food and drink spend of £5000+. As direct costs are minimal, margins are high, and once the capital required for the development has been paid off, this drops virtually straight to the bottom line

› Impact on value

Developing pub accommodation, the associated income and profit also has an impact on end value. The example below shows how a pub valued at £900k could increase in value by £700,000 to £1.6m with the addition of 10 bedrooms

The value is calculated as a multiple of EBITDAR⁶ (Earnings Before Interest, Tax, Depreciation, Amortization & Rent/Restructuring Costs), which is a measure of a business's operating performance, a standard industry tool to analyse profitability without the effects of accounting and financial decisions. It can be seen that the addition of rooms not only generates its own income stream but also boosts food, drink and other income and delivers a higher EBITDAR margin.

PUB BEDROOM ADDITION P&L ILLUSTRATION OF IMPACT ON VALUE

REVENUE	PUB	+10 ROOMS	TOTAL
Bar sales	260	20	280
Food sales	225	45	270
Machine income	10	-	10
Room revenue	-	185	185
Other income	5	5	10
TOTAL REVENUE	500	255	755
Gross profit	360	200	560
Gross profit margin	72%	78%	74%
Wages	170	90	250
Wages % total revenue	34	35%	34%
Overheads	80	40	120
EBITDAR	110	70	180
EBITDAR MARGIN	22%	28%	24%

Source: Christie & Co: Pub Accommodation – Success and its Impact on Value (Stay In A Pub Profitable Beds seminar October 2019)

6 In this case a 10x multiple applied to the extra EBITDA generated by the rooms business

PUB ACCOMMODATION

THE GREATER LINCOLNSHIRE OPPORTUNITY

SCOPE FOR GROWTH IN PUB ACCOMMODATION

66 ...new younger
markets are
drawn to Greater
Lincolnshire...⁹⁹



THE GREATER LINCOLNSHIRE MARKET

SCOPE FOR GROWTH IN PUB ACCOMMODATION

A GROWING MARKET

Staying tourism in Greater Lincolnshire is growing, with 4.6m overnight visitors in 2018 – up 8% since 2018 – spending £1.197 billion, averaging £260 per trip.

Both traditional visitors and a new younger market are drawn to Greater Lincolnshire for rural escapes. Countryside activities such as walking, cycling and bird watching are becoming increasingly popular. Our traditional attractions such as aviation and heritage continue to draw visitors, as well as our coast and beaches. Business tourism and our events programme are also growth drivers for the increase in visitors.

Huge investment has gone into the county's attractions and leisure offer to drive leisure market growth. These include:

- › £16 million Lincoln Cathedral Connected scheme
- › £22 million Lincoln Castle Revealed project
- › International Bomber Command Centre
- › £2 million purpose built marine North Sea Observatory at Chapel St Leonards
- › Sky Pier Ice Rink and Leisure Centre Skegness
- › Planned £100m designer outlet village for Grantham

All of these investments are targeting significant visitor numbers and have the ability to attract overnight stays. Therefore we will need more overnight accommodation to serve them.

Demand for visits to friends and relatives and for weddings and family functions will grow as the County's population expands, with an additional 80,000 county residents expected by 2041; an increase of 11%. 100,000 new homes are planned in major urban extensions at Gainsborough, Grantham, Lincoln, Scunthorpe, Sleaford and Spalding.

University-related demand is also forecast to increase as Lincoln University implements its master plan to invest more than £100m in new buildings by 2022. Bishop Grosseteste University also has plans to expand its student numbers from 2000 to 2800 by 2021. This is likely to fuel additional demand from parents visiting students, events and conferences, and visiting lecturers and researchers.

Business tourism is also likely to increase as Greater Lincolnshire targets the expansion of key sectors including advanced manufacturing and engineering, ports and logistics, agri-food, the creative and digital sector, and the low carbon economy.

Greater Lincolnshire is targeting the creation of over 13,000 jobs by 2030. Business tourism growth will be particularly focused around Lincoln, Grimsby and Cleethorpes, the South Humber Gateway and Spalding/Holbeach as planned office and business park development is progressed.

Subsequently contractor demand is also forecast to increase as all of the above development schemes serving business visitors, leisure visitors and local residents are implemented.

TARGET MARKETS FOR PUB ACCOMMODATION IN GREATER LINCOLNSHIRE

The market segments that are likely to be attracted to pub accommodation in Greater Lincolnshire include:

- › People visiting the area on business – at all levels from senior executives in management roles to contractors – mid-week
- › Short breaks/staycations, mid-week and weekend – usually from within a 2-hour drive time; this is a key market, with drivers including walking, cycling, heritage, and special interests such as shooting, bird-watching, aviation heritage and genealogy
- › Overseas visitors (especially for Lincoln) and including those stopping off en-route to and from York and Scotland
- › Visitors to friends and relatives, across the county
- › Parents visiting their children at Lincoln University, and other university-related demand from academics, researchers, conference delegates, people on courses, and from graduations and open days
- › People attending weddings and family parties, particularly in terms of weekend trade
- › People attending major events.

