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By email and post

6 March 2009

Our ref. HG/MM/162015

Dear Giorgio

ELI LILLY, KINGSCLERE ROAD – PPS6

We write further to your letter of 23 January 2009 and the comments made in respect of the proposed conversion of the Eli Lilly 'White Building' to a hotel.

We understand that a site referred to as the 'former gas works' on Basing View is due to be marketed for a 3/4 star hotel and that you want us to consider the implications of this site coming forward in the context of Lemon Land's proposals at the Kingsclere Road site.

Planning Context at Basing View

Prior to providing comment on the PPS6 issues, it is necessary to set out the planning status of any decision by the Council to market the 'former gas work' site on Basing View for a hotel.

The decision by the Council to market the former Gas Works site does change the planning status of the site. Nor does it even imply that planning permission would be granted by the Council's Development Control Committee for such a use.

The Council's planning policies for Basing View have the effect of presuming against the loss of B1 office use at what is a long established office quarter in Basingstoke.

In these circumstances the default position is that planning permission would not be granted for a hotel on Basing View unless any hotel operator/developer submitted a planning application which sought to argue why other material planning considerations should outweigh the presumption against hotel development on the 'former Gas works' site at Basing View.

The Council's planning department has confirmed that no planning permission has been granted at the gas works site for a hotel. Nor has a planning application submitted asking the Council to consider the planning acceptability of such a use on the gas works site.

In light of the above, there are very real planning obstacles that have to overcome to allow a hotel use on the gas work site which is located in the one

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of the Council's most established office quarters in the town and which is subject to long adopted planning policies which seek to reserve such land for office use.

We shall return to this issue later in the specific context of PPS6 which also raises questions in relation to the suitability of a site to accommodate a hotel or other PPS6 uses (in this case when designated for other uses).

PPS6 Assessment

PPS6 sets out the considerations which should be taken into account by local planning authorities in determining applications for proposals for main town centre uses, including retail, leisure and offices. The tests include assessing: need; scale; the sequential approach; impact; and accessibility.

You will be aware that as part of the planning application submission, a case addressing all the tests in PPS6 was set out in the Planning Statement. In discussion and agreement with planning officers, 11 sites were assessed, including the former gas works site at Basing View. This letter therefore provides additional information to support for the proposed hotel at the Kingsclere Road site, taking in account various documents prepared for the Council.

Need for the Hotel Development

The need for additional hotel accommodation in Basingstoke in the short, medium and long term is recognised in a number of documents. A report commissioned by the Council and other development and tourism partners, entitled 'Basingstoke Hotel Futures' provides information on the hotel sector and need for hotel development. This document seeks to identify the potential for new hotel development in terms of scale and standard and makes recommendations on locations for future hotels. The document reviews existing supply; hotel developments in the pipeline; occupancy rates; achieved room rates, etc to build a picture of current and future demand or need.

It is clear from this work that there are very high occupancy rates in the weekdays for 3/4 star hotels, typically 80-90% (and 100% on Tuesday and Wednesday nights), with lower occupancy on the weekends (65-70%, although some reported 80-100% on weekends in the summer). For budget hotels, occupancy is at 95%-100% on weekdays, with less on weekends.

The report states that the market mix of 3 and 4 star hotels serves largely the business sector with the leisure market constituting most weekend demand. As a result of the high levels of occupancy, it appears that 3 and 4 star hotels regularly deny business in the early part of the week (10-20 rooms per night). There is a similar picture for budget accommodation which also regularly turns away business. Clearly this situation will be hindering the efficient working of the local economy in Basingstoke.

Based on there being five 4 star hotels, two 3 star and three budget hotels in Basingstoke, this could represent 150-300 denials for 4 star accommodation, 60-90 denials for 3 star and 250 denials for budget each week, totalling up to

650 denials just for Mon-Wed. Clearly this situation is hindering the efficient working and growth potential of the local economy in Basingstoke.

In conclusion, there is significant need for hotel accommodation across all sectors and this demand needs to be met in the short, medium and longer term.

Linked to these quantitative elements of need, hotel operators and developers were also contacted to establish interest in Basingstoke. This showed interest from all sectors from budget to suite hotels. This also reflects Lemon Land's own experience with three major operators expressing strong interest in locating specifically on the application site as part of what they see as a new comprehensive genuinely mixed use development which incorporates significant employment generating uses.

