

Dear Councillor

**CORPORATE OVERVIEW AND SCRUTINY PANEL - THURSDAY, 27 OCTOBER 2016**

Please find attached, for consideration at the meeting of the Corporate Overview and Scrutiny Panel on Thursday, 27 October 2016, the following report which was unavailable when the agenda was printed.

Please bring this document with you to the meeting.

**Agenda No    Item**

3.    **Review of Tourism Services (To Follow) (Pages 1 - 16)**

To consider the conclusions of the Tourism Services Review, and to make recommendations to the Cabinet.

Yours sincerely

Committee Administrator

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## CORPORATE OVERVIEW AND SCRUTINY PANEL – 27 OCTOBER 2016

### REVIEW OF TOURISM SERVICES

#### 1. INTRODUCTION

- 1.1 Attached to this paper is a report to the Cabinet on 2 November 2016 which includes two appendices describing different elements of the Tourism review.

Panel members will be updated at the start of the meeting with the consultation responses received, the Staff side comments and the views of EMT.

#### 2. RECOMMENDATION

- 2.1 That the attached report and appendices are scrutinised and the conclusions of the Panel are forwarded to the Cabinet for consideration on 2 November 2016.

#### For further information

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#### Background Papers

None



## **REVIEW OF TOURISM SERVICES**

### **1. INTRODUCTION AND SCOPE OF REPORT**

- 1.1 Many Council services are under review to consider whether they are being delivered in the most effective and economic way. One of these is Tourism, which started earlier this year, and has looked at the services the Council provides, the way they are delivered, the costs and benefits of the provision and then they have been discussed with the key partners involved in their delivery.
- 1.2 This review has not considered the more general issue of how we support businesses and wider elements of the New Forest economy. This is also under consideration and a report will be discussed at the next scheduled meeting of the Corporate Overview and Scrutiny Panel on 17 November 2016.
- 1.3 The Tourism review has been conducted in two parts. The operation of the Visitor Information Centre (VIC) in Lyndhurst and the way in which we work with the New Forest Tourism Association on marketing the destination are two separate and different elements of the service we provide. For this reason two separate reports have been produced for consideration by the staff involved and Executive Management Team, although they have been brought together under one heading for the purpose of Panel scrutiny, Cabinet and Council consideration.

### **2. CONSIDERATION OF THE MAIN ISSUES**

- 2.1 The key facts and conclusions of both work streams are set out in the two reports attached as Appendix 1 and 2 to this paper. They are presented in this format because they involve mainly different issues and they have been presented to staff in this way in a consultation exercise which closed on 21<sup>st</sup> October 2016. The views of staff and the EMT comments are included in this report and they will be considered by the Corporate Overview and Scrutiny Panel at a special meeting on 27<sup>th</sup> October 2016. The views of the Panel will be reported orally at the Cabinet meeting.
- 2.2 In the early 1990s the Council opened a number of visitor information centres in main towns but by the date of this review this had been reduced to one centre in Lyndhurst although some functions in other towns are provided from other information centres. In recent years the New Forest National Park Authority has set up a series of Local Information points which operate mainly from commercial premises in tourist centres.
- 2.3 The report in Appendix 1 looks at the future of the VIC in Lyndhurst. It documents changes in usage levels which are largely related to the growth in the availability of digital technology as an alternative way to obtain information for visitors to the New Forest. It then summarises the views of key partners and the costs of the service provision before making the following recommendations on the way forward.
- 2.4 The role of VICs has changed in the digital age and they are not as important to the tourism sector as they were some years ago. This is evidenced by earlier changes in

which the Council has closed down VICs or transferred their operation to other groups.