Market demand and achievable occupancy levels vary across Greater Lincolnshire. There is a good balance of business and leisure demand in Lincoln and the west of the county, resulting in a less seasonal market than some other parts of the county, stronger mid-week demand, and generally higher occupancy levels for good quality, well-marketed accommodation. The visitor accommodation market in the Lincolnshire Wolds and on the Lincolnshire Coast is primarily leisure-driven, weekend-focused and seasonal. Occupancies tend to be lower here as a result. To the north of the county, much of the demand is around contract work, which is price-sensitive and more weekday focused.

The market focus and mix will depend to some extent on the nature and standard of the offer and the market segments individual pub operators decide to target, and the product will need to reflect this – including some provision for special needs and interests, such as walking and cycling, dog owners, and disabled visitors.

CURRENT PUB ACCOMMODATION SUPPLY

Greater Lincolnshire currently has a total of 125 serviced pub accommodation establishments offering just over 1100 bedrooms and 2250 bedspaces. There are also seven pubs in Greater Lincolnshire that offer a variety of different types of non-serviced accommodation, including self-catering holiday cottages and log cabins, glamping units, touring caravan sites, seasonal tourer pitches and static caravans for hire.

The biggest concentrations geographically are in North Lincolnshire and East Lindsey. There is very little provision in Lincoln, and a limited supply in Boston, North East Lincolnshire and South Kesteven.

In terms of quality, many of the serviced pub accommodation establishments are not graded, though Tripadvisor reviews are generally positive. There is a concentration of boutique/luxury pub accommodation establishments in South Kesteven. Lower quality pub accommodation aimed at the contractor market tends to be concentrated in North and North East Lincolnshire, as well as Boston and South Holland.

GREATER LINCOLNSHIRE PUB ACCOMMODATION SUPPLY BY DISTRICT NOVEMBER 2019

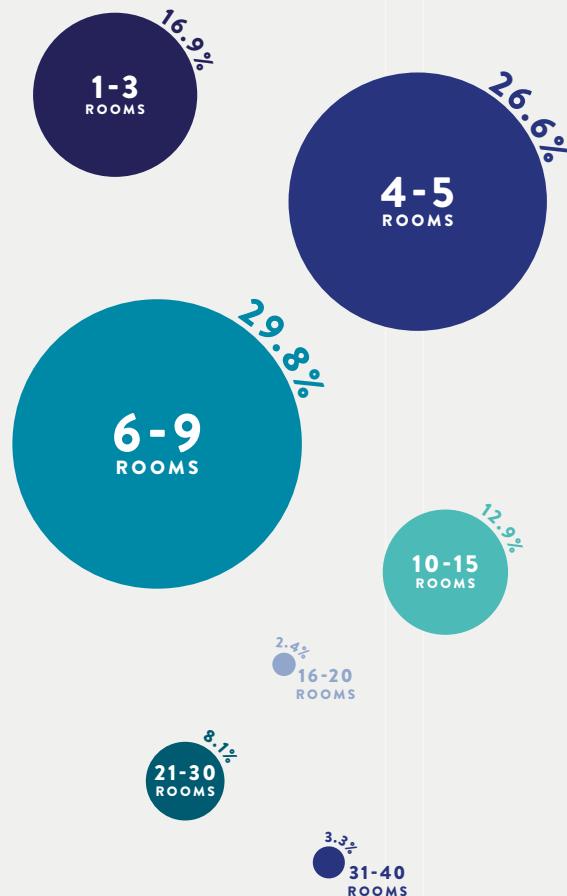
DISTRICT	ESTABS	ROOMS	% ROOMS
Boston	7	71	6.3
East Lindsey	23	207	18.4
Lincoln	2	12	1.1
North East Lincolnshire	4	52	4.6
North Kesteven	13	86	7.6
North Lincolnshire	23	251	22.3
South Holland	11	100	8.9
South Kesteven	27	191	17.0
West Lindsey	15	156	13.8
TOTAL	125	1126	100

GREATER LINCOLNSHIRE PUB ACCOMMODATION SUPPLY BY GRADING - NOVEMBER 2019

GRADE/ STANDARD	ESTABS	ROOMS	% ROOMS
Boutique/Luxury	14	86	7.6
4 Star	17	157	13.9
3 Star	27	311	27.6
2 Star	8	110	9.8
No Grading	59	462	41.1
TOTAL	125	1126	100

In terms of size, the majority of establishments are small, with over 40% having 5 bedrooms or less, and 73% having 10 bedrooms or less. Only 14 establishments have more than 20 bedrooms, including a number of former coaching inns such as the Angel & Royal at Grantham, and purpose-built pub lodges such as Woodcocks at Burton Waters.

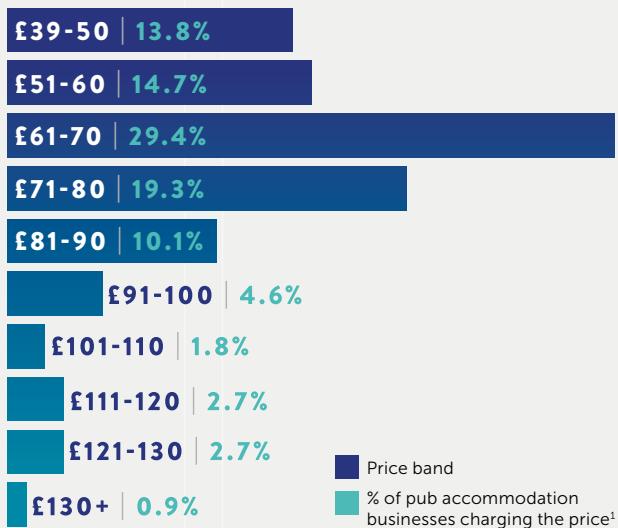
GREATER LINCOLNSHIRE PUB ACCOMMODATION ANALYSIS BY SIZE, NOVEMBER 2019



Whilst the majority of the existing pub accommodation supply is independently operated, there are some examples of properties owned/operated by regional and national pub, hotel and property groups including Batemans, Ever So Sensible Group, Advocate Hotel & Pub Group, Knead Pubs, Coaching Inn Group, Greene King Inns, Marston's Inns, JD Wetherspoon and Hillbrooke Hotels.