The Hotels Futures report identified future growth in demand for 3 and 4 star and budget hotels as follows:

Basingstoke

Projected Requirements for New Hotel Development – 2011 - 2026

Standard of Hotel/Year	Projected New Rooms Required		
	Low Growth	Medium Growth	High Growth
3/4 Star Hotels			
2011	46	61	75
2016	64	101	136
2021 ²	86	141	199
2026 ²	105	179	263
Budget/Upper-Tier Budget Hotels			
2011	92	101	112
2016	104	127	153
2021 ²	116	156	200
2026 ²	130	187	255

1. The projected requirements for new hotel rooms include all currently proposed new hotels and hotel extension i.e. they are not in addition to the currently proposed hotels.
2. It is very difficult to project change over a 15-20 year period. The projections for 2021 and 2026 should be treated with caution, therefore.

Having reviewed the report, the figures suggested for 3/4 star accommodation do seem on the conservative side. To suggest that a new hotel is not needed until 2021 i.e. 12 years away is unrealistic, bearing in mind the current demand; that hoteliers regularly turn away business; and that hotel operators have expressed interest in coming to the town at the present time, including to the Eli Lilly site. The assertion that a 3/4 star hotel is not needed until 2012 also seems at odds with much of the findings in the Hotel Futures report as well as the Council's own decisions to initiate marketing the former gas works site for this type of hotel.

In our view, based on qualitative and quantitative information available, there is need for further 3/4 bed spaces in Basingstoke and this demand needs to be

addressed in the short term. This need is in addition to the extant consent to extend the Hampshire Court hotel by 56 bedrooms. Taking in account future projections and the 'Diamond for Investment and Growth' status of Basingstoke, there is also likely to be additional demand in the medium and longer term.

It is not clear the extent to which the 'diamond' for growth status has been factored into the Hotel Futures projected figures. The Hampshire Hotel Trends survey 2006-2007 (April 2008), for instance, confirms that the corporate demand for hotel accommodation in Basingstoke is likely grow as the economy develops. With the market for bedspaces set to increase, it seems apparent that unless the current requirement is addressed the situation will only worsen.

It is clear from the above that there is significant need for future hotel development in Basingstoke in the short, medium and long term from a quantitative and qualitative perspective. The short term demand for 3/4 star accommodation can be satisfied by the proposal at Eli Lilly.

Need to Use the Existing Building

There is also a 'need' to try and reuse the existing building. Whilst not a statutory listed building, the art deco White Building is identified by the Council as being of local architectural and historical importance, primarily due to its relationship with the Eli Lilly company and in its presence in Basingstoke for many generations. This conclusion is also shared by local amenity groups including the Basingstoke Heritage Society. Most of the local residents who completed feedback forms as part of the public consultation for the Eli Lilly development supported the retention of the White Building and its proposed use as a hotel.

PPG15 Planning and the Historic Environment) states that historic buildings can be put to good use and that their change of use reflects the needs of a 'rapidly changing world'. The re-use of historic buildings is a fundamental principle set out in PPG15 and paragraph 2.18 states that:

"new uses may often be the key to a building's or area's preservation, and controls over land use, density, plot ratio, daylighting and other planning matters should be exercised sympathetically where this would enable an historic building or area to be given a new lease of life."

The paragraph goes onto state:

"Patterns of economic activity inevitably change over time, and it would be unrealistic to seek to prevent such change by the use of planning controls."

Notwithstanding PPS6, officers have previously advised us that the conversion of the White Building to a hotel would bring an interesting dimension to the development which would not be achieved if the building was converted to flats which are not popular or office use (the specification for which would be compromised when compared to the new purpose built high spec offices

proposed elsewhere in the scheme. In view of this and the particular characteristics of the building, a hotel development (including the new roof-top restaurant) will provide the best and most interesting solution for the building. It also delivers a very exciting hotel proposition for the town which is significantly different to the modular approach that some operators in the hotel sectors are trying to promote. Without support to reuse the building for a viable use, such as a hotel, it does bring into question the future of the building.

It is clear that the most desirable option would be to retain the building and use it for an purpose which adds the quality of the overall development and adds to the interest in range of hotel options within the town as a whole. The current application proposals for a hotel provide the opportunity to save and regenerate this local landmark building. The hotel proposal also forms an integral part to the comprehensive redevelopment of the site for a mix of uses.

Scale

The proposal to reuse the existing building for a 150 bed hotel with rooftop restaurant addition is of an appropriate scale for the site. This is dealt with further in the Planning Statement.

Sequential Test

The question of where in Basingstoke the identified 'need' for hotels should be located is dealt with in this section.

