

UKHospitality Placemaking Report

Foreword

Hospitality is one of Britain's greatest strengths.

Across every city, town and village, hospitality creates places where people want to live, work and invest. They are where celebrations happen, friendships are formed, visitors welcomed and communities built. They define the character of our high streets, coastal towns and city centres. They are often why people choose to visit an area, one of the first things people see when they visit and one of the key reasons people choose to return.

The importance of hospitality goes far beyond our direct economic contribution. While our sector generates more than £140 billion in economic activity and supports millions of jobs, hospitality also provides the foundations upon which other sectors thrive. Businesses considering investment look for vibrant places where people want to live and work. Visitors are drawn to destinations with a strong hospitality offer. New housing developments succeed when they are supported by cafés, pubs, restaurants, hotels and leisure venues that create a sense of place and community.

Put simply, successful places need successful hospitality.

Yet the sector's ability to fulfil its potential is being constrained. Hospitality businesses are facing some of the most significant cost pressures in a generation. Rising employment costs, high business rates, energy costs and an increasing regulatory burden are reducing the capacity of businesses to invest, expand and create jobs. These challenges must be addressed if hospitality is to continue driving economic growth and regeneration. While those cost pressures are critical, they are not the primary focus of this report. Instead, in line with the Government's development of a High Street Strategy, this document concentrates on the practical regulatory levers that can unlock growth and support hospitality-led placemaking.

The encouraging reality is that many of these levers sit within the control of Government, local authorities and businesses themselves. Throughout this report, we set out practical recommendations to improve planning systems, modernise licensing, strengthen local infrastructure, support skills development and create the conditions for investment. We also highlight the actions that hospitality businesses can take to strengthen their role as community anchors and drivers of local growth.

Hospitality is central to many of the priorities that matter most to Government and society - creating jobs, supporting social mobility, revitalising high streets, attracting investment, strengthening communities and delivering economic growth. The sector has the potential to achieve even more. To unlock that potential, we need a policy environment that supports investment, removes unnecessary barriers and recognises hospitality as essential infrastructure for thriving places. By tackling both the cost pressures facing

businesses and the regulatory challenges outlined in this report, we can create more vibrant places where people want to live, work and invest.



Allen Simpson
CEO, UKHospitality

Hospitality and placemaking

Placemaking is a strategic, long-term approach to shaping the physical environment, economic activities and community dynamics of local areas. In essence, it extends beyond development to encompass the activities, experiences and services that define how a place functions and feels. Effective placemaking ensures that town and city centres are not only commercially viable but socially meaningful, creating places where people can participate in community life. Delivering this requires a balanced mix of uses with accessible infrastructure that can help bring people to local areas and contribute both economically and socially.

Hospitality businesses are fundamental to this ecosystem, helping to create places where people want to live, work and invest. As one of the UK's largest employers, the hospitality sector offers opportunities across all parts of the country, at a wide range of skill levels. Our businesses provide accessible routes into employment and support upskilling at every stage of a career, irrespective of background. By sustaining local jobs, the sector anchors economic participation within communities and underpins the conditions necessary for economic growth. It is not just hospitality's economic contribution that makes it essential to delivering placemaking – ultimately people want to live in places with thriving restaurants, cafes and pubs that can help to ensure the long-term viability of local areas.

Hospitality businesses depend upon functioning local services and a supportive policy framework in order to truly unlock economic growth. It has been the case for too long that businesses across the UK have had to navigate restrictive local policies that significantly hinder growth, whether related to planning, licensing or broader development considerations. While the Government has recognised some of these challenges, including through recent efforts to reform aspects of the licensing system, it remains the case that local policies can have a material impact on businesses' ability to invest and expand. Where frameworks are overly burdensome or misaligned with economic growth objectives, they constrain the sector's capacity to contribute fully to placemaking.

Effective local policies that have economic growth at their core can attract new business into local areas and encourage existing businesses to expand their operations, bringing life to our town and city centres. Such is the diversity that exists within the hospitality sector, businesses are continually looking to planning and licensing policies, as well as local infrastructure, to provide the framework for this investment, whether that be via the removal of restrictive cumulative impact policies or a planning system that supports business growth.

Unfortunately, in many areas, structural challenges continue to act as barriers to investment. Delays in decision-making, inconsistencies in policy application and under-resourced local services create uncertainty and deter expansion. If the UK is to realise its ambitions for vibrant high streets, resilient communities and competitive local economies, hospitality must be recognised as integral to that vision – and local authorities resourced and given the permissions to do so.

How Government can deliver placemaking

To deliver effective placemaking, the Government should implement the following recommendations in full.

Planning

- Introduce a system of presumptive permission, with automatic planning approval if certain criteria are met
- Issue good practice to local planning departments, highlighting the importance of pre-application engagement
- Introduce a system whereby if statutory consultees have not responded within 21 days there is automatic assumed support for the application
- Introduce a fast-track system for both major and minor applications
- Ensure that there is a freezing of fee increases where local planning departments are consistently falling behind targets

Development

- Review and relax nutrient neutrality requirements to reduce barriers to development
- Review Biodiversity Net Gain and introduce exemptions for smaller businesses
- Work with industry to improve standardisation of green lease requirements
- Legally strengthen the Agent of Change principle for existing and future developments
- Ensure a significant review of EPCs takes place prior to the 2031 target, with the 1000 square meters exemption defined by trading space only.