Prices charged vary significantly and reflect the quality of offer. The most common B&B rate for a double en-suite room is £61-80; around 20% of establishments charge over £80 per night for boutique and 4-star properties, with half of these over £100.

GREATER LINCOLNSHIRE PUB ACCOMMODATION CURRENT PRICES, NOVEMBER 2019



Notes: Double/twin B&B rate (including VAT)

The general move in the past 5-10 years has been towards higher quality offers, professionally run as accommodation businesses with a focus on this as a separate strand of income to complement the food and drink business, rather than letting a few basic bedrooms above a pub. This is key as it demonstrates the considerable returns that can be gained from the bedrooms side of the business.

THE POTENTIAL IDENTIFIED IN GREATER LINCOLNSHIRE

Studies commissioned by Greater Lincolnshire LEP and Lincolnshire County Council identified potential for pub accommodation across the county. Pubs and properties for conversion in both urban and rural locations can be suitable for the development of bedroom accommodation, provided they have the available land or space within, a reasonably attractive setting and environment around them, a good food and beverage offer, and there is no negative impact in terms of scale. In particular there are opportunities for:

- The up-grading of existing well-located characterful pubs
- Refurbishment and modernisation of current properties to reopen rooms or convert suitable outbuildings
- The development of some gastropubs with boutique bedrooms, especially around Lincoln
- Scope for new build pubs with budget bedrooms or contemporary gastropubs with boutique bedrooms, including as part of mixed-use schemes
- The provision of non-serviced accommodation at pubs in rural areas, especially in the Lincolnshire Wolds, alongside some additional serviced pub rooms.

SEE HOW IT'S DONE & BE INSPIRED

SOME BEST PRACTICE EXAMPLES OF PUB
ACCOMMODATION IN GREATER LINCOLNSHIRE

THE CHOLMELEY ARMS | BURTON-LE-COGGLES

www.thecholmeleyarms.co.uk

- › Boutique inn with 4 bedrooms
- › Bedrooms added 2014
- › 91.4% 'Excellent' ratings on Tripadvisor
- › Tenanted pub owned by the Easton Estate
- › On-site farm shop
- › Dogs welcome

Recurring customer comments:

'A very warm welcome from the owners'
'Wonderful staff that clearly enjoy working here'
'Incredible breakfast'
'A beautiful room, spacious and spotlessly clean'
'Cosy bar and restaurant which serves lovely craft beers and simple wonderful food'
'Very comfortable bed'

THE CROSS SWORDS INN | SKILLINGTON

<https://cross-swordsinn.co.uk>

- › AA 3-star inn
- › 3 cottage-style twin-bedded rooms in a rear courtyard
- › 91.7% 'Excellent' ratings on Tripadvisor
- › CAMRA Country Inn of the Year 2014

Recurring customer comments:

'Great accommodation, fantastic dinner and great ale!'
'Delicious breakfast'
'Owner and staff were brilliant. Very friendly and helpful'
'Great selection of beers'
'The locals were very friendly'
'Some lovely touches in the rooms'

GOOD PRACTICE:

Hosts respond to all Tripadvisor reviews



Photography credit: Snugzz at the Sali | Nettleton

HOPE & ANCHOR | SOUTH FERRIBY

www.thehopeandanchorpub.co.uk

- › AA 4 Star Restaurant with Rooms
- › 5 stylish bedrooms
- › Taken over in 2015 by a former head chef at Winteringham Fields
- › Casual and informal but high-quality food
- › 2 AA Rosettes/ Michelin Bib Gourmand 2019
- › Voted 'The Best Pub in Lincolnshire' in The National Pub & Bar Awards 2017

GOOD PRACTICE:

Extra touches in the bedrooms

- › Nespresso machines
- › iPod docking stations
- › Duck Island toiletries

DUKE WILLIAM | LINCOLN

www.dukewilliamlincoln.com

- › 11 rooms
- › Recently refurbished by the Ever So Sensible Group
- › No2 speciality hotel in Lincoln on Tripadvisor
- › 78.7% 'Excellent' ratings on Tripadvisor

Recurring customer comments:

- 'Good size room, lovely bathroom'
- 'The bed was mega comfy'
- 'Incredibly friendly and helpful staff;'
- 'Great choice at breakfast'
- 'The place has lots of character'
- 'Loads of nice ales to choose from'

THE HOUBLON ARMS | OASBY

www.thehoublonarms.com

- › 'A beautiful pub serving delicious ales and the very best in locally sourced Lincolnshire food'
- › 4 luxury bedrooms with our-poster beds, original artworks and tapestries, private outdoor hot tubs, dressing gowns and slippers, Cole & Lewis luxury toiletries, walk-in showers, and Tassimo coffee machines
- › Renovated in 2018

