

## REVIEW OF EMPLOYMENT AND TOURISM: FUTURE PROCUREMENT

### 1. BACKGROUND

1.1 A review of Employment and Tourism has been identified in the Council's Medium Term Financial Plan. Should Cabinet be minded to agree the recommendations, this paper identifies a way forward in undertaking the review, so as to continue with service delivery and save net costs in operating these services. It further scopes the terms of reference for the next stages of the review and sets timescales

1.2 These services have been the subject of formal reviews previously:

- 2001/02 – Best Value Review of Tourism (Externally rated 2\* [highest nationally]).
- 2007/08 - Fundamental Service Review of Leisure and Tourism (Improvement Plan).
- 2008/09 – Procurement review of Employment and Tourism. (Combine and reduce management costs [-£60,000 saving]).

1.3 It is notable that the Employment & Tourism (E&T) service has a good track record for identifying and delivering savings and efficiencies, as demonstrated in the table below, which shows the budget adjustments made over the past few years:

ITEMS IN PORTFOLIO PLANS	2008/09	2009/10	2010/11	2011/12	
SAVINGS E&T	-25,590	-54,140	-22,000	-20,000	
BIDS E&T	0	23,140	0	0	
<b>NET CHANGE</b>	<b>-25,590</b>	<b>-31,000</b>	<b>-22,000</b>	<b>-20,000</b>	<b>-98,590</b>

1.4 In relation to the policy background, the Corporate Plan has a specific aim (4.1) on "Helping Local Businesses to Succeed":

In support of a vibrant business sector, we will facilitate business investment, support the development of new businesses and improvement on the skills and employment prospects of the workforce. In doing so, we will support the development of local identity and distinctiveness and place all of this activity within the context of seeking sustainable development. Partners are key to our delivery, in particular the New Forest Business Partnership.

In an area that includes England's newest National Park (sic), we will continue to recognise our responsibility to play a part in tourism and visitor management. Our purpose will be to ensure the wise development of tourism, balancing the needs of visitors, the tourism industry, local communities and most especially our unique environment.

1.5 It is known that poverty is a main driver for many issues such as housing, poor health and anti-social behaviour. Maintaining people in employment is a key outcome in helping with all of these. Also, the nature of the support given by the Council means that the environment also benefits from better practice amongst business and the education of those visiting and using the Forest and other sensitive habitats. There are therefore strong connections to other aims, which include:

Engaging the Public; Improving Partnership Working; Managing our Physical Assets; Tackling Crime and Disorder; Improving People's Health; Protecting the Environment and promoting the wise use of resources; Empowering Young Lives; Securing Sites for Employment in Town and Country; Increasing Local Distinctiveness.

- 1.6 Specific policies have been devised for both employment and particularly tourism, where there has been more evidence of conflicting perspectives from visitors, environment, residents and business. These are collated in past reports to Cabinet for the Economic Development Strategy and "Our Future Together" tourism development strategy.

## 2. CONTEXT AND MAIN THEMES

- 2.1 It may be of assistance to briefly summarise the context of both the Employment and Tourism elements:

- 2.2 **Employment:** In 2009, of the 7,860 businesses in the New Forest, over 6,000 employed less than 10 people. Even in the downturn of that year 590 new businesses formed.

For those employed, it is a low wage economy. Average rates of pay in the New Forest are lower than those for Hampshire, the South East region and England and Wales. This trend is maintained in both full and part time workers as well as male and female workers. Whilst workers do commute out of the New Forest, 72% of the workforce is comprised of those who also live in the New Forest.

Rates of Economic Activity (for those of working age) in New Forest District stand at 79%. This is lower than for Hampshire and the South East but higher than for England and Wales. Unemployment levels in the New Forest have been consistently low and whilst they have climbed since 2009 they remain below those for the South East region. However, many current measures indicate the continuing difficult economic conditions.

The focus for the Council is local and re-enforcing the connections with and between businesses. This has led to the Brand New Forest Campaign, which has been the Council's main programme to assist local business and it was awarded "Best Small Business Promotion 2010" by Wessex Federation of Small Businesses.

Looking to the future, the Council's service has become the principal focus for small and medium sized enterprises when it comes to business support. With changes to Business Link and the County Council, the reliance on local contact is ever increasingly with the Council. Given all the above therefore, there is a continuing and substantial need for small business support.

- 2.3 **Tourism:** The Council has led an approach to tourism across four decades which recognises the environmental value (full of International Designations); the economic value of around £500 million pa (2008), with 10,900 jobs; the impact on 170,000 residents (and their needs as employers/consumers/users - many of whom have a distinct and direct attachment to the Forest in their way of life) and the pressures of over 12 million visits into the destination each year (many made by local people).