PPS6 states that the sequential approach to site selection should be applied to all development proposals for sites that are not in an existing centre or allocated in an up-to-date development plan document. Paragraph 3.14 states that in selecting sites for the sequential approach, all options in the centre should be thoroughly assessed before less central sites are considered. Applicants are expected to assess sites in the context of availability, suitability and viability.

The Hotel Futures report identifies the 'strongest' location for new hotel development as Basing View (for both budget and 3/4 star), with the latter being on the gas works site. This site is Council owned and also considered by officers to be 'edge of centre'. PPS6 states at Table 2, Annex A that for 'other' main town centre uses (apart from retail), edge of centre is a location that is within 300 metres of a town centre boundary. For offices, locations within 500 metres of a public transport interchange should be considered edge of centre. In determining whether a location should be regarded as edge of centre, PPS6 also advises that account should be taken of local circumstances, for example, local topography and accessibility to the town centre itself.

The extent to which the Gas works site is edge of centre is questionable as there are a number of barriers to pedestrians between the site and the town centre. The route you would need to take between the site and the town centre site is not inviting by foot and the series of major main roads and crossings (including subways), indirect and illegible routess would affect pedestrians' perceptions of 'easy walking distance' to and from the centre (especially at night) as well as to and from the rail and bus stations. To get access to the main

established part of the town centre eg the restaurant quarter at Festival Place (which a hotel visitor might typically want to use) or perhaps the area marked by the bus station which perhaps heralds the entrance into the core shopping areas, involves a fairly tortuous route which is neither direct or easy to use and results in a walk of over 300 metres. With this in mind, the Gas works site can easily be regarded as out of centre, which is quickly confirmed when a visitor would actually attempt to walk into the town centre. In all practical and meaningful senses it difficult to argue that the gas works site site is genuinely edge of centre which would mean it is no more sequentially preferable to the Eli Lilly site.

The proposed hotel at the application site is approximately 500 metres from the town centre boundary and rail station (although the edge of the application site is closer at approximately 300 metres from the boundary) and the route to the town centre is much more legible. The White Building forms part of a comprehensive approach to development to the site and is an integral element to the mixed use development; it is available for conversion to a hotel in the short term; it reuses an existing locally important building and provides a sustainable approach to development; and, the walk to the town/station is straightforward and via a surface level road. Whilst further in distance to the town that the Council's preferred site, the proposed hotel at the application site offers many advantages over and above the gas works site, including playing a key part in retaining a locally important building as well as being complimentary to the office and educational uses proposed as part of the scheme and which will also generate their own need to hotel accommodation.

The PPS6 assessment submitted in support of the planning application concluded that there were no sites in the town centre or edge of centre locations that were suitable, viable or available within a reasonable period of time. This view reflected other decisions made in respect of out of centre hotel proposals in borough in recent months, such as at the Aldermaston roundabout (consent granted for a hotel extension) and at the proposed Ibis on Basing View (although refused this was not on the basis of PPS6).

We understand that officers now consider the Gas site to be 'available' for development and the information below supplements our previous assessment of the site.

Availability

As already referred to above, the Gas site is identified in the Local Plan and Central Area Action Plan for Employment uses. Therefore, there is an in principle policy objection to redeveloping the site for uses other than employment uses (B1, B2 and B8). A hotel proposal at the site would need to satisfy the criteria in Policy EC2, i.e to demonstrate that a hotel proposal would i) not harm the operation of the local economy and the availability of employment land; ii) would not prejudice or conflict with the operation of adjacent employment sites; and iii) would not reduce employment opportunities to the extent that additional car-based commuting would result. No planning application has been submitted to the Council to enable other material considerations to be considered which might justify setting aside the policy

objection.

The Council has discussed for a number of years the option of disposing of this vacant site and it is now understood that a marketing exercise might begin in the next few months. This process could well take a significant period of time, bearing in mind the Council's responsibilities to achieve best value. It also does not guarantee that the purchaser will be a hotel developer/operator. Even if they are, it does not guarantee a specific timetable for the development. There are, for example, significant planning policy constraints that a hotel operator/developer would need to address in advance of submission.

The Hotel Futures report states that there is (a Council) 'aspiration' for a quality hotel at Basing View, which again leads to the conclusion that this proposal is a longer term ambition. It also seems very much related to the delivery of the Basing View vision which is, again, a long term strategy for the town and a number of years from being realised – probably more so now given the current economic downturn. This coupled with the significant policy hurdle that would need to be addressed prior to the submission of an application suggests that the timescales for the site coming forward is some years away.