Infrastructure

- Deliver hospitality zoning through engagement with local authorities, businesses and high street representatives
- Address the gas-electricity price imbalance to support investment in fully electric venues
- Align transport and infrastructure investment with hospitality-led regeneration

Business rates

- Deliver meaningful change as a result of the wide-ranging review of hospitality business rates valuation methodologies
- Reform and speed up the “Check, Challenge, Appeal” process
- Provide additional resource to deal with increased appeals following the 2026 revaluation

Rent

- Ensure Upwards Only Rent Review legislation supports sustainable rents and high street regeneration
- Balance tenant protections with incentives for landlords to maintain quality hospitality properties

Licensing

- Implement licensing reform taskforce recommendations in full
- Use licensing reform as a blueprint for wider planning reform

Skills

- Rapidly roll out hospitality foundation apprenticeships and promote uptake among learners
- Expand hospitality Sector Based Work Academy Programmes (SWAPs) nationally through collaboration between Government, local authorities, colleges and industry

The planning system as a barrier to investment

A modern, functioning planning system is essential for businesses and Government alike, incentivising investment in town and city centres and helping the UK reach its targets for growth and national renewal. Despite some positive improvements having been made to the planning system over recent years, namely the introduction of Class E and initial steps made to reform planning committees and statutory consultees, several structural issues still exist, acting as a significant barrier to investment. Many hospitality businesses are becoming increasingly frustrated with the planning system, with delays and bureaucracy acting as a barrier to investment, hindering businesses' ability to expand their operations, hire more staff and create places where people want to live, work and invest.

We are pleased that the Government has recognised many of these issues and has already taken steps to reform the planning system, as a matter of priority. It is clear that change will be essential in meeting the Government's target of building 1.5 million homes, revamping our high streets, and creating new towns across the country. Hospitality will be central to delivering this growth, with the sector paramount in creating jobs and vibrant town and city centres.

Before outlining how the planning system can spearhead hospitality-led economic growth, it is important to highlight the scale of the problem. Whilst there are inevitably fluctuations in the performance of each local planning department, there are some national trends that can be used to demonstrate some of the common issues. Most significantly, delays in the planning system have been worsening significantly since 2014-15, and show little sign of improving. **In 2014-15, the percentage of major applications decided within the statutory time period of 13 weeks was 47%. Now, it is just 19%. There is a similar trend for minor applications, where, in 2014-15, the percentage of applications decided within the statutory eight-week time period was 64%, but has since fallen to 41%.**

This has, in part, resulted in the number of overall applications decreasing. **In 2014-15, a total of c.473,000 planning applications were received, which, in 2023-24, fell to c.333,000.** Whilst this data is not exclusive to the hospitality sector, and indeed there are many other external factors that are likely to have contributed to this decline, this is undoubtedly an alarming trend which has, in part, been caused by many of the issues outlined below. It is essentially a double whammy of slower delivery of those applications processed and a reduced appetite to invest as the process is too costly and cumbersome. This is fundamentally impacting the places where we live, leading to shops remaining boarded up, businesses being disincentivised from expanding and increasing place inequality across the country.

Case study - New Moon pub

In the case of the New Moon pub in Leadenhall Market, a planning and listed building application was submitted on 8 August 2022. Planning approval was eventually received on 28 December 2022, following long delays from the council and two requests for an extension of time. Since then, further issues have arisen, and final approval was not granted until December 2023 – 16 months later.

This illustrates the issues hospitality businesses are having on a daily basis when interacting with the planning system, and the significant barrier this can place on regeneration across the country.

Problems and solutions to reform commercial planning

To prevent further delays and issues with the planning system, the Government should:

- Introduce a system of presumptive permission, with automatic planning approval if certain criteria are met.
- Issue good practice to local planning departments, highlighting the importance of pre-application engagement.
- Introduce a system whereby if statutory consultees have not responded within 21 days there is automatic assumed support for the application.
- Introduce a fast-track system for both major and minor applications.
- Ensure that there is a freezing of fee increases where local planning departments are consistently falling behind targets.

The above recommendations should form part of a dedicated planning sprint, which UKHospitality would be happy to coordinate, to bring about long-term reform.

It is important that many of these recommendations are seen in the context of recent increases to planning fees (25% for minor applications and 35% for major applications). Although we understand the rationale for fee increases given the financial situation of many local authorities, it is important that these increases are reflected in significant improvements to local planning systems across the country. Moving forward, with fees also set to increase again due to changes in the Planning and Infrastructure Act, it is right that applicants expect a functioning and timely planning system.

The role of statutory consultees

One of the most significant causes of delays in the planning system is the role of statutory consultees. Statutory consultees have an important part to play in the planning process – they provide planning officers and committees with technical information on how the application will impact their area of expertise (e.g., Natural England, Highways England, Environment Agency etc) to allow a holistic judgement to be formed on the local implications of a planning application. However, it is often the case that statutory consultees are taking far longer than the mandated 21 days to comment on an application, with many hospitality businesses experiencing delays well beyond eight weeks for this stage of the process alone. Whilst we are aware that many statutory consultees may be facing staffing challenges, a delay in one part of the system can have wider impacts on other planning applications.

These delays also raise questions on the interaction between planning officers and statutory consultees. Often, officers are delegating increasing amounts of the planning process to consultees, and refusing to proceed with an application until any issues noted by the consultee are resolved. Indeed, it is often the case that many of the recommendations raised by consultees are often in conflict of one another – for example, some concerns raised around drainage may directly impact transport.

It is positive that the Government has recognised the need to reform the statutory consultee system and has announced a number of proposals, including a removal of some statutory consultees and allowing local planning departments to proceed to a decision in the absence of advice where it has not been provided within the statutory timescales. However, with further increases in planning fees likely, it is essential that businesses start to see improvements to the system, particularly with delays by statutory consultees.

Essentially, statutory consultees need to have a much more simplified role, identifying significant issues relevant to their role, rather than taking a broad approach to a planning application, beyond their expertise. The number of statutory consultees should also be limited to those that are directly relevant to each application. With Government announcements a positive first step, we would advocate for a further strengthening of reform to bring about necessary improvements to the system.

Recommendation: If statutory consultees have not responded within 21 days, there should be **assumed support for an application**.