Recurring customer comments:

- 'The room was incredible.'
- 'So comfortable. Great attention to detail'
- 'The staff couldn't have been more helpful'
- 'The food was amazing'
- 'The bonus to this accommodation is the outdoor private hot tubs'

THREE HORSESHOES | GOULCEBY, LINCOLNSHIRE WOLDS

www.the3horseshoes.com/accommodation

- › Traditional country pub offering glamping

SNUGZZ AT THE SALI | NETTLETON

<http://snugzz.co.uk>

- › Interesting example of high quality, contemporary mini cabin en-suite rooms in the grounds of a traditional pub

**An Operator and
Destination Opportunity**
Here's How...

DELIVERING YOUR PLANS

FROM IDEA TO REALITY

HOW TO GET THERE

Whilst diversifying a pub business by developing visitor accommodation has many benefits, it is not a panacea. There are risks, most notably the high 'up-front' levels of capital investment involved. A number of location-specific and operational characteristics must be in place to ensure any such investment is successful. It is important therefore to thoroughly research all aspects of the proposed development first – indeed this will be necessary if you are borrowing money to undertake the work.

 Clearly identify whether there is a potential market.²²



ASSESSING THE POTENTIAL

The first step is to assess the potential for accommodation – the physical potential of your property, the potential market in your area and beyond, what the competition for visitor accommodation is, and what the nature of your offer should be in terms of quality, pricing and positioning.

PROPERTY POTENTIAL

- › The starting point will be to identify whether your property has the physical potential to offer bedroom accommodation for visitors
- › Is there space above the pub not currently required for use by the owner/manager/staff that could be up-graded to let to visitors? If so, what level of additional work would be required – decoration, furnishings and fittings, installation of en-suite facilities
- › Does the pub have any existing outbuildings that could be converted into bedrooms, or could the pub building be extended and new build bedrooms constructed in the car park or garden?
- › What will this mean in terms of physical requirements for the existing pub offer e.g. additional car parking, reception area
- › A conversation with an architect at this stage would be helpful in ensuring adequate room sizes can be delivered (bearing in mind standards for inspection and grading) and also that there are no major issues or constraints with the site
- › Planning potential should be explored with the local Council's planning department to address any issues around the principle as well as the design and impact of the scheme.

MARKET POTENTIAL

Clearly identifying whether there is a potential market for pub bedrooms in your location will require some research on your part, covering a number of aspects.

- › Have existing customers to the pub asked about overnight accommodation? Think about who they are and why they might be attracted by bedroom accommodation. They might have visiting friends and relatives, be attending parties and functions at the pub, other local venues and people's homes, or have visitors coming to funerals
- › What companies are in a 10-mile radius of the pub? Do they have visitors to their businesses that require overnight accommodation? Do they have demand for meetings and functions that could also have associated bedroom demand? Networking with local companies is a good way into the local corporate market, and provides an opportunity to test out the idea with them
- › What leisure visitor demand could there be in the catchment area? Are there visitor attractions that attract visitors from further afield that might want to stay overnight? Good walking and cycling routes that could form the basis of a weekend break? Opportunities for fishing, golf, shooting or other sports and leisure activities that could involve an overnight stay? Major events that might attract visitors and encourage them to stay?
- › Are there large venues in the area around you that cater for weddings and functions? Their guests will undoubtedly be looking for overnight accommodation – weddings in luxury hotels generate demand for lower priced accommodation as not all guests will want to pay hotel prices
- › A conversation with the County and District Council's economic development and tourism teams would be useful to get their views on the need for quality pub bedrooms.

THE COMPETITION

Existing hotels, inns, restaurants with rooms, guest houses and B&Bs represent the competition; this is where visitors, both business and leisure guests, are currently staying. They can provide an idea of the market potential in the area – especially if they are turning business away – but they will also be fighting for the same bookings and trying to secure every visitor pound they can into their own business. It is therefore important to be clear about what you are offering relative to this competition, and how you can use what is unique about your pub and bedroom offer that would make visitors book with you.

- › Who are your competitors within a 10-mile drive time?
- › What do they offer in terms of facilities?
- › What prices do they charge?
- › How are they trading⁷?
- › What can you offer that is different/complementary to their offer?
- › Are there any opportunities for you to refer business to one another at busy times?

POSITIONING YOUR ACCOMMODATION OFFER

Having carried out some initial research, it is now necessary to decide on what the right offer is for your pub accommodation. Clearly there are different levels in the market where this can be pitched, but undoubtedly a quality strand needs to run through the product at all levels in order to meet the increasingly sophisticated and demanding requirements of the market. Having identified a positioning and price, be clear where this puts the offer in the 'pecking order' of local accommodation supply, and also alongside other pubs with accommodation in the wider area or any other network like Stay In A Pub that might present a marketing opportunity. And think about your 'wow' factor – what will make you different and delight your visitors.



7 Try making last minute bookings to see how often they are full

THE PROCESS

A NEED TO PLAN

Having established that there is a market, that the property is physically capable of being developed, and with a clear idea of the rooms product you will offer, your journey to deliver 'rooms at the inn' begins.

