



SFPLANNING

ADDENDUM TO ECONOMIC IMPACT STATEMENT

125 - 133 Promenade Cheltenham Gloucestershire | February 2025

On behalf of the Lucky Onion Group

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1.0 Introduction and context

- 1.1 This addendum provides an update to the Economic Impact Statement (EIS) submitted in October 2024. It responds to comments in the officer report and those by the South West Research Company (SWRC), notably the request for updated post-COVID data on Cheltenham's economy and tourism sector.
- 1.2 A criticism of the original EIS was its apparent reliance on pre-pandemic data and if that reflects Cheltenham's current economic realities, and the date of accounts information used. The processing and issue of accounts takes time, such that even the most up to date accounts relate to data from nine months previously. More recent accounts are now available that were not when the original EIS was produced. Similarly, the work by SWRC on behalf of Marketing Cheltenham was also not available when the main EIS was completed. The data within the EIS was up to date at the time and remains accurate for that context.
- 1.3 This addendum therefore includes and assesses the more recent data now available, to provide an up to date representation of the local economy and the economic impacts.

2.0 Economic impact of the proposal

Data Availability, Audit Timelines and Recent Accounts

- 2.1 As summarised above, financial statements and audited accounts are typically finalised many months after the fiscal year end. The data previously provided and worked to was therefore contemporary at that time. More recent accounts show that in the last 2 years the business continued to run at a loss of approximately £1,000,000. Whilst revenues might be up, revenue does not itself equate to profit; with those returns instead going towards covering the extensive initial investment into the site.

Pre-Pandemic Records and Recovery

- 2.2 The Gloucestershire visitor economy was a major economic driver before the COVID-19 pandemic, contributing significantly to regional employment and business activity. In 2019, Cheltenham's visitor economy was valued at £172.8 million, supporting an estimated 3,314 actual jobs and 2,469 full-time equivalent jobs across the hospitality, retail, and tourism sectors¹.
- 2.3 The COVID-19 pandemic in early 2020 created national lockdowns and forced widespread closure of businesses in the visitor economy sector. Limited reopening in mid-2020 and ongoing restrictions throughout 2021 resulted in severe declines in visitor numbers. International tourism in Gloucestershire was particularly affected, with overseas trips collapsing to just 48,000 in 2021, an 83% drop from 2019².
- 2.4 Recovery in Cheltenham's visitor economy began across 2022 to 2023 as businesses fully reopened. Staying visits increased to 367,700, up from the 256,000 in 2021 but still below the 396,700 in 2019. Similarly, staying visitor nights reached 1,066,000, up from 741,000 in 2021 but trailing 2019's 1,104,000 nights.

¹ The South West Research Company (2020). *The Economic Impact of Gloucestershire's Visitor Economy 2019*. [online] Available at: https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/cotswolds/Gloucestershire_EIS_2019_data_750de236-02db-4c66-b359-f2f85fe41868.pdf

² The South West Research Company (2022). *The Economic Impact of Gloucestershire's Visitor Economy 2021*. [online] Available at: https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/cotswolds/Gloucestershire_EIS_2021_data_5e094a00-f5ca-4faa-a6d0-b279e9ffe23.pdf

- 2.5 While total visitor-related spending in 2023 reached £183.76 million³, surpassing the £172.78 million recorded in 2019, this increase is largely attributed to rising costs rather than a full recovery in visitor numbers. Inflation and higher operating costs overall mean that many businesses in the sector, and the economy generally, have not experienced any real benefit from this nominal increase in spending. This is reflected in the number of estimated jobs in the sector having declined by about 8% from 3,314 in 2019 to 3,075 in 2023.
- 2.6 While the SWRC suggest the impact of the pandemic has lessened, it is important to recognise that the hospitality sector continues to face increasing long-term pressures – all well documented and accepted – such as rising operational costs, changes in consumer spending, and economic uncertainty generally. There are estimated to be between 10 and 18 closures (of pubs and restaurants) per day (see 3.15 of the Planning Statement). Stable and adaptable hospitality infrastructure – such as would be secured by the proposed development – remains critical for sustained recovery, investment and growth.