Benefit: This will help to alleviate some of the immediate burdens facing local planning departments and provide an added impetus for all consultees to collaborate to prevent conflicting recommendations. As a wider point, it is essential that all elements of the planning system operate in a pro-growth manner, recognising the wider social and economic benefits of development as standard practice, rather than seeking to restrict development. As above, the scope for consultees should be clearly defined and limited.

Planning officers

Another major reason for delays in the planning system is due to the unavailability of planning officers. As noted above, despite the number of overall applications decreasing, delays in the planning system are becoming more prevalent. It is clear that much of this is down to the lack of local planning officers, with Local Government Authority data showing that 58% of local authorities struggled to hire planning officers between 2017-2022. This is supported by Royal Town Planning Institute analysis, which notes that the number of planning officers in the public sector fell by a fifth between 2010 and 2020.

Whilst there are several contributing factors behind this trend, much of this is likely to be down to the ever-increasing workload facing planning officers, exacerbated by growing delays in the system. This is creating several issues during applications; many businesses are finding planning officers hard to contact, meaning applicants have limited updates on the progress of an application, and cannot provide

any additional information that may be useful in speeding up the process. Although it is positive that the Government has committed to hiring more planning officers, this must be a priority to ease the burden on local planning departments.

Recommendation: Introduce a system whereby **presumptive permission is granted, if certain criteria are met.**

Benefit: Not only would this help to ease the burden on local planning departments by reducing the time spent reviewing applications, but this would also incentivise investment, streamlining the process for applicants. Such are the diversity of views and needs of each local area, it is right that individual planning departments retain the ability to set their own local criteria, such as an additional focus on environmental issues, urban design or architectural considerations. However, any system of presumptive permission should have economic growth as a leading principle, to supercharge hospitality-led regeneration.

Pre-application engagement and appeals

The unavailability of planning officers is having a wider impact on many of the services typically offered by local planning departments. Most notably, many pre-application services are deteriorating to a point where it is common for some applicants to not engage with planning departments before submitting an application. Although this may be less of an issue for some minor applications, this can create significant issues for major applications, and exacerbate many of the overall delays. Often engaging with planning departments prior to an application being submitted is a helpful step, providing local planners with key information about an application and useful insight for businesses on any proposed complications or recommendations for an application to be successful. Reducing this service can create a bottleneck of delays during the formal application stage, increasing the burden on planning officers and creating uncertainty for applicants.

Recommendation: In order to prevent ongoing delays once an application has been submitted, local planning departments should place **a greater focus on pre-application engagement.**

Benefit: Pre-application engagement can be essential for speeding up the determination periods for applications, providing both local planners and applicants with key information on the proposed development. Whilst it is clear that many local planning departments do not currently have the resource to dedicate additional investment in this area, in the interim, we would like to see the Government issue good practice, recommending a renewed focus on pre-application services and reminding local planning departments of their benefits.

The role of planning committees

Whilst the majority of decisions are delegated to planning officers, many large scale, major applications are still determined at committee level. Increasingly, committees are also determining applications where

there have been a certain number of objections, or at the specific request of a local councillor. Despite many issues noted above with regard to the availability and quality of some planning officers, decisions taken at committee level often exacerbate many of the ongoing issues hospitality businesses are continuing to experience with the planning system. Most significantly, delays tend to be more prevalent where applications are determined at committee level. Understandably, many local councillors are not experts in planning policy, nor the intricacies within the planning system and therefore require additional time to assess an application and engage with planning officers. It is positive that the Government is introducing mandatory training for local councillors who form part of planning committees, but it is important to note that many hospitality businesses are increasingly experiencing committees overruling the advice of planning officers and determining applications along party political lines (in instances, this is even the case where the proposed development is in line with local planning policies), resulting in the need for appeals, creating further delays and cost to applicants.

Recommendation: Planning committees should be **focused on large-scale, strategic and contentious developments**.

Benefit: The vast majority of hospitality-related developments do not fall into this category, and qualified planning officers, with more understanding of the sector and the benefits it can bring to wider communities, are better placed to determine these applications.

Case study - LEGOLAND, Merlin Entertainments

After a series of individual applications, Merlin was encouraged by the Royal Borough of Windsor & Maidenhead to take a more strategic, long-term approach, setting out a vision for the next decade. Merlin did just this and after extensive pre-application engagement, submitted a hybrid planning application in June 2017.

The planning officers involved were reluctant to allow Merlin to have a direct dialogue with statutory consultees, and when responses from the latter were received, they were not passed on in a timely manner, elongating the entire process.

After a committee date was secured in May 2018 (some 11 months after submission), there was a recommendation for refusal, principally due to officers considering that the economic benefits did not outweigh the technical harm to the Green Belt. Despite this recommendation, elected members took a different view: that there were very special circumstances which outweighed any harm to the Green Belt, and they were resolved to grant permission (which was issued in April 2019).

Soon after this, a third party (CPRE Berkshire) submitted a Letter Before Action (in line with the Pre-Action Protocol), setting out the grounds of a potential Judicial Review claim, and asking for the planning consent to be quashed.

With the initial decision (the resolution to grant consent) having been made in May 2018, Merlin had to wait over 43 months before being able to proceed with implementing what councillors voted in favour of. During this time, the resulting investment in the local economy, including the creation of new jobs, had been put on hold; and Merlin then had to look afresh at the approved plans to establish the extent to which changes to market conditions had impacted on implementation, almost four years on.

Recommendation: To speed up future decision making, the Government should introduce **a dedicated fast-track system for both minor and major commercial applications.**

Benefit: In such a system, local planning departments could be permitted to charge an additional fee to determine applications under the statutory time limit. For major applications, the determination period could be 10 weeks, with five-week periods offered for minor applications. It is right that the criteria for using such services should be as broad as possible, to allow many businesses to make use of the service, whilst ensuring local planning departments can raise much-needed additional resource.