- 2.5 With the need for the service as recognised by other partners having changed there are no options for continuing with the current service. The New Forest Tourism Association do not consider the operation of the VIC it to be an essential part of its relationship with the Council, which is being discussed as part of the wider review.
- 2.6 The New Forest Centre (Ninth Centenary Trust) may, subject to further discussions take or some of the sales elements provided by the VIC.
- 2.7 The consequence of these various factors is that the recommendation is that Lyndhurst VIC, as operated by the Council will close after the completion of all due processes and before the start of 2017 tourism season. Negotiations will continue with the Ninth Centenary Trust.
- 2.8 The report in Appendix 2 looks at the other main element of the tourism service which is how the Council works with the tourism industry to promote the New Forest as a destination and the various tourism businesses which are available in the area. It sets out the current relationship with the New Forest Tourism Association, the services this delivers and the costs of this provision. It asks the question as to whether this provision could be delivered in a more efficient way and makes the following recommendations on the way forward.
- 2.9 The key conclusion is that the Council believes that the best way forward is for the tourism business sector to take responsibility for determining the way in which the New Forest is marketed and promoted as a destination to visitors for the benefit of business. The Council further believes that the Tourism Association is currently well placed to enhance and develop this role in the future, given that it reflects the interests of the members of the Association and it follows from this that the Council would stand back from its current level of involvement in setting and delivering the strategy.
- 2.10 To enable this transition to occur the Council will provide assistance to the Tourism Association both in terms of the initial set up and for the first 3 years of the new arrangements, in terms of transition funding. After this the Council would expect the Association or Company to be able to fully fund the activities it wishes to carry out to promote the New Forest as a visitor destination for the benefit of business.
- 2.11 The new arrangement is very likely to require the establishment a new Company to be established in order to carry out activities including being able to receive the transitional funding which the Council is proposing to make available from April 2017 until March 2020.
- 2.12 The Council envisages, subject to negotiation agreement that the activities that would become the responsibility of the new Company would include;
  - Management of the Destination Website
  - Visit New Forest leads on Social media
  - Email marketing
  - Promotional videos
  - Public Relations and advertising of New Forest as a Destination
  - Providing the offer to local tourism business of a route to the Destination Market

- The voice of New Forest Tourism, lobbying on important issues, providing research into visitor trends and sharing industry news and insights

This includes all associated income and expenditure being the responsibility of the Company.

- 2.13 The Council's preferred approach is to retain ownership of the destination website and envisages that staff will be retained to carry out duties related to its maintenance and development on instruction, via an agreed contract, with the new tourism body. This can include web hosting and design costs, the production of such guides and promotional material as the Association or Company wishes to produce. The Council's aim in any arrangement would be simply to recoup the expenditure it incurs. This would be reviewed over time and could be changed if it was not to the Company's satisfaction.

### **3 STAFFING IMPLICATIONS**

- 3.1 The closure of the VIC would result in 5 staff (2.5 FTE's) being made redundant. Staff will be placed on the Councils redeployment register.
- 3.2 The review of destination marketing would result in the full time post of Employment and Tourism Manager being made redundant.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 The detailed financial information about the costs of operating both parts of the service are included in section 5 of Appendix 1 and section 7 of Appendix 2.
- 4.2 The overall financial position if the recommendations are accepted, and at the end of the three year transitional period, is that the Council will have reduced its expenditure by approximately £160,000 per year.

### **5. ENVIRONMENTAL IMPLICATIONS**

- 5.1 There are no direct environmental implications arising from the changes proposed in the appended reports.

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

- 6.1 There are no anticipated equality or diversity implications arising from the changes proposed in the appended reports.

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

- 7.1 There are no crime and disorder implications arising from the changes proposed in the appended reports.