Cheltenham's Hospitality & Tourism Sector Recovery

- 2.7 Cheltenham's hospitality sector remains a significant contributor to the local economy, supporting jobs and attracting visitors, and needs to be facilitated where it can. Challenges remain:
- Even with growth in the amount of spending, recovery remains uneven. Businesses continue to operate at reduced capacity or are struggling to return to pre-pandemic profitability
 - Recent data indicates that in 2024⁴, the main Cheltenham Festival experienced a decline in attendance, with total attendance just under 230,000 compared to 240,603 the previous year. This decrease is attributed to the ongoing cost-of-living crisis, and the associated impact on consumer spending habits⁵

³ Marketing Cheltenham. (2024). *Cheltenham's Visitor Economy*. [online] Available at: <https://marketingcheltenham.co.uk/key-facts-figures/>

⁴ Statista. (2024). *Cheltenham Festival attendance UK 2024* | Statista. [online] Available at: <https://www.statista.com/statistics/976420/cheltenham-festival-total-attendance-uk/>

⁵ Racing Post (2024). 'We're not being complacent' insists Jockey Club chief after total Cheltenham Festival attendance drops by 11,000. [online] Racingpost.com. Available at: <https://www.racingpost.com/news/festivals/cheltenham-festival/were-not-being-complacent-insists-jockey-club-chief-after-total-cheltenham-festival-attendance-drops-by-11000-aqD657B2hYpI/>

- The overall decline in attendance indicates the need for ongoing investment and adaptive strategies within Cheltenham's hospitality sector to maintain economic stability and growth⁶.

2.8 The local economy benefits from sustained private investment, with entrepreneurs like Julian Dunkerton having a positive effect on house prices and playing a key role in supporting the local economic and business landscape as a result of the places they have the vision to create (Knight Frank, 2024)⁷.

Employment Impact in Cheltenham

2.9 Despite an overall recovery in employment, the hospitality sector continues to experience recruitment challenges, particularly in skilled roles. Without continued investment in venues such as 131, the ability to maintain and create stable employment opportunities in the sector could be at risk.

- The total estimated employment in Gloucestershire's visitor economy in 2023 was 24,908 jobs⁸. Of these, 16,124 were direct jobs, while 5,214 were indirect and 3,570 were induced employment roles (being roles that are supported by the spending of wages by employees in direct and indirect jobs).
- Hospitality and tourism-related jobs represented approximately 7% of total employment in Gloucestershire. Investment is needed in businesses that can continue to provide for this important element of the working population.

⁶ The Independent (2024). *Cheltenham Festival attendance plunges as cost of living crisis blamed*. [online] The Independent. Available at: <https://www.the-independent.com/news/uk/home-news/cheltenham-festival-cost-of-living-b2513289.html>

⁷ The View from Knight Frank (2024). *The countryside's 'in crowd'*. [online] Knightfrank.com. Available at: <https://www.knightfrank.com/theview/the-countrysides-in-crowd>

⁸ The South West Research Company (2024). *The Economic Impact of Gloucestershire's Visitor Economy 2023*. [online] Available at: https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/cotswolds/Gloucestershire_districts_2023_7d84d8ab-aad5-40e4-a043-1eb4671f2669.pdf

- 2.10 Gloucestershire's Economic Strategy (2024-2034)⁹ highlights that employment and workforce retention are major regional priorities, with a focus on developing skills and retaining younger workers to mitigate workforce shortages. The hospitality sector provides accessible and flexible employment opportunities, helping to address these regional challenges and support a balanced labour market.

Visitor Spending & Business Turnover

- 2.11 The latest tourism data, published in November 2024 by the SWRC, provides the most up-to-date analysis:

- Total visitor-related spend in Gloucestershire was £1,276,691,000 in 2023.
- Total business turnover from visitor-related activities was £1,753,212,000 in 2023.
- Day trips accounted for £719,928,000 in spending, with 16,066,000 total day trips in Gloucestershire⁸.

- 2.12 This helps to show the broader economic benefits deriving from developments that sustain and enhance Cheltenham's appeal to visitors. The figure below provides a more detailed breakdown of Gloucestershire's visitor economy. Whilst it might be difficult to quantify with complete accuracy, what is evident and understood is that linked spending occurs; and this type of spend from those visiting to stay at 131 should not be underestimated or dismissed as a significant contributor to the local economy.