Effective planning of the rooms development and ensuring you understand the implications for all aspects of the business, its operation and financing, is critical to successfully translating ideas into reality. The following are the key issues to consider. Sources of further information and advice on these topics are given at the end of the guide.

PLANNING & REGULATION

There are a number of legal requirements to be aware of in planning a visitor accommodation development project.

PLANNING PERMISSION & BUILDING REGULATIONS

- › Planning covers the allowable use of a property and the ability to add new buildings as well as to make changes to listed buildings
- › Pubs are usually covered for drinking (A4) and sale of food/restaurant use (A3). Visitor accommodation can require a C1 consent (hotels and guest houses)
- › If you are converting space within your existing pub building – even if these are upstairs rooms that the owner/manager does not require for personal use – you should check with the planning authority at your local Council to see if a change of use is required
- › If you are looking to convert outside buildings, such as barns and storage buildings, or if you are looking to extend the pub and add bedrooms on through a new building, you will definitely require planning permission
- › Building regulations covers the standards to which any building work must be carried out, and will definitely be required as part of a new build project, but could also be required within an existing building if internal alterations are carried out
- › If your building is listed, you are also likely to require listed building consent

- › Securing planning consent needn't be a problem if you prepare well, consult with the planning team at an early stage, and get advice from a planning consultant
- › The things that you will need to consider as part of your proposal and application include:
 - › The design and appearance of the building – is it attractive to look at? Are the design and materials used sympathetic to the pub's surroundings?
 - › The need for hard and soft landscaping to create an attractive environment and setting for the rooms
 - › Traffic issues – how is access affected by the development of the rooms, and what additional car parking will be required?
 - › Consultation with neighbours and councillors, preferably at an early stage, so that you can assess any potential visual or operational concerns and address these in your design proposal
 - › What will the benefits of the development be? The creation and retention of employment, the enhancement of local facilities for the community and the improved appearance of the building and setting are all positive features that can be taken into account in deciding on your application.

OTHER REGULATORY REQUIREMENTS

Pub operators will already be familiar with the regulations that cover a pub and food business, but the addition of visitor accommodation may trigger additional requirements. Amongst those you will need to check for compliance with and where required put the relevant policies, procedures and in some cases facilities in place are:

- › Fire regulations
- › Health & safety
- › Business rates
- › Signage
- › Smoking policy
- › TV licensing
- › Music licensing
- › Disability Discrimination Act
- › Visitor registration
- › Booking contracts and cancellation policies
- › Insurance

BUSINESS PLANNING

Preparing a Business Plan is essential for all businesses that want to succeed. It will form the basis of any application needed for funding from a bank or other lending institution, can help to underpin a planning application by giving confidence that the business proposal has been fully researched, and will help you as the developer and operator to make sure that there is financial stability behind the proposals and clear success criteria to focus on. You may benefit from professional help and support from a business advisor and/or accountant in preparing the Business Plan, particularly in relation to the financial elements of the plan.

STRUCTURING YOUR BUSINESS PLAN

There is no right or wrong way to present a Business Plan, but typically it would be expected to cover:

› THE PROJECT

- › A description of what you are intending to do – re-develop and up-grade, convert existing buildings, extend or build new rooms
- › Number of rooms and standard – there may be value in looking at the National Quality Standards to guide you on quality. Participation in one of the schemes may be beneficial in terms of the advice that accommodation inspectors can give you and the official recognition that being graded offers; however, the cost of participation can be quite high
- › How can you make the accommodation as accessible as possible for people with mobility, hearing, visual and cognitive impairments?
- › Any other changes to the pub as part of the scheme – reception area, breakfast area, pub/restaurant refurbishment, additional car parking
- › The rationale for the development of bedroom accommodation – identified market need, widening market mix, additional income, bringing in business at off-peak times
- › The business and financial objectives that you are seeking to achieve from the development

› THE EXISTING BUSINESS

- › Type of pub – local community, destination dining, accommodation-led
- › Does the pub already have rooms? Numbers, standard
- › Nature of the food and drink offer – quality pub food, fine dining, gastropub
- › Current customer profile – local community, local businesses, tourists, groups, events, special interests
- › Location and its surrounds – village, countryside, urban, what's on offer in the area
- › The strengths, weaknesses, opportunities and threats to your business

› EXPERIENCE/ THE MANAGEMENT TEAM

- › Business background
- › Pub and related e.g. hotel experience
- › How long at the current premises
- › Skills audit – for the owner, manager and key staff