## **8. EMPLOYEE AND EMPLOYEE SIDE COMMENTS**

- 8.1 A total of seven consultation responses have been received from individual members of staff plus that from the Employees' side representative.
- 8.2 Two of the comments received can be described as generally supportive of the changes being proposed for Destination Marketing. One of them regrets the loss of the VIC. They both stress the need for the remaining business support work to be properly resourced and that the future arrangements for "contractual" tourism support need to be clearly defined. Tourism will remain a key part of the overall economic development in the area.
- 8.3 Three of the consultation responses argue strongly for the retention of the VIC service. One of them starts by saying that the report uses the wrong terminology. It is the New Forest VIC, not the Lyndhurst VIC, following the closure of other centres in the past. It points out that at 136,224 visitors per year that is an average of 376 per opening day and that there were 22,539 visitors in August alone. They all stress the value that those visitors gain from a face to face personal discussion with an advisor on a wide range of issues and that the cost of the service is small in relation to the benefits provided to the New Forest economy as a whole. In 2015 the Centre won a Trip Advisor Certificate of Excellence. The internet cannot provide for all visitors' needs. In addition, there is a significant income from the sales of maps, parking clocks and New Forest Tour Bus tickets. A major tourist destination like the New Forest National Park needs a Visitor Information Centre.
- 8.4 A detailed comment about the Destination Marketing proposals talks about the time being right for a move to a CIC company but the impracticality of having services being split between the Council and the Company. It refers to confusion being caused about responsibilities and questions how financial arrangements will be changed as well as on-going relationships with service providers such as PR consultants.
- 8.5 The final individual comment regrets that the externalisation proposals are not as wide as they could have been and that this is a missed opportunity to create a more efficient service and save more money. However, time is now short to implement new arrangements by 31<sup>st</sup> March 2017 and so the detailed negotiations will be very important to ensure a smooth transition. There is particular concern about how the new service level agreement between the Council and the Company will work and that what is currently proposed is less effective and more expensive than the Company taking full responsibility. This response notes the proposed closure of the VIC and comments on the goodwill and extraordinary effort the staff have put into this service.
- 8.6 The Employees' Side makes the following comments. In terms of the VIC they consider that, despite improvements in technology, it still offers a great community support and asset. They are aware of the need for spending cuts and so if it must close they want a clear plan of how it is to be implemented so that staff understand their role and rights and are kept fully informed. They wonder if the Trust that runs the main building might consider some redeployment of staff if they take over any of the commercial responsibilities.
- 8.7 In terms of Destination Marketing the staff side feel that there is a lack of clarity about how the relationship will operate in the future between the Council and the Tourism Association. They query the future structure of the remaining team and how this will



relate to the PR contract. They point out that it is the Employment and Tourism Manager who is being made redundant and query the income associated with the service.

## **9. EMT VIEWS**

- 9.1 EMT has carefully considered this report and supports the recommendations which it contains.

## **10. VIEWS OF CORPORATE OVERVIEW AND SCRUTINY PANEL**

- 10.1 A special meeting of the Panel is being held on 27 October 2016 to consider the outcome of the review. The comments of the Panel will be reported orally at the start of this item.

## **11. PORTFOLIO HOLDER'S COMMENTS**

- 11.1 It is important that services are offered that meet current day needs. I am grateful for the input of the tourism industry in the New Forest which will lead to the development of a conclusion that is to the advantage of all parties.

## **12. RECOMMENDATIONS**

- 11.1 These recommendations are made subject to the views of the Panel being considered.
- (a) That the Lyndhurst VIC withdraws its services by the end of the current financial year. Discussions will continue with partners to see if some of the services it provides can be continued by other providers;
  - (b) That the New Forest Tourism Association take on an enhanced role in determining the way in which the area is marketed and promoted as a destination for visitors for the benefit of businesses. The detail of this will be negotiated over the next 5 months but will include transitional funding over a 3 year period to enable this change to be smoothly implemented; and
  - (c) That the post of Employment and Tourism Manager be made redundant on 31 March 2017 with the responsibility for the tourism destination and marketing strategy passing to the New Forest Tourism Association at that point.

### **For further information**

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### **Background Papers**

None

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## **TOURISM REVIEW**

### **THE FUTURE OF THE LYNDHURST VISITOR INFORMATION CENTRE (VIC)**

#### **1. INTRODUCTION**

- 1.1 As part of a wide series of service review across the Council, that commenced in 2016 the Tourism Service has been looked at in detail. One element of this service is that provided by the VIC in Lyndhurst. The review being undertaken has looked to assess whether this still represent the best way of delivering services to visitors, whether it meets the needs of tourism partners and does it for the Council represent good value for money given current economic pressures in the public sector.
- 1.2 This report deals only with the future of the Lyndhurst VIC. Other elements of the tourism service are also at an advanced stage of a review, and will be consulted on separately.

