



Department of
**Enterprise, Trade
and Investment**

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Review of Tourism Accommodation Policy 2015-2020

Consultation Document

June 2015

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Foreword by Jonathan Bell MLA, Minister of Enterprise, Trade and Investment



Tourism is now recognised as a key economic driver for Northern Ireland. There has been sustained growth in tourism spend into the economy over the last 4-5 years increasing the number of jobs supported by the sector to 43,000 and contributing 5.2% to GDP.

Challenging targets have been set within the Programme for Government to grow tourism and the aspiration is to grow total overnight visits to 4.5 million and spend to £1 billion by 2020.

In the context of these targets, it is imperative that accommodation supply provision does not hinder tourism growth. In order that challenging visitor targets are met, tourist accommodation needs to meet the demands, requirements and expectations of visitors, both in terms of volume of supply and in terms of the provision of a quality visitor experience.

In order to capitalise on the investment in tourism and grow our tourism industry and its contribution to our economy we have to be able to accommodate a growing number of visitors. A review has been undertaken by my Department in conjunction with Invest NI and Tourism NI to consider our existing accommodation provision, our future needs as tourism continues to grow in line with our targets and to ensure that we have the right accommodation in place and of the right quality to meet the needs of visitors from our key markets.

It is essential that we understand the needs of our key tourism segments from our key markets if we are to meet the accommodation needs over the next 5-10 years. It is also essential that we take account of your views as key stakeholders, therefore I would encourage you to take part in this important consultation process.

A handwritten signature in black ink that reads "Jonathan Bell". The signature is written in a cursive style and is positioned above a horizontal line.

Jonathan Bell, MLA
Minister for Enterprise, Trade and Investment

Background & Strategic Context

The Department of Enterprise, Trade and Investment, in conjunction with Invest NI and Tourism NI, is currently reviewing its policy regarding the provision of support to tourism accommodation providers in Northern Ireland to help grow and develop their business to ensure that it supports and enables the provision of sufficient accommodation supply to 2020.

Since its inception in 2002, Invest NI has had responsibility for the administration of applications for government assistance for the development of tourism accommodation; this includes new starts, expansions and improvements. The current policy position governing the provision of support to tourist accommodation providers in Northern Ireland was last reviewed in 2004.

In taking forward the review we have considered the strategic vision for tourism going forward drawn from our key targets in our Programme for Government and other key documents such as Tourism NI's Priorities for Growth, the DETI/Tourism NI Events Strategy, the Tourism Recovery Taskforce Report - GB Path to Growth, the Belfast Tourism Strategy, a number of reviews of our key tourism markets and the impact on business tourism of the Waterfront development. In this context, it is imperative that accommodation supply provision meets the demands, needs and expectations of visitors, both in terms of volume of supply and in terms of the provision of a quality visitor experience.

The extent to which the public sector should intervene in the accommodation sector is a complex area and an initial review of the current policy highlighted a number of wider policy issues that required further exploration and which would benefit from further information and evidence from individuals and organisations with an interest or active involvement in the sector.

As a result the Department undertook a stakeholder engagement exercise in 2014. Many key stakeholders responded to our request for information / evidence and respondees are listed at Annex C. Information gleaned through the stakeholder engagement process has been considered alongside the Department's existing evidence base to inform the Department's policy position as set out in the [Review document](#).

Drawing together the evidence gathered by the Department including key evidence from external stakeholders there would appear to be a lack of 4/5 star hotel accommodation within our key tourism areas. In other accommodation sectors such as B&B, guest house and self-catering there is sufficient supply with a need to upgrade the quality and authenticity of the offering and in some cases there may be oversupply. The main concern highlighted in our policy review is that we may be approaching a position of undersupply of hotel accommodation in Belfast to accommodate our growing tourism aspirations especially with the opening of the Waterfront Conference Centre in 2016.

In light of this the following section summarises the core principles of a proposed Tourism Accommodation Policy 2015-2020.

Core Principles of a New Tourist Accommodation Policy 2015–2020

1 Priority Areas

In order to capitalise on the investment in tourism and grow our tourism industry and its contribution to our economy we have to be able to accommodate a growing number of visitors. In doing so we need to ensure that our tourist accommodation meets the needs of our key tourism markets and market segments as well as upcoming developments in business tourism.

Having taken all of these factors into consideration it is proposed that for all categories of accommodation, financial support will be primarily focused on accommodation projects that:

- seek to develop “out-of-state” tourism; and
- link to the needs and desires of Northern Ireland’s key visitor segments from our key visitor markets; and
- align with Northern Ireland’s best prospect tourism experience;
- develop our capacity to grow our business tourism sector

Priority will also be given to projects which:

- address the needs of the Waterfront Conference Centre through development of a large conference hotel
- add value in terms of distinctiveness, niche market opportunity or offer product that is unique to Northern Ireland; or
- attract new international brands that will reinforce Northern Ireland as a destination of choice

2 Assessment of Demand - Destination-Level Accommodation Need

There is a need to keep our tourist accommodation needs under review and so it is proposed that regional accommodation needs plans should be taken forward by local Councils.