› THE MARKET FOR & MARKETING OF YOUR PUB BEDROOMS

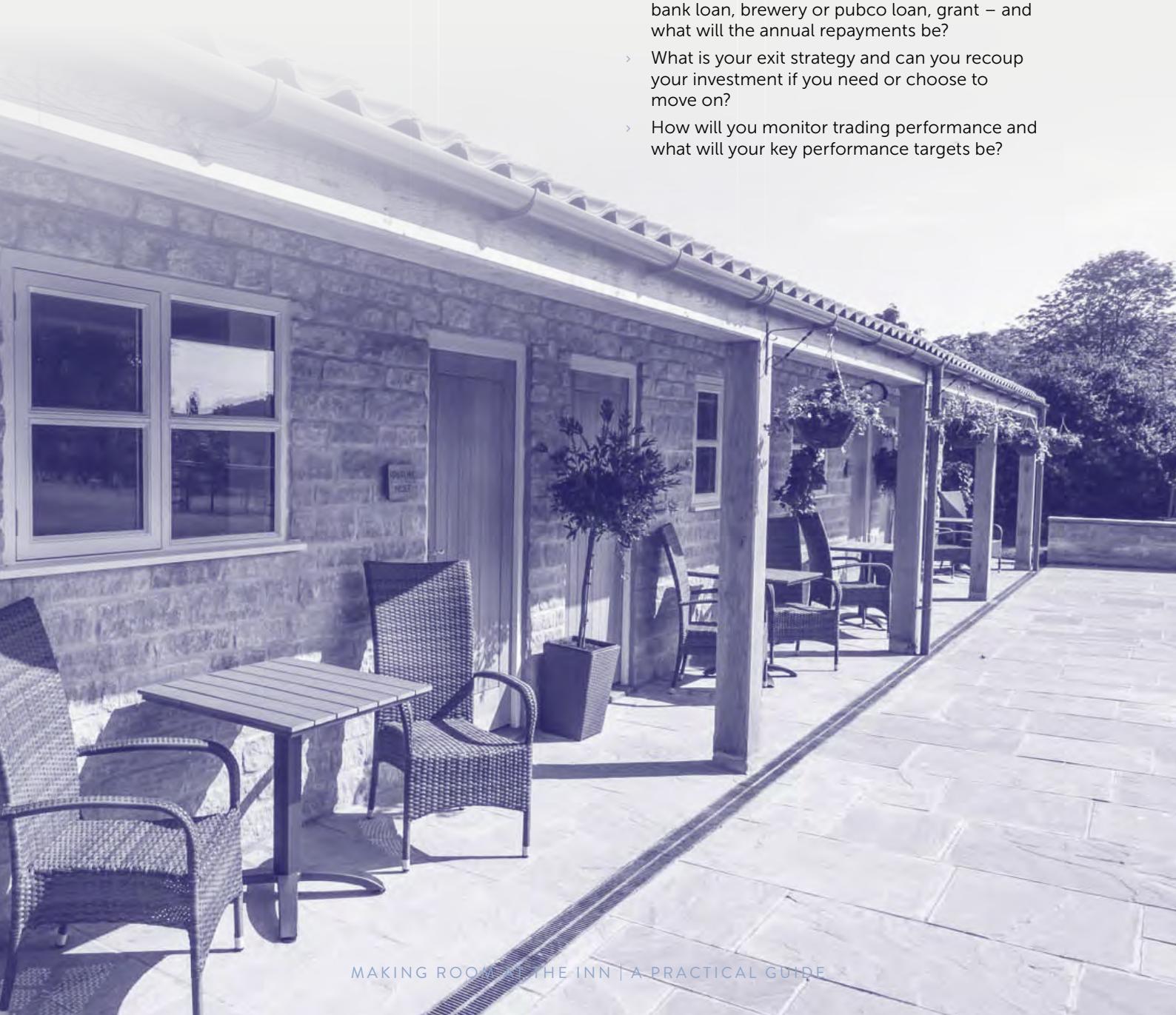
- › Who are your competitors within a 10-mile drive time?
- › How are they trading and what are your strengths in relation to their offer?
- › What markets have you identified for the rooms – local companies, tourists, leisure and event visitors, wedding guests, visitors to friends and relatives, disabled visitors
- › What will your pricing strategy be - seasonal pricing, special offers, weekend versus weekday rates, single occupancy, charges for pets
- › What will your cancellation policy be?
- › How do you intend to market your rooms and do you have a marketing plan? – a good website, working with OTAs, social media, the local Council, Stay In A Pub
- › How will you manage Tripadvisor feedback positively?
- › What is your marketing budget – to launch the rooms and annually beyond this?

› **OPERATIONAL IMPLICATIONS OF THE PROJECT**

- › How will bookings be handled – by phone, internet – what booking system will you use and who will be responsible for managing it?
- › What will be the procedure for checking guests in and their departure, and what arrangements will you make for people arriving outside pub opening hours?
- › What additional staffing will be required, or extension to the hours of current staff?
- › What training will be put in place for both management and operating staff – customer welcome, IT, specific skills training
- › How will you handle bedroom laundry?

› **FINANCIAL PLANNING – TRADING PROJECTIONS**

- › It is critically important that your financial planning is based upon sound, realistic assumptions
- › What will your average room occupancy and achieved room rate be in Years 1-3? How will it build?
- › What revenue does this give you?
- › What additional revenue might be generated by these guests – food, drink
- › What will your additional costs be – payroll, marketing, energy, laundry, room supplies
- › What net profit does this deliver?
- › What are your project costs – building, fixtures and fittings, other up-grading, pre-opening costs?
- › What return on investment does this give you?
- › How will the project be funded – owner equity, bank loan, brewery or pubco loan, grant – and what will the annual repayments be?
- › What is your exit strategy and can you recoup your investment if you need or choose to move on?
- › How will you monitor trading performance and what will your key performance targets be?





THE POTENTIAL TO

ATTRACT FUNDING FOR PUB ACCOMMODATION DEVELOPMENT

THE FUNDING CLIMATE

Pub accommodation development projects will largely be funded by the pub owner or tenant through their own equity and/or commercial borrowing.

