



TOWN AND
COUNTRY
PLANNING
DEVELOPMENT
CONSULTANTS



12th January 2022

Our Ref: ADM.LPC5009
Your Ref: 21/03698/FUL

Hannah Rose, Senior Case Officer
Development Management
Cotswold District Council
Trinity Road
Cirencester
GL7 1PZ

Dear Hannah,

The Tunnel House Inn, Tarlton Road, Coates, GL7 6PW

Further to our exchanges of emails regarding this application, and especially your email dated 1st December 2021 when you stated that you cannot see how the Local Plan can support proposals such as this, I am writing in response to the matters raised. In this regard, there does appear to be a conflict between the way that this site is being considered and the approach that was adopted towards significant further development at the Hare and Hounds, Foss Cross, Chedworth (reference 17/05211/FUL). The Planning Committee granted permission there for the erection of 28 bedrooms and additional significant development in line with the recommendation of your colleague, Martin Perks.

In a pre-application response prior to an earlier application, Mr Perks accepted that the policies within the National Planning Policy Framework were material considerations sufficient to set aside the policies in the Development Plan. In particular, under the heading of 'Supporting a Prosperous Rural Economy' it stated that policies should support economic growth in rural areas in order to create jobs. This is referred to in the 2021 version of the NPPF as 'the sustainable growth and expansion of all types of business through conversion of existing buildings and well-designed new ones'. It also promotes sustainable rural tourism and leisure developments which respect the character of the countryside, which we consider that this proposal also achieves.

In making his assessment on the application at Foss Cross, your colleague accepted that the site was outside a development boundary identified in the Cotswold District Local Plan 2011 – 2031 and considered that Policies EC1, EC3 and EC11 were relevant. He also referred to various paragraphs of the NPPF, in support of the case. He added that both national and local planning policy and guidance can be supportive of new economic development in rural areas and added that this extends to all types of businesses.

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Although the above proposal was for additional rooms, whereas The Tunnel House does not have any letting bedrooms, the accommodation in this application is for a form of development that will support the existing business so that it will run as its original Inn use.

As the Inn has been vacant for about two years, there are no staff employed there, nor will it be likely that any will be employed there unless a viable business can become established. Should the business become operational, as proposed, it is anticipated that there will be employment for about 20 people and so this will accord with the provisions of Policy EC1 as it will enhance the vitality of the rural economy and also support sustainable tourism. The location will be attractive to visitors and it is hoped that the Inn will re-open as a destination venue. Accordingly, the proposal will be in accordance with the aspirations of Local Plan Policies EC1, EC3 and EC11 as well as paragraph 84 of the NPPF.

The provision of six rooms in conjunction with the existing Inn, on which we have already agreed to a condition linking the use, is not a main town centre use that requires the sequential test referred to within paragraph 87 of the NPPF. The use will generate full and part time employment opportunities that currently do not exist; will assist in the long term viability of the public house, a non-designated heritage asset and will lead to additional spend in the local area in accordance with the Local Plan.

Had Mr Perks adopted your approach to the policy situation, the planning application at The Stump would have been refused and what is now a thriving, local hostelry would not have been achieved, even though the new hotel accommodation there has not yet been built, although the permission for its erection has been implemented.

Viability

As demonstrated in the application submission and confirmed by the number of tenancies that The Tunnel House Inn has been through in the last ten years, it does not provide a viable business unit. The last set of whole year accounts seen were for 2019 when the tenant only just achieved a net profit, which was less than £8,000. For all the effort involved and risk attached, this is an extremely low margin, which would have been even lower had The Bathurst Estate, the owners of the property, not accepted a lower than market concessionary rent. This level of profit is far too low to make the property attractive to any future tenant and the previous tenant was not able to continue at these levels, which is why the business went into administration in 2020.

The applicants have produced a **CONFIDENTIAL** financial case based upon the existing situation, if the Tunnel House was to re-open in its current form. This is attached as a separate document and **should not be displayed on your Council's website or re-produced**. This shows that the EBITDAR (Earnings before interest, taxes, depreciation, amortization and rent costs) is likely to average 2.2% over the next three financial years. This return, which is higher than that achieved by the previous operator who went into administration, is not sufficient to make such a business attractive, especially as tax and rental costs have also to be paid.

A second **CONFIDENTIAL** projection is also attached which shows that if the proposed development is implemented, the revenue would double and that EBITDAR would average 13.8% over the next three financial years. This projection is based on an average annual occupancy rate for the proposed bedrooms of 70%, increased food and beverage sales as a direct result of guests staying in the accommodation pods (e.g. breakfast and dinner covers) with room rates varying depending on the seasons but reflecting forecasted levels of between £125-200 per night. The projection reveals that not only would the business be viable, there would be profit for the operator and the ability to pay an appropriate rent to the Estate.

By having on-site accommodation, in the form proposed, the Tunnel House will not only have a revenue stream from the letting of the units, but also the assured additional food and beverage custom of those using the pods.

Other Hostelries

The following are all local pubs that have either had to diversify into room/accommodation/bed and breakfast:

- The Bathurst Arms, North Cerney – 6 B&B bedrooms
- The Bell Inn, Sapperton – despite being a successful and well-respected pub it has struggled to survive on food and beverage sales only. To ensure its future survival, it is in the process of completing four bed and breakfast rooms
- Thames Head Inn, Tetbury Road, Cirencester – 4 bedrooms plus campsite
- The Crown, Frampton Mansell – 12 bedrooms
- The Stump, Foss Cross – 28 bedrooms proposed, 10 existing
- The Village Pub, Barnsley – 6 bedrooms

Conclusions

I trust that the above information and that contained within the accompanying **CONFIDENTIAL** financial projections will demonstrate to you that the development proposed in this application will be essential to the future of the Tunnel House Inn, will provide additional employment and, as agreed by The Planning Committee and your fellow officer at Foss Cross, represents a form of development that accords with national and local planning policy. In such circumstances, I trust that you will re-consider your stance towards this development proposal and recommend that planning permission should be granted.

I look forward to hearing from you in due course.

Kind regards

Yours sincerely

Andrew Miles
Director