We also understand that there are significant contamination issues which will need to be addressed in advance of the site being made available for development. The Council's contaminated land officer confirmed that a recent site investigation identified contaminants on the site which will require remediation prior to the commencement of any development. This will again cause delays. The need to deliver a transport solution to access the site will also delay the site being available (see below).

In view of the above, we do not consider that the site is available within a reasonable period of time.

Suitability

As noted above, the Gas site is identified in the Local Plan and Central Area Action Plan for Employment uses and there are in principle policy objections to the proposal. It is not therefore suitable for hotel development.

The site does not currently have vehicular access and is only accessible by foot. We have discussed with a highway consultant (Peter Brett Associates) the potential for introducing a vehicular access from the main road network and they have advised that there are a number of constraints to this. In particular, there is a risk that the existing highway network would not be able to accommodate the additional traffic movements associated with a hotel use. The suitability of the site from a transport perspective is therefore an issue which will take time to resolve and it is not clear at this stage whether there is a potential solution to the matter.

The Council's Report Hotel Futures identifies at Section 8 a set of criteria used by hotel operators/developers in selecting sites for development, and concludes, based on these requirements, that the Gas works site is the 'strongest' location. In our view, the gas works site represents a location more

akin to a budget hotel. This is supported by the fact that Ibis promoted a hotel on another site within Basing View. Basing View does not have the environmental conditions that a 4 star operator would seek. There is also uncertainty over the timing of the Basing View redevelopment and whether or not the office element will come forward in the short or medium term.

The Eli Lilly site also meets the hotel operator criteria, more so in many respects, and operators have confirmed that they are interested in providing their 4 star brands in the site. The proposed hotel at Eli Lilly is in close proximity to generators of demand (including the new office space and the new college); it is close to the town centre and public transport (being only a short walk from the rail station); there is clear visibility; it provides access by car and adequate parking; it provides an attractive environment (both in terms of its setting and the historic nature of the building); it forms part of a mixed use scheme; there is no competition from other land uses; it is available freehold or leasehold; it is available in the short term with few barriers to development; and it has 'fit' with market potential.

In conclusion, we remain of the view that the Gas works site is not suitable for a 3/4 star hotel.

Viability

It is difficult to comment on the viability of the Gas works site until the marketing exercise reveals if there is any interest in the site. Taking into account, though, the works need to be undertaken including providing a new access and remediation of land contamination, then in the current climate, viability could be in question, particularly in the context of a single use more limited site opportunity.

In terms of the current planning application, it would not be practical to consider disaggregating the uses and it could also affect the viability of the proposed development, including the ability to retain the locally listed building.

Impact

Paragraph 3.20 of PPS6 states that impact assessments should be undertaken for any application for main town centre uses which would be in an edge of centre or out-of-centre locations and which would not accord with the development plan strategy. The guidance goes on to state that, in assessing sites, local authorities should consider the impact of the proposal on the vitality and viability of existing centres within the catchment area of the proposal.

Basingstoke is a large town centre which is trading well with a healthy economy. The proposal to re-use of the white building for a hotel is appropriate due to the proposed refurbishment and retention of a locally 'listed' building and its part in a high quality mixed use development, the importance of which is significant in creating the right environment by its balance of uses. In light of the significant need for hotel bed spaces and the fact that many hotels in the local area have to regularly turn business away, the proposal is unlikely to have an impact on other hotels, especially as there is only very limited provision in

the town centres.

In conclusion, the proposed development is unlikely to impact on the vitality or viability of the town centres.

Accessibility

The application site is in an accessible location to both the town centre and to a choice of modes of transport, including cars, bus, train, cycling and by foot. The main rail station is only a short distance away and this provides services to major towns throughout the south of England.

Conclusion

In conclusion, we are of the view that the above information demonstrates that the planning application meets the various tests set out in PPS6.

There is short term demand for a 3/4 star hotel and there is a need to find an alternative and viable use for the white building; there are no sites in sequentially preferable locations that are available within a reasonable period of time, suitable or viable; and there would no impact on the town centre as a result of the development.

It is also the case that the hotel element of our client's scheme cannot be viewed in isolation. It forms an integral part of a comprehensive, mixed use scheme being promoted at the application site which proposes a major economic opportunity for Basingstoke. It will also help to achieve the local aspiration of retaining and reusing the White Building for alternative uses.

We trust that this now concludes discussions on this matter and we look forward to receiving your confirmation on this.

Yours sincerely

Mathew Mainwaring

cc: Mr D Philips, Lemon Land