However, depending upon the nature of the project, and the changing shape of the funding landscape, there could be access to funding streams which include the following sources:

- › Business grants and loans
- › Community funding
- › Heritage funding

Whether a pub accommodation development project might qualify for funding depends upon a number of factors relating to a variety of criteria such as project cost, employment benefits, the nature of any extraordinary costs relating to the heritage merit of a particular building, the community benefit of a scheme, ownership structure/status as a few examples.

The key message is that it is worthwhile to contact the Councils' Business Advisory Teams who will be up to date with the availability of finance and the associated criteria, and can support you in progressing any application.

KEYS TO SUCCESS

MARKET-RELATED

- › Clearly define the target market for your rooms
- › Know your competition and position your offer and pricing accordingly
- › Identify sources of business for all times of year, and support with a flexible pricing strategy
- › Build strong relationships with local businesses
- › Develop a good local reputation and get involved with your local community – if a mature business, build on this customer base and reputation
- › Satisfy your customers to secure good reviews and high levels of repeat business
- › Dedicate sufficient resource to a multi-stranded approach to marketing based on a clear view of your unique selling points
- › Make your product easy for customers to find and to book
 - including a strong online presence with bookability.

PRODUCT-RELATED

- › Deliver a quality physical product of minimum 3 star and ideally 4-star guest accommodation standard that is characterful and distinctive
- › Pay attention to detail and add personal touches to the rooms to create that 'wow' factor to surprise and delight customers
- › Quality rooms should be matched with a quality, locally sourced food offer – even a stylised gastropub offer – that will attract customers and keep spending on site
- › Demonstrate to your customers an assurance of quality through participation in regional schemes such as Taste of Lincolnshire, the Lincolnshire Tourism Excellence Awards, and perhaps the National Quality Assessment Scheme
- › Actively manage your Tripadvisor feedback positively
- › Regularly maintain and re-fresh the rooms and public areas to keep quality standards high.

ORGANISATION AND RESOURCE - RELATED

- › Deliver a warmth of welcome, a high degree of personal involvement and service and strongly developed customer care skills, supported by training as needed
- › Build relationships through continuity of management, which also provides stability in the business, and demonstrates commitment to the offer and service
- › Put strong financial controls and monitoring mechanisms in place to keep a finger on the pulse of the business
- › Recognise in business planning realistic occupancy and room rate projections, the potential seasonality of business, and the need for time for the business to build to stable levels of trading.

PUB ACCOMMODATION

HELP TO PLAN YOUR PUB ACCOMMODATION

CONTACTS, FURTHER INFORMATION
& YOUR BUSINESS PLANNING TEMPLATE

 Preparing a Business Plan is essential for all businesses that want to succeed.⁹⁹

GETTING HELP PLANNING YOUR PUB ACCOMMODATION

WHERE NEXT?

This Guide and the associated research has been spearheaded by Lincolnshire County Council and the Greater Lincolnshire LEP who have a wealth of knowledge about the county, tourism and economic development, as well as being able to advise businesses with their future developments.

In addition, there is a wide range of other organisations covering the tourism and hospitality sectors that are able to provide help and support in relation to the development, operation, marketing and potentially funding of pub accommodation.

FOR A DISCUSSION OR FURTHER INFORMATION PLEASE CONTACT:

LINCOLNSHIRE COUNTY COUNCIL PLACE AND INVEST TEAM

Nicola Shepheard | Senior Investment Officer
E: Nicola.shepheard@lincolnshire.gov.uk

LINCOLNSHIRE COUNTY COUNCIL PLANNING

www.lincolnshire.gov.uk/planning

GREATER LINCOLNSHIRE LOCAL ENTERPRISE PARTNERSHIP

www.greaterlincolnshirelep.co.uk

VISIT LINCOLN

www.visit.lincoln.com

LINCOLNSHIRE COUNTY COUNCIL BUSINESS GROWTH HUB

www.businesslincolnshire.co.uk

LOCAL AUTHORITY BUSINESS SUPPORT TEAMS:

Boston

<https://thinkbostonuk.com/grow-in>

East Lindsey

www.e-lindsey.gov.uk/article/5174/Growth-Team-Support

Lincoln

www.lincoln.gov.uk/business-licensing/business-support-advice/1

North East Lincolnshire

www.investnel.co.uk/business-support

North Kesteven

<https://www.businessnk.co.uk/our-offer/business-support/>

North Lincolnshire

<https://investinnorthlincolnshire.com/funding>

South Holland

www.sholland.gov.uk/economicdevelopment

South Kesteven

<https://investsk.co.uk/business-support-2/>

West Lindsey District Council Growth Team

www.west-lindsey.gov.uk/my-business/business-services/growth-team-services



STAY IN A PUB

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Stay In A Pub is the UK's leading pub accommodation website. Launched in 2013, it allows pubs to promote their bedrooms and full retail offering to a nationwide audience. With the help and advice of Visit England and Eviivo, the online booking specialists, they have compiled guidelines on best practice for pub accommodation with the aim of helping pubs improve standards and be more successful in attracting customers. This includes regulatory and operational guidance from Visit England, advice on business and operations planning, and a number of advisory articles about marketing and social media. These can be found at:

https://www.stayinapub.co.uk/About/Stay_in_a_Pub_Best_Practise_Guidelines/Visit_England_Thoughts_and_Suggestions

https://www.stayinapub.co.uk/pdfs/cms/About/Stay_in_a_Pub_Best_Practise_Guidelines/stay_in_a_pub_pdf_best_practice_367399787.pdf