Different regions of Northern Ireland will appeal to different markets and visitors will, therefore, have different expectations and requirements of their accommodation. Each region also offers a range of unique experiences and accommodation provision should be seen as an integral part of the tourism experience.

Therefore, it is appropriate that future accommodation needs should be considered on a regional basis. New Local Councils should work together to consider the needs of their Local Government District and each tourism destination area within Northern Ireland and develop accommodation needs plans, which take account of demand patterns by visitor type. This work fits well with the new community planning responsibilities of Councils.

3 Financial Intervention

Financial intervention for tourism accommodation projects which meet the above priorities will be available in a range of formats depending on the scale, nature and location of the project.

With regards to the manner in which capital assistance is made available, going forward, it is anticipated that there may be a departure from providing assistance solely by way of grant towards financially assisting companies in other ways, such as loan or equity funding and in this regard, HM Treasury has ring fenced financial transactions capital funding, which can only be used for the purposes of loan or equity funding.

This policy seeks to capitalise on this development by developing a Tourist Accommodation Loan Fund initially for Belfast, with capital grant remaining available for other areas outside of Belfast.

3.1 Hotels - Northern Ireland

Outside of a ten mile radius of Belfast, capital grant assistance will remain available subject to regional aid restrictions. The following projects will be eligible for financial support:

- New build projects - three star, four star, five star and budget hotel developments;
- Expansion projects - three star, four star, five star and budget hotel expansion projects; and
- Market repositioning - upgrades where, on completion, the hotel will be at least three star.

Capital grant assistance will be considered under Invest NI's existing selective financial assistance schemes subject to Regional Aid rules.

3.2 Hotels - Belfast

It is proposed that a Tourist Accommodation Loan Fund will be developed for hotel and larger-scale accommodation projects in the Belfast area until 2020 at which point this provision will be subject to review to consider if the potential under supply situation has been addressed. The moratorium on capital grant assistance for hotel development within a ten mile radius of Belfast will therefore be relaxed for the period of this Policy to enable hotel projects which fall within the following categories to access the Loan Fund:

- New Build - four star and five star hotel developments;
- Expansion projects - four star and five star hotel expansion projects; and
- Market repositioning - upgrades where, on completion, the hotel will be at least four star.

This relaxation will be reviewed, in the context of the prevailing market conditions at the end of the period of this Policy, to determine the future need for public sector intervention in the Belfast hotel sector.

Support will only be available through the new Tourism Accommodation Loan Scheme funded through financial transaction capital. The Loan Fund will be available at commercial borrowing rates and to a maximum of 30% of build cost.

3.3 Bed and Breakfast and Guesthouse Accommodation

The Review indicates that Northern Ireland has sufficient stock of B&B and self-catering accommodation to meet current and likely future demand. The key need is to ensure a good quality. Therefore due to issues with potential oversupply and quality standards the following support will be considered for B&B and Guesthouse Accommodation:

- New Build – across Northern Ireland new B&B and Guesthouse accommodation will not be prioritised for financial support unless a strong case is made to demonstrate demand and that the project meets the priorities listed at 2.1 as part of an assessment of accommodation needs within a tourism area.
- Expansion projects – expansion projects for existing B&Bs and Guesthouse Accommodation will not be prioritised for financial support unless a strong case is made to demonstrate demand and that the project meets the priorities listed at 2.1 as part of an assessment of accommodation needs within a tourism area.
- Market Repositioning - upgrading of existing B&B and Guesthouse premises will be eligible for financial support where, on completion, the establishment will achieve at least three star rating under the Tourism NI classification scheme.
- Support for B&B and guesthouse accommodation will principally be available through: the Rural Development Fund – under the Rural Business Development Scheme through the Local Action Groups.

3.4 Self-Catering Accommodation

Due to issues with oversupply and quality standards the following support will be considered for self-catering developments:

- New Build – new self-catering developments will not be prioritised for financial support unless a strong case is made to demonstrate demand and that the project meets the priorities listed at 2.1 as part of an assessment of accommodation needs within a tourism area.
- Expansion Projects - expansion projects for existing self-catering premises will not be prioritised for financial support unless they clearly demonstrate demand and that the project meets the priorities listed at 2.1 as part of an assessment of accommodation needs within a tourism area.