#### **2. THE ROLE OF THE VIC**

- 2.1 Since 1987 when the Tourism Service was first established, the council has provided VICs to support the process of good visitor management by providing visitors with the best quality information about how to behave and enjoy the forest as well as what to see and do and where to stay.
- 2.2 By the early 1990's the council was supporting VICs in Lyndhurst, Ringwood and Lymington. At this time footfall in the original VIC in Lyndhurst was over 300,000. Since then however, footfall has steadily reduced at Lyndhurst to a point where between 2011 and 2016 footfall has dropped from 184,524 to 136,224.
- 2.3 The number of accommodation bookings has also dropped considerably over the same period. In 2011 the VIC took 212 bookings for 648 bednights of accommodation. By 2016 this had fallen to 111 bookings for 144 bednights of accommodation. Between April and August of 2016 the VIC took only 65 accommodation bookings in the peak tourism season.

#### **3. CHANGES IN TECHNOLOGY**

- 3.1 For a long period and before the arrival of the digital age, VICs played a crucial role as visitors often arrived without having accommodation arranged or wondering what to do to enjoy their time in the New Forest or to find other attractions, for example if the weather was not good. The Council had previously operated VIC's at Ringwood and Lymington which are no longer in use.
- 3.2 In the modern day, many visitors have access to many forms of digital technology and use this to obtain the information that they once would have obtained only from a VIC.
- 3.3 So the question the review has considered is whether the current financial cost (Budget £62,000) of the Lyndhurst VIC can still be justified in today's digital society?

#### **4. THE VIEWS OF PARTNER ORGANISATIONS**

- 4.1 To help answer the questions posed above, the review has engaged with a range of partner organisations and stakeholders involved in the tourism sector, to obtain their insight and crucially, whether they would be prepared to support the ongoing function of the VIC.
- 4.2 The New Forest Tourism Association do not consider that the retention of the VIC is of sufficient importance to their members' tourism interests to be able to support its retention in the long term.
- 4.3 Since 2006 the New Forest National Park Authority (NPA) has had a role to play in providing information to visitors to - and local people within - the National Park, through a range of means (including face to face, literature and on-line). However, the NPA has faced similar budget pressures to the Council and is unable to commit to funding the VIC in its present form.
- 4.4 The Ninth Centenary Trust who are responsible for the management of the New Forest Centre accept that there is a need for change. They are not in a position to support the VIC in its current form, but are prepared to review activities carried out in the front of house at the New Forest Centre. This could include take on some of the sales functions currently undertaken by the Council. Subject to the outcome of this consultation, those discussions will continue in more detail.

#### **5. THE STAFFING AND FINANCIAL IMPLICATIONS**

- 5.1 The Lyndhurst VIC currently employs 5 staff (4.5 FTE's). 4 of these are part-time, staff contracted to 53.85 hours per week, plus a budget for the employment of casual staff.
- 5.2 The direct staffing cost of the VIC is £62,000 per annum. In addition, there are rental and other premises costs amounting to £20,090 per annum. The management costs of the Centre amount to £20,000 including a senior management cost of £8,300.
- 5.3 Goods and services provided from the VIC generate a gross profit of £20,370 (£53,780-£74,150) to offset the expenditure set out above. Some of these services could still be provided from the adjoining New Forest Centre as mentioned in paragraph 4.4 above, subject to further negotiations.
- 5.4 A separate community grant of £13,770 is paid to the Ninth Centenary Trust.