In this context, the Council has taken the role of community leader to chart a course through these complex and competing demands. It's approach is well regarded – 2\* National Best Value Review in 2002, Government “Beacon Status for Tourism” 2005; World Responsible Tourism winner 2007; Visit England “Attract Brand Status” 2011 and resident research consistently shows high levels of support for the Council's approach to tourism management.

Considering the future, it is apparent that there are trends to consider in respect of both employment and tourism:

Looking to the future in tourism, the Destination has been holding its own and this is largely achieved through the constant attention to the presence on the Web and other electronic media. Whilst face to face transactions within the destination are looked for by some visitors, they are in a growing minority. This re-enforces the continuing trend across the Council of “Channel Shifting” from face to face, towards “e” media, such as websites.

### 3. FUNCTIONS AND SCOPING OF OPTIONS FOR REVIEW

3.1 Reflecting on the Background and Context, there are clearly important contributions made by the Service to Corporate objectives. However, the entire Council faces unprecedented financial constraints and savings need to be found across all services. The 2008 Review set a direction for the service, which was to reduce costs and forge a relationship with the, then, recently formed National Park Authority. This was done, savings made and an Agreement drawn up. Now is the time to re-visit both aspects but with the added impetus of the current financial climate and a National Park Authority that has experience and a clearer desire for partnership working.

# 3.2 A list of the functions carried out by the Service is attached as Appendix 1. None are mandatory. The review can consider the extent and level of those functions, together with those most effectively retained in-house and those which may be achieved by other means. The objective is to achieve a balanced way forward, meeting Council objectives, making the most of the strengths of the District Council, engaging with partners (particularly the National Park Authority) and making significant savings.

3.3 In undertaking this task, the Council is clear that employment and tourism are functions where there are complex (and often conflicting/competing) demands. Few decisions are straight forward, such is the nature of the district and the issues it faces. To that end the policy position may be distilled to two key issues to help guide the work:

**Firstly: keep the focus on this area's unique local identity and work to continue to strengthen it.** Ever more, with the changes happening around us, a strong “New Forest” will be essential. The majority of jobs are in the towns and villages and the Council would wish to ensure our local communities and businesses are in a position to stand up for their needs and effectively be part of whatever these changes are. Only in this way can the district continue to develop, control and manage its own agenda and use this to influence the growing complexities of regional and sub regional arrangements.

**Secondly: hold the role of independent and objective community leader.** This means that the respective (largely partisan) interests of business, residents, environment and visitors; can be considered and brought together through a service which is then regarded as presenting a balanced position. This is an essential

foundation for the strong mutual relationships which mean our activities are effective and Council objectives met, all to the benefit of our wider community.

- 3.4 The above activity will take place prior to the Decision of the relevant Portfolio Holder. It could therefore be undertaken as part of the pre-decision role of the Corporate Overview and Scrutiny Committee. It is suggested that, with Terms of Reference reflecting the outcome of this report, it is a task which is carried out in that way. A suggested Terms of Reference is attached at Appendix 2.

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#### 4. FINANCIAL IMPLICATIONS

- 4.1 The purpose of the review is to provide a service which will continue to support the Council Vision and objectives but at a significantly reduced net cost. A current summary of the budget position, with apportionments for the Service is:

<b>EMPLOYMENT</b>	<b>2011/12 Budget</b>
Service Employee Cost *	115,128
Initiatives Fund	<u>51,000</u>
Net Service Cost	166,128
Support / NFDC Overheads	<u>53,062</u>
Total Cost	<u>219,190</u>

\* Includes; Head of Service (10% of post); Employment and Tourism Manager (50% of post); Business Development Officer (full time); Sustainable Business Officer (33% of post); Secretary (25% of post)

<b>TOURISM</b>	<b>2011/12 Budget</b>
Service Employee Cost **	246,236
Other Service Expenditure	258,918
Income	<u>-318,270</u>
Net Service Cost	186,884
Support / NFDC Overheads	<u>120,776</u>
Total Cost	<u>307,660</u>

\*\* Includes; Head of Service (10% of post); Employment and Tourism Manager (50% of post); Sustainable Business Officer (67% of post); Tourism Information Manager (full time) Marketing Asst (50% of post); Secretary (25% of post); Visitor Information Centres.

	<b>2011/12 Budget</b>
<b>TOTAL EMPLOYMENT &amp; TOURISM</b>	<b><u>526,850</u></b>

- 4.2 The Review will be able to address the direct costs and income (net £353,012). Support / NFDC overheads (£173,838) are matters for other work streams and reviews. All the budget figures above are either gross income or gross costs. In practice they net off against each other within individual activities. One of the tasks of the Review will be to understand the detail and explore how this works in the delivery of specific functions.