BII (BRITISH INSTITUTE OF INNKEEPING)

Sarah Halpin | Chair, East Midlands

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PUB IS THE HUB

<https://www.pubisthehub.org.uk>

MORE THAN A PUB

<https://plunkett.co.uk/more-than-a-pub>

HISTORIC ENGLAND

<https://historicengland.org.uk/services-skills/grants/our-grant-schemes>

NATIONAL LOTTERY HERITAGE FUND

www.heritagefund.org.uk

ARCHITECTURAL HERITAGE FUND

<http://ahfund.org.uk/grant>

VISIT ENGLAND QUALITY ASSESSMENT SERVICES

www.visitenglandassessmentservices.com

VISIT BRITAIN BUSINESS ADVICE HUB

www.visitbritain.org/business-advice

NATIONAL ACCESSIBLE SCHEME

<https://beta.visitengland.com/plan-your-visit/access-all/national-accessible-scheme>

BUSINESS PLANNING TEMPLATE

DEVELOPING PUB ACCOMMODATION

CONTACT AND PUB INFORMATION

Pub Name and Address		
Contact/Details		
Status: owner, tenant, leasee, manager		
Name of Owner		
Contact Details of Advisors/Project Managers		
Date when you started operating this pub	Tied pub or Freehouse	
How would you describe your location e.g. 1 Rural 2 Market Town 3 Other		

THE EXISTING BUSINESS

Type of business e.g. community destination dining accommodation-led other	
Does the pub already have rooms – if so how many? Are they inspected and graded? To what standard?	
Type of current food and drink offer	
Current customer profile	
Tripadvisor rating of existing pub	
How would you describe the strengths, weaknesses, opportunities and threats to your existing business?	

OWNER/MANAGEMENT/TEAM EXPERIENCE

Business background of owner/operator

Pub and related
e.g. hotel experience

Skills audit – owner/manager/key staff

Identified training needs/support

THE PROJECT

Project description

(Redevelopment and upgrade/conversion of buildings to add rooms or extend/new build extension/ other)

Rationale for the project

(Identified local need/opportunity to widen market mix/bring business in off-peak)

Outline the business and financial objectives you are seeking to achieve from this development

Number of rooms to be developed

Standard and style of accommodation proposed

Measures to make bedrooms accessible for people with disabilities

Any other changes to the pub as part of the scheme or in the longer term?
e.g. reception area | breakfast area | pub/restaurant refurbishment etc

Project cost:
building | FFE | pre-opening | fees

How will the project be funded?

Does the scheme require planning permission?

THE MARKET

Details of competitors in the local area
e.g. pubs, pubs with rooms and hotels in a 10-mile/20-minute drive-time radius

Knowledge of their performance and unique selling proposition in relation to project offer

What markets have been identified to sell the rooms to?

e.g. local companies, tourist visitors, leisure & event visitors, visits to friends and relatives, wedding guests, disabled visitors

Proximity to business uses/tourist attractions/other facilities that might drive rooms demand

How do you intend to market your rooms? Do you have a marketing plan?
(website, OTAs, social media, advertising, PR, Visit Lincolnshire)

If currently trading rooms, which marketing methods are most successful?

What marketing budget are you going to allocate

-to launch the rooms?
-on an ongoing annual basis?

Marketing Plan (attach)

FINANCIAL ANALYSIS-TRADING PROJECTIONS				
	BEFORE INVESTMENT	AFTER INVESTMENT YEAR 1	YEAR 2	YEAR 3
No Rooms				
Projected Occupancy				
Projected Average Room Rate				
REVENUES				
ACCOMMODATION				
Food				
Beverage				
Machines/Other				
TOTAL REVENUES				
Less Operational Costs				
COST OF SALES ACCOMMODATION				
Cost of sales food				
Cost of sales beverage				
GROSS PROFIT				
Less Other Operational Costs				
Payroll/wages				
Marketing				
Other controllable expenses				
TRADING PROFIT				
Less Fixed Costs				
Business rates				
Insurance				
Repairs and renewals				
Rent				
NET PROFIT⁸				
PROJECT COSTS				
Investment required				
New build/conversion				
Car parking and other				
Upgrade of pub				
Closure costs				
Allocation for pre-opening costs				
Total Investment				
PROJECT RETURN ON INVESTMENT				
PROJECT FINANCED BY				
Owner investment/equity				
Bank Loan-Amount, Term, Interest Rate				
Annual Repayments of loan and interest				

8 Before finance and depreciation

ABOUT THE AUTHORS

HOTEL SOLUTIONS

Hotel Solutions specialise in working with UK destinations to help them understand and realise the potential for hotel and visitor accommodation development in their area. They have worked in over 150 destinations, from major cities and business tourism destinations to historic towns and cities, rural areas, and seaside resorts. Their work helps to inform planning policy and to support more proactive work by their client's local authorities, DMOs and inward investment agencies to accelerate hotel and visitor accommodation investment.

For more information please visit WWW.HOTELSOLUTIONS.ORG.UK



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 GREATERLINCSLEP

WWW.GREATERLINCOLNSHIRELEP.CO.UK