Recommendation: As a last resort, and where local planning departments are consistently falling behind targets with delays worsening, **there should be a freezing of increases to planning fees.**

Benefit: This would provide a greater incentive for local planning departments to meet their targets. Whilst we are understanding of the resourcing challenges facing local authorities, businesses should not be responsible for paying increased fees where the service offered to them is continuing to worsen.

Development considerations

Hospitality businesses are increasingly finding themselves caught up in a myriad of burdensome regulation when seeking to expand and develop new premises. Significantly, nutrient neutrality is an area that is slowing down development and investment in our town and city centres, deterring businesses from setting up new premises. Whilst hospitality businesses remain committed to meeting our environmental goals, with the sector aiming to reach net zero by 2040, nutrient neutrality is having a negative impact on the sector's ability to drive growth, and create places people want to live. The policy requires that new developments in certain areas should not add more 'nutrient pollution' to the water catchment. This is compounding delays during the planning stage, with discharging conditions often difficult to achieve. In addition, the fees for off-site contributions can be high, and are, in some cases, pushing developments into being unviable.

Recommendation: *The Government should fully review the policy* and relax the requirements to allow development to occur even if nutrient neutrality has not been met.

Benefit: This would provide businesses with much more certainty that they can proceed with applications, rather than adding additional blockers to an already bureaucratic process, helping to spearhead economic growth.

Biodiversity Net Gain (BNG) is another area that has been having significant implications for hospitality-related development since its introduction in 2024. Under the legislation, most new developments must achieve a 10% net increase in the biodiversity value of the site, with an approved BNG plan as a pre-development condition. Often the cost of complying with burdensome regulation can have the opposite effect, with the financial and operational implications impacting businesses' ability to invest in a certain area. This is the case with BNG – and given how bureaucratic and slow the planning system is, this is further impacting businesses ability to proceed with development.

Recommendation: *The Government should implement a wider review of the policy, including dedicated exemptions for smaller businesses*, to prevent further barriers to investment and build on its positive reforms to how this policy will impact smaller sites.

Benefit: Given the significant financial burden this policy is having on businesses, dedicated exemptions will likely speed up development and investment in local areas.

Many hospitality businesses are experiencing difficulties when it comes to green leases and requirements from landlords. Often, landlords are under pressure from banks and investors to include green leases – which can be legally binding obligations to improve a property's environmental performance – as standard practice in order to obtain investment. With these conditions then passed onto tenants, they can be incredibly burdensome, particularly as there is a lack of standardisation across the sector meaning businesses are often required to do something different for each venue across their estate. As well as having significant financial implications, this is directly impacting businesses ability to invest in their own ESG policies.

Recommendation: Whilst we are aware that organisations like the Better Building Partnership have made efforts to increase the level of standardisation, we would call on the **Government to work with industry to ensure a greater level of consistency on what is asked of businesses**.

Benefit: This will help ensure businesses can implement similar approaches across their estate, minimising time spent on each venue, decreasing financial and resource burdens.

The Agent of Change principle has long been understood across development, ensuring that the responsibility to mitigate the impacts of noise rests with the new developer, rather than the existing premises in an area. However, and despite efforts to strengthen this principle as part of the recent Licensing Policy Framework, many hospitality businesses (particularly those in the late-night sector) are experiencing issues regarding noise complaints from new developments, despite these businesses being the incumbent premises in an area. This is impacting many hospitality businesses from performing their normal day-to-day operations.

Recommendation: There must be a **legal strengthening of Agent of Change**, for both developments that have already been built as well as those that will be built in the future. This is particularly something that should be incorporated into future work around zoning.

Benefit: This will ensure that developers are legally bound to consider mitigating noise, rather than the responsibility being on pre-existing businesses undergoing their day-to-day operations, allowing them to continue supporting economic growth.

Energy performance certificates (EPCs) are another area in need of major reform. Many hospitality businesses have long found that as a result of some of the underlying assumptions behind calculating EPCs being outdated, coupled with the metrics failing to consider a range of factors outside of carbon, it is difficult to move up a band despite significant investment in the energy efficiency of venues. It is not only the methodology that is causing concern, with inconsistencies in assessment leading to similar (and even identical) venues receiving wildly different EPC ratings. We are pleased that the Government has listened to our concerns and has scrapped the 2027 EPC C target, and delayed the EPC B target from 2030 to 2031, with exemptions for buildings under 1000 square meters. However, unless the above issues are resolved, hospitality businesses will experience several issues with meeting this target.

Recommendation: Ensure that the 1000 square meters exemption is defined by **trading space only, with a wider review of EPCs to take place prior to the 2031 target.**

Benefit: Significant reform of EPCs will help businesses in their efforts to meet the targets and prevent properties becoming vacant – directly supporting Government goals around regeneration.

The importance of local infrastructure

In addition to ensuring that there are significant reforms to local planning and licensing policies, it is important that the physical infrastructure is in place to support footfall in town centres and visitors to hospitality venues. Ultimately, local infrastructure underpins our communities, creating places where people want to live – close to thriving high streets, with functioning transport and walkability that make it easy for people to get around. Whilst, of course, many areas across the UK do benefit from effective local infrastructure, it is clear that many do not. This is having significant knock-on impacts – businesses do not want to open or expand in areas that do not have the infrastructure to support high footfall and people do not want to live in areas without restaurants, cafes or pubs.

As noted in the recent licensing reform process, specifically designing areas for hospitality businesses to set up and expand via the creation of hospitality specific zones, has the potential to incentivise investment. There are several examples of successful zoning across the world, but they all require unified local planning and licensing policies. Too often are we hearing of venues having a licence to trade being restricted by planning, and this is acting as a significant barrier to growth.

Recommendation: The Government should deliver zoning effectively through engaging with **high street representatives, business groups and local authorities to ensure zoning can be delivered effectively.**

Benefit: The creation of hospitality specific zones, with policies to support development, will incentivise investment in town and city centres, bringing much needed footfall to local areas.