⁹ Gloucestershire County Council (2024). *Gloucestershire's Economic Strategy Driven by innovation, built on heritage*. [online] Available at: <https://www.gloucestershire.gov.uk/media/d0glpm5n/gloucestershires-economic-strategy-2024-2034-strategy.pdf>

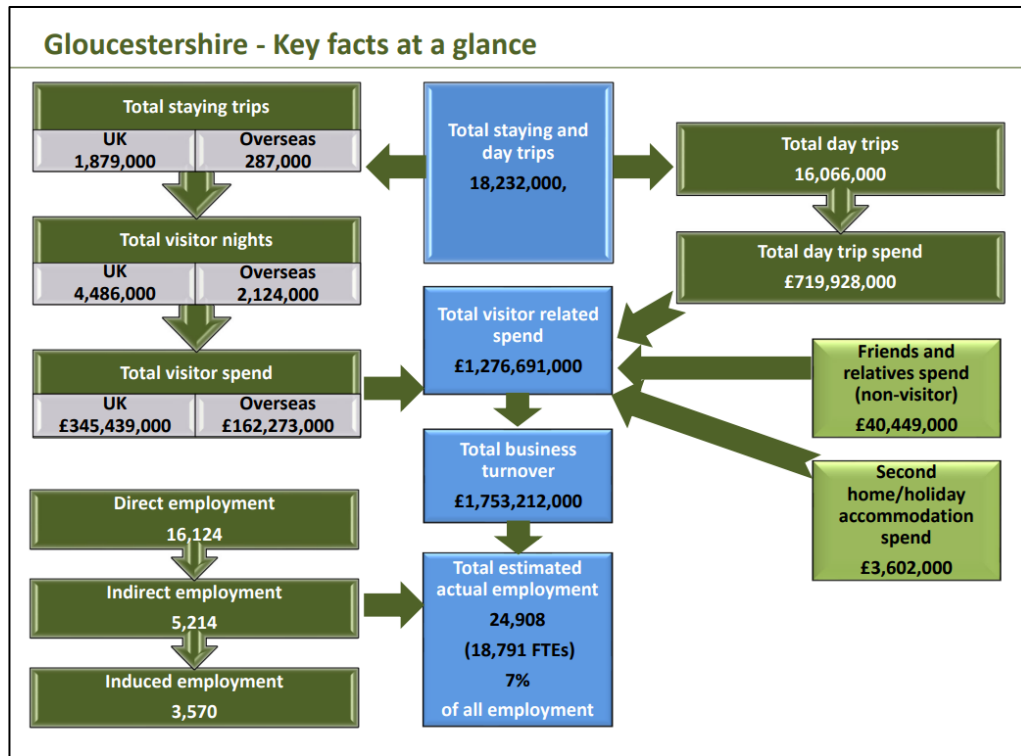


Figure 1: Gloucestershire Visitor Economy – Volume and Value (2023) Source: South West Research Company, November 2024

2.13 While these figures suggest a positive trend, it is important to recognise that hospitality businesses, particularly independent venues like 131, operate within an evolving market where consumer spending patterns fluctuate due to broader economic conditions. Adapting to shifting visitor expectations is key to maintaining Cheltenham’s high status as a hospitality hub.

Responding to Public Benefit Concerns

2.14 The Officer Report questions whether the development primarily benefits the applicant or contributes meaningfully to Cheltenham’s economy. Statistical evidence above, along with information in the EIS and Planning Statement, confirms that the continued growth of Cheltenham’s visitor economy supports a large and diverse range of local businesses beyond the hospitality sector, including retail and cultural attractions.

- 2.15 It is not sustainable for the business to continue to be propped up by external investment. It needs to 'wash its face' to ensure that the many livelihoods and wider economic and public benefits it supports can continue. These are certainly public benefits as opposed to a private benefit; and are all benefits which would be at risk in the absence of the proposed development – which fully aligns with Cheltenham's identity as 'The Festival Town', fostering year-round economic activity through direct and linked visitor spending.
- 2.16 Investment in high-quality hospitality infrastructure plays a crucial role in maintaining long-term employment stability and strengthening business confidence for the benefit of the local economy.

3.0 Conclusion

- 3.1 The recent data now available has been assessed. The information reinforces the important role of Cheltenham's visitor and hospitality sector in the county's broader economic strategy. The need for continued investment in Cheltenham's unique hospitality sector should not be in doubt.
- 3.2 Recent accounts show the business continues at a loss in the region of £1,000,000 over the last two years, despite increased revenues as a result of the space provided by what is also now sought in the current application. A long term solution is required to ensure the sustainability of the business and all it provides and supports.
- 3.3 Investment generally, perhaps more so when the result will be a high quality, unique addition, is essential to sustaining Cheltenham's post-pandemic recovery and long-term competitiveness in tourism. This is especially so in the context of the 'perfect storm' of other pressures conspiring against this sector.
- 3.4 As well as sustaining this site therefore, the proposal will help the town to remain competitive in attracting high-value tourism, reinforcing its identity as a leading destination for culture, business, and leisure.



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