## **5. ENVIRONMENTAL IMPLICATIONS**

- 5.1 The environment is a critical consideration for the Service. All of its policy and practice reflects the importance of respecting the unique series of sensitive natural and built environments in the district. The environment is such a strong foundation of what makes this area special that it has been a consistent theme in the Council's approach to "wise tourism" for many years. Taking the approach suggested in this paper will provide the opportunity to maintain that crucial emphasis.

## **6. EQUALITY AND DIVERSITY IMPLICATIONS**

- 6.1 There are no particular implications. The requirements of the Council will carry forward into any procurement model.

## **7. CRIME AND DISORDER IMPLICATIONS**

- 7.1 There are no particular implications from this report. However it is understood that an area which is economically active will tend to ameliorate the rate of crime and disorder.

## **8. THE NEXT STEPS AND TIMESCALES**

- 8.1 As mentioned in Section 5, the Council is developing its practice when it comes to the involvement of the Scrutiny process in pre-decision activity. With this review, it is suggested that the Corporate Overview and Scrutiny Panel take on the next stage.
- 8.2 If Cabinet are mindful to agree this, suggested terms of reference are attached at Appendix 2 to form the foundation of the work. Also, Appendix 3 sets out an indicated timescale for the conduct of the review. In this timescale, it is also essential to have a clear process for the engagement of employees. A specific timescale will be set so as to ensure there is appropriate engagement both early in the "ideas" stage of the review and more formally, later in the process when the proposal from management is put forward.

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## **9. EMPLOYEE SIDE COMMENTS**

- 9.1 Employee side note that three recent reviews have been undertaken which have already made savings. It is our view that to make further savings but maintain a similar service level will prove to be an incredibly difficult challenge.
- 9.2 It is believed the planned review has been well thought out and should therefore be able to take in views from all concerned parties. This hopefully will allow EMT and Cabinet to make an educated decision on how to proceed with the service.

- 9.3 The possibility of sharing some functions jointly with NFNPA may enable the council to save on costs but maintain a similar level of service. The downside of this would be that it may lead to some staff being made redundant.
- 9.4 Employee side would hope that if job redundancies are a result of the review that it could be achieved with voluntary redundancy. We would hope compulsory redundancy can be avoided.
- 9.5 Approximately 175 thousand pounds are support overhead costs, if the service is reduced, further reviews of support services would be required to see any savings on these costs actually materialise.
- 9.6 To quantify on a financial basis the revenue that is generated from this service would be impossible, but it is recognised that a significant contribution is made to the local economy and this needs to be borne in mind when taking decisions.

## **10. PORTFOLIO HOLDERS COMMENTS**

- 10.1 The Leader comments that it is important to review services at this time to reflect the Council's relationship with the New Forest National Park Authority following optimisation and in the light of the importance of the industry to our area.

## **11. RECOMMENDATIONS**

- 11.1 It is recommended that a review of Tourism and Employment be undertaken with the terms of reference and process as included in this report.

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### **Background papers:**

Published works only

**APPENDIX 1**

**FUNCTIONS: EMPLOYMENT (1 of 2)**

Element	ACTIVITY	HOW	IMPACT	Consider this if changing
Aiding recovery: Support for local business and encouraging local spend.	Brand New Forest (12mths activity)	6 programmes. Persuade partners to lead and engage	6 lead partners 70 offers 14,000+ cards New business 100,000 web hits	Who will act to provide cohesion for the destination / locality
Help to address low wage economy	Apprenticeships Training Entrepreneurship Pay attention to key sectors	Promotion - as above Marine sector Job broker Devise programmes	Promotion - as above Work with strong sectors. Opportunity based	How to maintain the developments
Support for small business	Connecting business to information and advice  Initiatives Fund Training and skills	Skills of team and partners. Create web one stop shop. Signposting. Events. Colleges and businesses. Skills Centres	71,000 hits on NFBP site.  Daily referrals & signposting & support  Attendees: 463 Events: 9	Who will have this direct and local contact
Economic development input to Town and country planning matters	Comment pre app and on applications	Honest broker role using knowledge of both perspectives	Input to good decisions and relatively few appeals	Who could hold such a position if no in-house capability
Managed workspaces	Provide and encourage locations	NF Enterprise Centre Others via development	Much needed starter spaces	Who has the influence, finance and knowledge to continue this?
Transport and town centres	Input on the needs of business	Officers and connecting up business with policy and project issues	Shaping of policy and making better decisions	How would this input be maintained without a link?