Recent years have shown that people are increasingly expecting the businesses that invest in their communities to have a positive social and environmental impact. This is demonstrated by the growing importance the hospitality sector is placing on sustainability, with local sourcing, green spaces and low-carbon dishes all becoming commonplace. With hospitality businesses continually looking to invest in the environmental agenda, many are looking for the right infrastructure to be in place to support this. Most significantly is the need for the grid to support the move to fully electric outlets. However, this is currently disincentivising progress in this area, with many experiencing a significant price imbalance between gas and electricity (electricity being much more expensive). This is undoubtedly preventing hospitality businesses from moving to net zero at pace, and hampering their ability to invest.

Recommendation: The gas-electricity imbalance needs to be addressed.

Benefit: This would make it cheaper for businesses to move to fully electric outlets, helping the sector and the UK meet its net zero ambitions.

Case study - Folkestone

The regeneration of Folkestone has become one of the most compelling examples of coastal renewal in the UK, with hospitality playing a central role in reshaping both the town's identity and its economy. Once a declining seaside destination, Folkestone has undergone a transformation driven by coordinated investment in the built environment, cultural programming and, crucially, food- and drink-led placemaking. At the heart of this has been the revival of Folkestone Harbour Arm, a former industrial pier that has been reimaged as a vibrant, year-round destination anchored by independent hospitality operators.

The Harbour Arm shows how hospitality can drive footfall and dwell time, acting as both an economic engine and a social anchor. Its curated mix of street food vendors, bars and casual dining - often housed in repurposed shipping containers - has created a distinctive offer that attracts both locals and visitors. Importantly, this is not just seasonal tourism: the Harbour Arm hosts events, live music and community activities that sustain year-round engagement. This clustering of high-quality, independent operators has helped to reposition Folkestone as a destination for food-led experiences, supporting wider regeneration across the Old High Street and Creative Quarter.

A critical enabler of this success has been infrastructure investment, particularly the High Speed 1 rail link connecting Folkestone to London in under an hour. This has effectively expanded the town's catchment, making it more viable for day trips and short stays, and unlocking new visitor demand that hospitality businesses can capture. The combination of improved accessibility and a compelling, differentiated offer has driven increased visitor numbers, boosted local employment and enhanced investor confidence. Folkestone demonstrates how aligning transport infrastructure with a strong hospitality proposition can catalyse sustainable regeneration in coastal and regional economies.

Business rates valuations

While this report does not look specifically at fiscal measures, the basis for valuations that affect business rates is currently not fit-for-purpose. Following the publication of the 2026 revaluation, there is an ongoing review into valuation methodologies for pubs and hotels (in England & Wales and a separate review in Scotland). These are much needed.

Pubs and hotels (as well as other parts of hospitality, such as visitor attractions and wider accommodation premises) are valued on a different basis to most of the property world. This is typically based on turnover or a full receipts and expenditures method.

Recommendation: Governments must ensure the review delivers meaningful change in the method of valuation with transparency at the heart of the system.

Benefit: To ensure that valuations are accurate and fair and do not cause substantial market distortions. This would also avoid the penalisation of successful businesses who are currently rated solely on their trading performance. Creating more transparency should reduce the number of businesses that feel they need to go through the “Check, Challenge, Appeal” system.

There is also widespread concern about the appeals mechanism that applies in the business rates regime. The elongated process of “Check, Challenge, Appeal” has lengthy turnaround times and is extremely bureaucratic.

Recommendation: Government to conduct an **urgent review of the appeals process with the objective of speeding up the process for businesses and reducing the burden**, while providing additional resource to deal with the deluge of appeals caused by the 2026 revaluation.

Benefit: The 2026 revaluation saw substantial increases in rateable values for the hospitality sector, with some hotel categories seeing their RVs double. The level of challenges was inevitable from the hospitality sector, but there is already a substantial backlog in the system. Speeding up the appeals process will see businesses pay the fair amount sooner.

Rent reviews

The Government has legislated to ban Upwards Only Rent Reviews (UORR), a longstanding ask of UKHospitality. This is a significant change to the relationship between landlord and tenant in the commercial world and it is right that Government is consulting with businesses on how to get this right.

UKHospitality and members continue to engage with the Government to feed in real-life examples of the impact of UORRs, their impact on valuations and, ultimately, rents and business rates costs.

When developing secondary legislation Government needs to strike the right balance between ensuring that tenants are not overburdened with unsustainable rents and ensuring that property owners remain committed to providing high-quality properties for occupation by hospitality businesses.

Recommendation: Government to ensure **that legislation related to UORR is designed in the right way to stimulate the high street**.

Benefit: Getting the legislation right will have the double benefit of ensuring that rental levels are reset to the current market rate and will avoid the ratcheting up of rateable values caused by assessments based on an over-inflated.

Licensing reform

Recent efforts to reform the licensing system have been welcome. This is an area that has needed reform for many years, and we are pleased that the Government has recognised the impact an outdated licensing system can have on growth. We were pleased to have been instrumental in this process and we call on the Government to ensure the taskforce recommendations are implemented in full as soon as possible to ensure long-term reform can take place. It is now essential that this process becomes a blueprint for other areas, and following on from announcements in the 2025 Budget, a planning sprint must take place to bring about similar reform.

Skills

Places are made by the physical environment but also by the businesses and people in them. Hospitality is the major employer in our towns and high streets and providing those working in the sector with the skills they need to deliver great experiences is a vital role played by hospitality businesses.

Recent announcements on skills have been positive, with the introduction of a foundation apprenticeship in hospitality, protection of core hospitality apprenticeship standards, greater financial incentives for businesses to take on apprentices and a more modular approach to learning.

Recommendation: Ensure the **rapid practical roll out of foundation apprenticeships** in line with industry best practice and promote it to learners.