- Market Repositioning - upgrades of existing self catering premises will be eligible for financial support where, on completion, the establishment will be at least three star under the Tourism NI classification scheme

The source of support will depend on the size of the project and number of units.

Support for self-catering accommodation of 10 or more units or those projects which are part of a mixed use tourist resort development will be considered by InvestNI either under capital grant assistance or the Loan Fund depending on location. Outside Belfast capital grant assistance may be considered by InvestNI through its existing selective financial assistance schemes subject to Regional Aid rules.

Support for small scale accommodation of less than 10 units will be considered under the Rural Development Fund – the Rural Business Development Scheme through the Local Action Groups.

3.5 Hostel Accommodation

Due to issues with oversupply and quality standards only projects that seek to upgrade hostel facilities through a departure from dormitory style accommodation to that which involves the provision of single, twin, double and four bed rooms with ensuite facilities will be considered for financial assistance. The following support will be considered for hostel projects:

- New hostel developments will not be prioritised for financial support unless a strong case is made to demonstrate demand and that the project meets the priorities listed at 2.1 and is of at least 3 star standard on completion as part of an assessment of accommodation needs within a tourism area.
- Expansion Projects - expansion projects for existing hostel accommodation must clearly demonstrate demand and that the project meets the priorities listed at 2.1 and is of at least 3-star standard on completion as part of an assessment of accommodation needs within a tourism area.
- Market Repositioning - upgrades of existing hostel accommodation will be eligible for financial support where, on completion, the establishment will be at least three star under the Tourism NI classification scheme

The source of support will depend on the size of the project and number of rooms.

Support for hostel accommodation of 10 or more rooms will be considered by InvestNI either under capital grant assistance or the Loan Fund. Capital grant assistance may be considered by InvestNI through its existing selective financial assistance schemes subject to Regional Aid rules.

Support for small scale accommodation of less than 10 rooms will be considered under the Rural Development Fund – the Rural Business Development Scheme through the Local Action Groups.

3.6 Guest Accommodation

Due to limited information on this category of accommodation it is not possible to adequately assess the supply situation therefore the following support will be considered:

- New Guest accommodation developments will be considered for financial support provided a strong case is made to demonstrate demand and that the project meets the priorities listed at 2.1 and is of at least 3 star standard on completion as part of an assessment of accommodation needs within a tourism area.
- Expansion Projects - expansion projects for existing guest accommodation must clearly demonstrate demand and that the project meets the priorities listed at 2.1 and is of at least 3-star standard on completion as part of an assessment of accommodation needs within a tourism area.
- Market Repositioning - upgrades of existing guest accommodation will be eligible for financial support where, on completion, the establishment will be at least three star under the Tourism NI classification scheme

The source of support will depend on the size of the project and number of units.

Support for guest accommodation of 10 or more rooms will be considered by InvestNI either under capital grant assistance or the Loan Fund depending on location. Outside Belfast capital grant assistance may be considered by InvestNI through its existing selective financial assistance schemes subject to Regional Aid rules.

Support for small scale accommodation of less than 10 rooms will be considered under the Rural Development Fund – the Rural Business Development Scheme through the Local Action Groups.

3.7 Caravans, Campsites, Campus and Bunkhouse Accommodation

There is no evidence that the development, upgrade or expansion of caravan, campsite, campus or bunkhouse accommodation will impact on the development of ‘out of state’ tourism and so such accommodation will not be prioritised for financial support.

Projects in this category seeking support may be considered under the Rural Development Fund – the Rural Business Development Scheme through the Local Action Groups.

4 Appraisal of Accommodation Projects

In the appraisal of accommodation projects, there is a need to take away the emphasis on ‘quantity’ of existing supply in current appraisals of business cases, recognising that in some cases displacement of old for new and business churn are a good thing when that is associated with an overall strategic aim of raising the standard of the Northern Ireland accommodation offering as one part of our strategy to attract additional overseas visitors. Our interventions to raise the standard of tourist accommodation will be open and available to any eligible applicant seeking support.

In the context of Northern Ireland's accommodation sector, displacement of low quality accommodation with new, higher quality accommodation, which then improves the overall tourism offering, is considered acceptable within an overall strategic aim of raising the standard of the Northern Ireland accommodation offering to external/out of state visitors.

5 Non-Financial Support

Notwithstanding the range of support that is currently available for tourist accommodation businesses, the review has identified the need for additional capability support, particularly for smaller businesses (i.e. B&Bs, Guesthouses, self-catering), who do not have the skills or the resources necessary to adequately market themselves or to promote their strengths in what is a very competitive marketplace.