**FUNCTIONS: EMPLOYMENT (2 of 2)**

ELEMENT	ACTIVITY	HOW	IMPACT	Consider this if changing
Support New Forest Business Partnership	Board development Harness resources	Engage in programmes including Brand New Forest	100 members+ Now subscription based.	How will NFBP maintain momentum
Excellence Awards	Awards scheme	Organise event with NFBP	Raised profile. Greater networking	How to keep profile
Green leaf Business scheme	Operate the scheme and drive for more subscribers.	Use network to promote the scheme	110 members	How to maintain good practice
Local produce and collaborative sales and marketing	With NPA, support producers group. Develop supply chain.	Lead networking with sectors. Development ideas. Link supply and demand	Marque and producers sustained – unique level of success for such a scheme	How will the energy and know-how to support these programmes be maintained



**FUNCTION: TOURISM (1 of 2)**

Element	ACTIVITY	HOW	IMPACT	CONSIDER THIS IF CHANGING
Destination Management	Policy in-house and with partners Electronic media and print	Produce materials. Influence in networks. Undertake information programmes	Recognition via awards, case studies peer groups and residents research	How will these outcomes with visitors, environment, residents and business be maintained.
Town and country planning	Comment pre app and on applications	Honest broker role using knowledge of both perspectives	Input to good decisions and avoidance of Appeals	Who could hold such a position if no in-house capability
Destination Marketing	Electronic media and print. Joint with NFTA – and they pay too. Co-operation to drive investment and standards	Web site. Social media. Publications v. limited ads. PR via NFTA paid contract.	6.7 million web hits 50,000 Where to Stay Guides 150,000 Discover Guides. Related print.	What mechanism could deliver marketing in the context of restraint and key messages
Transport	Input needs of visitors and business	Connect needs to policy and projects	Shape policy & better decisions	How to maintain without a link?
New Forest Tourism Association	Engage in its continued development and its ability to contribute to Council objectives (300+ joined)	Relate to each sector group. Influence Assn policy and encourage support in kind and funding	Fundamental to business support of programmes. Adoption of approach that fits NFDC policy	How will the “honest broker” role continue to influence and how will trade continue its relationship?

**FUNCTION: TOURISM (2 of 2)**

ELEMENT	ACTIVITY	HOW	IMPACT	CONSIDER THIS IF CHANGING
Visitor Information Centres	Provision of Centres	Lyndhurst & Lymington	234,960 footfall 6,197 calls 1,999 emails	What place has “face to face” info for visitors (as vs the needs of residents) What role of electronic media (6,000,000 hits on web site)
Green leaf Tourism Scheme	Programme to decrease negative impacts. Keep developing the scheme.	Scheme criteria Supporting those in it. Drive for more subscribers.	140 members. ↑local produce ↓energy ↓waste ↑car free ↑behaviour	How to maintain momentum of good practice. Fit with other agency objectives.
Local produce (NFNPA)	Lead on supply chain to market. Joint sales and marketing.	Utilise depth of relationship in destination marketing.	Essential to sustaining market for local produce.	How can this be maintained without a link / lead?

**EMPLOYMENT AND TOURISM REVIEW:  
TERMS OF REFERENCE FOR REVIEW ACTIVITY**

To contribute to the review of employment and tourism functions of the Council by undertaking a review of functions so as to make recommendations to the relevant Portfolio Holder for their consideration.

Utilising this report to Cabinet and in particular Section 4 as the source of reference, undertake the following activities:

- 1/. Review the functions and the outcomes they produce.
- 2/. Make recommendations which identify the functions which produce the principal outcomes for the Council and are best suited to being delivered by the Council.
- 3/. Make recommendations for where improved efficiency and effectiveness could be delivered in these functions.
- 4/. Review the potential for the greater involvement of the New Forest National Park Authority in functions and make recommendations which identify the functions which are best suited to delivery outside of the Council.
- 5/. Make recommendations for where improved efficiency and effectiveness could be delivered in these functions.
- 6/. Bring together all recommendations as to the level of savings, for consideration by the Portfolio Holder.
- 7/. Show evidence that consideration has been given to input from employees and their representatives, ahead of any proposals being made.
- 8/. Engage in consultation with partner agencies to ascertain their response to the lines of enquiry, ahead of any proposals being made.
- 9/. Work within the timescales and process provided in the Cabinet report

**APPENDIX 3**

**TIME LINE FOR REVIEW**

Dates →	w/c: 22/8	w/c: 29/8	w/c: 5/9	w/c: 12/9	w/c:19/9	w/c: 26/9	w/c: 3/10	w/c: 10/10	w/c:17/10
Cabinet	Briefing		7/9 meeting						
Panel					Meeting Sets TOR for T&F Group				
Task & Finish Group						Working period for Group-----→			
Employees	Advisory email on process.			w/c meeting Advise and ideas			Ideas in		
Consult Partners								Out to partners	

Dates →	w/c: 24/10	w/c:31/10	w/c:7/11	w/c:14/11	w/c: 21/11	w/c: 28/11	w/c: 5/12	w/c: 12/12	
Panel			Agenda out 9/11	Meeting 17/11					
T&F Group	Working period for Group								
Employees								Proposal and start process	
Consult partners		Partners back in							
Cabinet / Portfolio Holder						Decision / Agenda out	Confirm decision		