Benefit: Hospitality has the potential to deliver thousands of foundation apprenticeships. The scheme went live at the start of April but will take some time to roll out. We want to see hundreds of people in learning by September 2026 and for hospitality to be the leading sector in delivery in 2027.

Industry and Government have worked closely together to deliver industry-developed Sector Based Work Academy Programmes (SWAPs). These have been delivered at local level through colleges and independent training providers, helping those out-of-work into employment, with very high success rates. There is potential for these to be delivered at even greater scale, creating thousands of local jobs. The scheme also results in an industry-backed Hospitality Skills Passport, giving the learner evidence of their competencies.

Recommendation: DWP, mayoral and local authorities, colleges and industry **should build on the success of the existing SWAPs and roll them out nationally**. The ambition is to have hospitality SWAPs operational in all Mayoral authorities and the majority of local authorities.

Benefit: This will ensure a positive pipeline of people coming into the hospitality sector, with the skills that businesses and employees need. It will also help to give more life opportunities to those out of the labour market, while delivering societal and fiscal benefits to the country.

How local authorities can deliver placemaking

It is not only central Government that has a role to play in delivering effective placemaking. Local authorities are uniquely positioned to shape successful places, with a detailed understanding of how their local economies function, and which levers can be deployed to support economic growth and community vitality. Through their responsibilities across planning, licensing, transport and regeneration, local authorities have significant influence over the conditions that enable the hospitality sector, and ultimately places, to thrive.

Insights gathered from a series of placemaking roundtables with local authorities, referenced throughout this report, reinforce the importance of taking a proactive and coordinated approach at local level. Drawing on these discussions, the following recommendations are intended to support local authorities in delivering effective, hospitality-led regeneration, helping to create places in which people want to live, work and invest.

- Recognise hospitality as essential infrastructure within local plans and regeneration strategies
- Take a more proactive role in supporting affordability, such as offering subsidised pavement licences
- Ensure there is a diverse mix of hospitality businesses when designing local plans, through planning and regeneration strategies
- Work with transport providers to improve connectivity
- Establish more coordinated governance structures, supported by clear leadership and shared objectives across planning, licensing and regeneration
- Develop proactive strategies to bring vacant properties back into use
- Give greater consideration to maximising ground floor space
- Work with Government to deliver hospitality zones
- Appoint a dedicated lead responsible for hospitality-led placemaking.
- Invest in public realm improvements alongside regeneration, including high-quality outdoor areas, lighting and green spaces

Further information on these recommendations can be found below, including on the benefits of delivery.

1. Embed hospitality in strategic planning

Hospitality should be recognised as essential infrastructure within local plans and regeneration strategies, rather than treated as a by-product of regeneration. Early engagement with existing local businesses can ensure that development proposals reflect business requirements, whether that be cost viability, unit sizes or footfall patterns. It is important that there are structured engagement mechanisms to allow this to occur, such as advisory groups or co-design processes. Taking this approach can lead to more commercially viable developments, as well as stronger occupier demand, ultimately reducing the

number of properties becoming vacant across local areas – and helping to create places people want to live in.

2. Improve affordability

Inevitably, the viability of hospitality-led regeneration is highly sensitive to operating costs, including rent, business rates and utilities. In many locations, these costs present a significant barrier to entry and long-term sustainability. Whilst many of the levers that need to bring down costs sit with the Government, local authorities can still play a more proactive role in improving affordability. This can be done in many ways – we saw local authorities offering cheaper pavement licences to hospitality businesses throughout the pandemic and suspending cumulative impact policies. Working with hospitality businesses to deliver similar, unique ways to support affordability is essential to having long-term, sustainable local economies.

3. Deliver a diverse hospitality offering

Thriving local areas are underpinned by a broad mix of hospitality uses that appeal to different audiences and operate across the day and evening. A well-balanced ecosystem encompassing cafés, restaurants, pubs and leisure venues supports footfall and ensures there is something for everyone in our local areas. It is essential that local authorities take a more active role in shaping this diverse mix when designing local plans, through planning and regeneration strategies.

4. Strengthen local connectivity

Accessibility is fundamental to the success of hospitality. This is particularly true in the evening and nighttime economy, where transport availability directly affects the ability of people and staff to get to and from venues. Without effective transport links, footfall is reduced and economic growth is minimised. Local authorities should work with transport providers to improve connectivity, including extending service hours, as well as ensuring routes are well-lit and safe for walking. Improved connectivity is ultimately a significant driver of people to local areas, increasing visitor numbers and expanding access to businesses.

5. Enable coordinated decision making

Successful regeneration projects across the UK have all had one core principle – joined-up thinking across multiple areas of local authority responsibility, including planning, licensing, and transport. Where these functions operate in silos, it can create delays and inconsistencies – for example, the Agent of Change principle may be embedded in licensing decisions but if it does not exist as a core principle when granting planning permission, it becomes defunct. Establishing more coordinated governance structures, supported by clear leadership and shared objectives, can streamline decision-making and create a more supportive environment for businesses. Greater coordination is also essential in reducing

delays when expanding or growing a business, providing a greater level of certainty when making investment decisions.

The benefits of coordinated decision making and implementing a strong governance structure are well illustrated by the North East Combined Authority, and its regeneration efforts.

Case study: North East Combined Authority

The governance model of the North East Combined Authority (NECA) provides a strong foundation for placemaking across one of England's most diverse regions. Bringing together local authorities under a mayoral structure with devolved powers over transport, skills, regeneration and investment, NECA enables coordinated decision-making that reflects both local identity and regional ambition. This is particularly important in a geography that spans vibrant urban centres, globally significant heritage and deeply rural communities – each requiring tailored approaches to place.