More public intervention is needed in the form of signposting, collaborative working, training, experience, and benchmarking. Invest NI will continue to provide advice on the commercial aspects of tourism accommodation development and a broad range of advice and guidance on IT, design, market research and marketing. However Tourism NI should take the lead in providing this support to smaller businesses in the tourism accommodation sector through its industry development programme and as part of implementing the Hunter Review recommendations.

6 Flexibility of Tourism Legislation

6.1 Temporary Accommodation Solutions to meet Spikes in Demand

In 2012 and 2013 there was a lot of speculation about the capacity to accommodate the expected visitor numbers attending key events. While an under-supply situation did not materialise this debate did highlight the need to consider the future potential for temporary accommodation solutions such as pop-up hotels where there is a clearly defined and substantiated need.

It is proposed that the new policy will set out how existing tourism legislation provides a mechanism to deal with situations where there is a clear short-term demand beyond that which could be accommodated by our existing accommodation supply. Under the Tourism (NI) Order 1992, any proposal for an exemption to the certification requirements in order to allow temporary accommodation solutions will require a site-specific business case, supported by clear evidence of need to be submitted to the Department for approval. It will also need to meet other statutory/legislative requirements such as planning.

6.2 Emerging Product - Certification Scheme

In Northern Ireland we require all tourist accommodation businesses to be certified. This has the benefit of ensuring we have minimum standards guaranteed for our visitors and also that we have a definitive database of tourist accommodation. Following a review, accommodation categories were added in April 2011 which has enabled a wider range of premises to be certified. It is proposed that the policy will recommend another review of the categories defined in legislation to increase flexibility and ensure we are seen as open for business for the development of new and emerging tourism accommodation product.

Annex A – How to Respond / List of Consultation Questions

Responses on the consultation questions set out below should be submitted by 5.00pm on Friday 24 July 2015.

1. The document may be completed on screen, saved with a new title to your desktop, printed and posted to the address below.
2. Alternatively, the document may be completed on screen, saved with a new title to your desktop and emailed as an attachment to tourismpolicy@detini.gov.uk

Address for postal replies:

Tourism Policy Branch
Department of Enterprise, Trade and Investment
Room 55,
Massey Avenue,
Netherleigh,
Belfast BT4 2JP

All responses should include the name and postal address of the responder. Please state whether you are responding as an individual or representing the view of an organization. If responding on behalf of an organisation please make it clear who the organisation represents and, where applicable, how the views of members were assembled.

Help With Queries

If you have any questions on the consultation document you can contact Andrew Patterson:

Tel: (028) 90529495

Email: tourismpolicy@detini.gov.uk

If you require access to this document in a different format – eg Braille, disk, audio cassette – or in a minority language, please contact the above number and appropriate arrangements will be made as soon as possible. Hard copies of the equality screening forms can also be provided on request.

Annex B – Equality Assessment

Under section 75 of the Northern Ireland Act 1998, the Department is required to have due regard to the need to promote equality of opportunity:

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- between men and women generally;
- between persons with a disability and persons without; and
- between persons with dependants and persons without.

In addition, without prejudice to its obligations above, the Department is also required, in carrying out its functions relating to Northern Ireland, to have regard to the desirability of promoting good relations between persons of different religious beliefs, political opinions or racial group.

We have carried out an equality screening exercise for the proposed Tourism Accommodation Policy and found that it does not have any significant equality impact. A full Equality Impact Assessment, therefore, is not required. If you would like a copy of the screening form, please contact us.

Annex C – Organisations Involved in Stakeholder Engagement

Abbey Tours	Isle of Man Steam Packet Company
Antrim Borough Council	Larne Borough Council
Ards Borough Council	Limavady Borough Council
Armagh District Council	Lisburn City Council
ASM Chartered Accountants	Magherafelt District Council
Ballymena Borough Council	Mourne Heritage Trust
Riada House	Moyle District Council
Banbridge District Council	National Trust
Belfast City Airport	Newry and Mourne District Council
Belfast City Council	Newtownabbey Borough Council
Belfast International Airport	NI Bed and Breakfast Partnership
Museum and Civic Centre	NI Hotels Federation
Civic and Administrative Offices	Belfast Business Centre
Causeway Coast and Glens	North Down Borough Council
CIE Tours	The Stableyard
City of Derry Airport	Channel House
Coleraine Borough Council	Pubs of Ulster (now Hospitality Ulster)
Cookstown District Council	Queen's University Belfast
Craigavon Borough Council	Stena Line Limited
Derry City Council	Strabane District Council
Derry Visitor and Convention Bureau	Titanic Belfast
Down District Council	Trafalgar Tours
Dungannon and South Tyrone Borough Council	Translink
Fermanagh District Council	Ulsterbus Tours
Fermanagh Lakelands Tourism	University of Ulster
Giant's Causeway Visitor's Centre	University of Ulster
Hostelling International	Visit Belfast