That diversity is a defining strength. Newcastle, Sunderland and Durham city centres offer distinct urban experiences, while Durham's UNESCO-recognised heritage underpins a globally significant visitor economy. Rural Northumberland provides landscape-led tourism, complemented by assets such as Sunderland's urban coastline – widely regarded as one of the UK's best city beaches. Meanwhile, skills infrastructure, including catering and hospitality provision in Durham, helps sustain the workforce pipeline essential to the visitor economy. Local initiatives further reinforce placemaking at community level: Pride in Place funding empowers towns such as Spennymoor to shape their own regeneration priorities, while private investment in Bishop Auckland demonstrates how cultural and heritage-led development can drive footfall and economic renewal. Seasonal and localised activity – from Christmas markets in Stanley to attractions in Barnard Castle – adds texture and reinforces local identity.

Destination Management Organisations also play a vital role in shaping and promoting place. Visit Durham, in particular, provides a strong exemplar of how coordinated destination marketing, business engagement and product development can enhance the visitor offer, support local businesses and ensure that the benefits of tourism are felt across both urban and rural areas.

NECA's strategic approach also connects placemaking to future economic growth. Investment in offshore wind and clean energy is transforming places like Blyth, where port infrastructure and supply chains are positioning the town at the heart of a national energy transition, bringing jobs, skills and renewed purpose to coastal communities. This demonstrates how placemaking is not just about aesthetics or tourism, but about aligning identity, infrastructure and opportunity.

A practical example of this integrated approach is the development of transport-led visitor connectivity. A trial bus service linking key natural assets – such as regional waterfalls – with surrounding towns and hospitality hubs helps unlock rural tourism, extend visitor stays and spread economic benefits more evenly. By connecting otherwise isolated attractions to accommodation, food and drink venues and transport networks, such schemes ensure that the full geography of the North East can participate in – and benefit from – the visitor economy.

Overall, the North East Combined Authority illustrates how effective governance can support placemaking across a highly varied region. By recognising the distinctiveness of its cities, coastlines, towns and rural areas – and by linking these through infrastructure, skills and investment – it demonstrates how hospitality and the visitor economy can act as a unifying thread, delivering growth while celebrating local character.

6. Regenerate vacant properties

Vacant units can significantly undermine the attractiveness and economic performance of an area, and directly impact future investment. Proactive strategies to bring these spaces back into use should be a central component of regeneration efforts, and have been integral to successful projects across the country (such as in Folkestone and Bristol). When considering regeneration efforts, local authorities should ensure vacant properties are a focus and work with local groups to develop innovative solutions like pop-up events, to restore confidence and stimulate longer-term investment.

7. Maximise ground floor activation

In order to create vibrant local areas, greater consideration must be given to ground floor space, which plays a crucial role in shaping the feel and look of high streets. Active frontages occupied by hospitality businesses can help to create vibrant environments that attract footfall and encourage dwell time. In contrast, inactive or poorly designed frontages can undermine even well-planned developments, creating dead space that detracts from the overall attractiveness of an area.

Local authorities should take a proactive approach to ensuring that ground floor spaces are designed and delivered in a way that supports active uses. This includes embedding clear expectations within planning policy for active frontages in town centres, and resisting the introduction of inactive uses such as residential only frontages at street level in key locations. When we think of thriving high streets, our minds immediately go to ground floor uses supported by outdoor space, whether that be pub gardens or tables and chairs outside cafes. Local authorities must ensure they are taking a proactive approach to outdoor areas and pavement licences to help enhance the vibrancy of local areas.

8. Work with Government to deliver zoning

Successful regeneration projects, both in the UK and abroad, have often had a strong focus on zoning – identifying areas where hospitality business can cluster and thrive. Well-managed zones can create destination locations that attract visitors and generate economic activity. Whilst there has been positive discourse from the Government on zoning, local authorities should work with town planners via local plans to identify areas where zoning could occur and ensure there are aligned planning, licensing and infrastructure investment to support it. Effective zoning can boost footfall, strengthen local identity, and create vibrant destination areas that attract both visitors and investment.

9. Provide a clear long-term vision

Delivering successful hospitality-led placemaking requires clear strategic vision, with a joined-up approach across licensing, planning and regeneration. Local authorities should articulate how hospitality fits within their long-term vision for an area and ensure there is accountability for delivery. This may include appointing a dedicated lead or establishing partnerships to drive progress and maintain

momentum over time. Providing this strong leadership can help provide clarity for investors and ensure there is consistent delivery and accountability for regeneration efforts.

The need for clear, long-term leadership can be demonstrated by regeneration efforts in Bristol, and how this has helped shaped the local area.

Case study - Bristol

A placemaking session was held in Bristol, convening representatives from local authorities and hospitality businesses, highlighting the integral role of the hospitality sector in effective placemaking. There was clear alignment around the value of strategic initiatives such as the Harbour Commercial Prospectus, which identifies development opportunities and actively encourages business engagement in shaping these spaces. Complementary approaches, including cultural activation strategies, the use of Shared Prosperity Fund grants to bring vacant properties back into use, and the activation of council-owned land for events, demonstrate how coordinated interventions can enhance vibrancy and economic activity.

The discussion reinforced the broader contribution of hospitality to local identity and place appeal, with a strong consensus that thriving communities are closely linked to the presence of diverse hospitality offer. This highlights the sector's importance not only as an economic driver but also as a key component of social and cultural infrastructure.

At the same time, a number of structural and delivery challenges were identified. Effective ground floor use, pedestrianisation, and the provision of pavement licences were recognised as critical tools in shaping attractive and safe environments. However, inconsistencies in coordination between combined authorities and local councils can limit the effectiveness of these measures. In addition, existing funding mechanisms do not always align with local capacity or support the development of in-house expertise.

The session highlighted the need for a more strategic and coordinated approach to embedding hospitality within placemaking frameworks. This includes the early designation of hospitality zones, supported by aligned planning, licensing, and development policies. The importance of clear leadership, potentially through a designated champion or delivery group, was also emphasised, alongside the need for stronger collaboration between planners, developers, and licensing authorities to ensure hospitality is fully integrated into long-term regeneration strategies.

10. Invest in place management

Hospitality led regeneration cannot occur without effective services that support the management of local areas. Clean, safe, and well-maintained environments are essential to attracting visitors, encouraging dwell time, and encouraging investment. Where services are poor, whether that be via litter or inadequate street lighting, can have a direct impact on the look and feel of a local area, and ultimately disincentive footfall and regeneration.

Local authorities should prioritise investment in public realm improvements alongside regeneration, including high-quality seating, lighting and green spaces. A consistent approach to place management is particularly important in supporting the evening and nighttime economy, where perceptions of safety are critical.

How businesses can deliver placemaking

Hospitality businesses are not just occupiers of space; they are active curators of place. Effective engagement with regulation, particularly around planning and licensing, is therefore not simply a compliance exercise. Done well, it is a strategic tool to strengthen reputation, build trust and unlock growth.

The below sets out how businesses can actively support placemaking through structured engagement, alongside the benefits this brings and the practical steps it can trigger.

Community engagement

Placemaking succeeds when local people feel ownership over change. Hospitality venues often act as informal civic spaces - hosting meetings, celebrations and community life. Early and ongoing engagement can:

- Reduce objections to planning or licence variations
- Build goodwill that supports extended hours or diversified use
- Strengthen brand loyalty and repeat custom
- Improve perceptions of safety and stewardship in the local area

In practice, venues that demonstrate they are responsible operators - proactive on noise, anti-social behaviour, waste and accessibility - are more likely to be seen as assets rather than risks.

Practical steps:

- ***Pre-application engagement:*** Before submitting planning or licensing applications, hold informal drop-in sessions or circulate proposals to neighbours and resident groups
- ***Transparent communication:*** Share contact details for a named community liaison and establish a clear complaints resolution process
- ***Community use of space:*** Offer off-peak space for local groups, schools or charities
- ***Co-design of programming:*** Work with local stakeholders on events, markets or seasonal programming that reflects local identity
- ***Visible responsible practice:*** Adopt and publicise policies on noise management, stewarding and safe transport dispersal

The result is fewer adversarial processes and a shift from consultation to partnership.

Local authority engagement

Local authorities are central to placemaking through planning policy, licensing decisions, economic development strategies and regeneration frameworks. Constructive engagement can:

- De-risk planning and licensing outcomes
- Align proposals with local development plans and town centre strategies
- Identify funding or regeneration opportunities
- Shape emerging policy in ways that recognise hospitality's economic and social value

Local authorities are increasingly focused on mixed-use development, public realm activation, safety and inclusive growth. Hospitality businesses that position themselves as delivery partners and not applicants can influence these priorities.

Practical steps:

- **Early officer discussions:** Engage planning and licensing officers at concept stage to test alignment with local plans
- **Participate in forums:** Join well run town centre partnerships, Business Improvement Districts (BIDs) and safety partnerships
- **Data sharing:** Provide evidence of footfall, employment, local spend and training activity to inform council strategies
- **Engage members as well as officers:** Build constructive relationships with ward councillors and portfolio holders
- **Respond to consultations:** Contribute to Local Plan reviews, licensing policy statements and regeneration consultations

This approach reduces friction and builds credibility as a long-term stakeholder.

Support local authority priorities - engaging throughout licensing and planning processes

Planning and licensing are not one-off transactions; they are ongoing regulatory relationships. Local authorities have statutory objectives - such as promoting the licensing objectives (prevention of crime and disorder, public safety, prevention of public nuisance, and protection of children from harm), alongside broader goals around employment, skills, net zero and town centre vitality.

Businesses that actively support these objectives can:

- Strengthen their case for flexible licensing conditions
- Demonstrate social value in planning negotiations
- Improve long-term regulatory relationships
- Position themselves as anchors in regeneration schemes

Practical steps:

- **Maintain ongoing dialogue:** Keep licensing teams updated on refurbishments, management changes or operational shifts before issues arise
- **Demonstrate social value:** Highlight local recruitment, apprenticeship offers and partnerships with further education colleges
- **Engage on skills:** Work with local colleges and training providers to shape curricula aligned to employer needs and provide work placements
- **Adopt best practice schemes:** Participate in recognised schemes on safety, responsible retailing or environmental management
- **Review and reflect:** Conduct annual meetings with regulatory teams to review performance and future plans

Engagement around skills is particularly powerful. By linking hospitality growth to local employment pathways, businesses reinforce the narrative that placemaking delivers inclusive economic benefits - not just commercial returns.

Overarching recommendations

1. **Engage early, not reactively.** Begin dialogue with communities and councils at concept stage, before formal applications are lodged
2. **Treat planning and licensing as strategic relationships.** Move beyond compliance to partnership, with named contacts and regular check-ins
3. **Align proposals with local priorities.** Explicitly reference Local Plans, licensing objectives and economic strategies in applications
4. **Embed community voice in operations.** Establish structured feedback channels and visible accountability mechanisms
5. **Demonstrate social value through skills.** Partner with local colleges, offer apprenticeships and communicate employment outcomes as part of placemaking impact
6. **Be transparent and data-led.** Share evidence of economic contribution, local employment and responsible management to build trust

In short, hospitality businesses that actively engage with regulatory processes - rather than viewing them as barriers - can become central partners in shaping vibrant, resilient places.

Hospitality at the heart of placemaking

The hospitality sector is in a unique position to spearhead economic growth, provided the infrastructure and conditions to support growth are available. The basis of this growth will come from local policies and services, with effective infrastructure alongside functioning planning and licensing systems being central to delivering places people want to live, work and invest.

It is pleasing that the Government has begun work to reform some of these areas, but this must go further and faster if economic growth is to be achieved in this Parliament and beyond. As a first step, we call on the Government and local authorities to implement the recommendations set out in this document in full, and we look forward to working together via the High Street Strategy to ensure hospitality can be at the heart of creating the necessary conditions to kickstart economic growth across the country.