#### **6. RECOMMENDATIONS OF THE REVIEW PROCESS**

- 6.1 The role of VICs has changed in the digital age and they are not as important to the tourism sector as they were some years ago. This is evidenced by earlier changes in which the Council has closed down VICs or transferred their operation to other groups.
- 6.2 With the need for the service as recognised by other partners having changed there are no options for continuing with the current service. The New Forest Tourism Association do not consider the operation of the VIC to be an essential part of its relationship with the Council, which is being discussed as part of the wider review.
- 6.3 The New Forest Centre (Ninth Centenary Trust) may, subject to further discussions take on some of the sales elements provided by the VIC.

6.4 The consequence of these various factors is that the recommendation is that Lyndhurst VIC, as operated by the Council will close after the completion of all due processes and before the start of 2017 tourism season. Negotiations will continue with the Ninth Centenary Trust.

## **7. CONSULTATION**

7.1 The contents of this report are now the subject of formal consultation with the staff affected and the other groups involved in the review process. This will run from 7<sup>th</sup> to 21<sup>st</sup> October. Following the end of the consultation process EMT will consider all of the comments received and decide how to proceed, including the nature of any political decision which is required.

7.2 If the decision is to close the VIC, the staff involved will be under threat of redundancy unless any alternative roles can be found for them under the Council's 'At Risk' procedures. The total cost of making the 5 staff redundant would be in the region of £48,000.

## **8. STAFF SIDE COMMENTS**

As set out in the report to the Cabinet

### **Further information**

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## **TOURISM REVIEW**

### **THE FUTURE OF DESTINATION MARKETING AND THE RELATIONSHIP WITH THE NEW FOREST TOURISM ASSOCIATION**

#### **1. INTRODUCTION**

- 1.1 As part of a wide series of service review across the Council that commenced in 2016 the Tourism Service has been looked at in detail. A key element of this service is the relationship between the Council and the New Forest Tourism Association. A fundamental part of this relationship is the way in which the New Forest is promoted and marketed as a destination to attract people to visit the area and to utilise the tourism facilities which are a major sector of the local economy.
- 1.2 This report only deals with these aspects of the Tourism service. A separate report deals with the future of the Lyndhurst VIC. For the avoidance of doubt this report does not include the Councils relationship with the New Forest Business Partnership or the wider support it gives to businesses or the economy in general.

#### **2. THE CURRENT SITUATION**

- 2.1 The Council currently provides significant support to the operation of the New Forest Tourism Association. This involves the collection of membership subscriptions, the support/organisation of its operating structure and supporting a number of events it wishes to organise. Most importantly there is a significant budget which the Council holds for the marketing of the New Forest as a destination, the hosting of a website which is used to promote businesses in the area and the production of guides and publications which fulfil a similar function. The Council also organise the Brand New Forest initiative which supports local businesses and the tourism offer of the area. Although there is significant income from the advertising charges the Council supports these activities by about £100,000 per year.
- 2.2 The Council works in partnership with the Tourism Association in the design and operation of these activities but it is the lead player as the Association has no employed resources to input into the processes. Without the Council's support the organisation and the most of the activities would be unable to continue. This could have serious adverse consequences on some tourism businesses in the area with knock on effects into the wider economy.
- 2.3 This review has looked at the question as to whether the relationship between the Council and the Tourism Association could be realigned so that the latter is better supported to decide how it wishes to market the destination in the future as well as advertising its local businesses. It has also considered whether destination marketing should be a self-sufficient activity of the tourism business sector.

#### **3. THE VIEWS OF THE NEW FOREST TOURISM ASSOCIATION**

- 3.1 Throughout the review process there has been an active dialogue between the NFTA and the Council. The NFTA nominated 3 members to discuss this on their behalf.

The outcome is to be reported more widely across the Association at meetings during the autumn.

- 3.2 It is believed that the preferred approach to the future as set out in the next section has found a significant measure of agreement with the NFTA representatives.

#### **4. CONCLUSIONS OF THE REVIEW AND THE PROPOSED WAY AHEAD**

- 4.1 The key conclusion is that the Council believes that the best way forward is for the tourism business sector to take responsibility for determining the way in which the New Forest is marketed and promoted as a destination to visitors for the benefit of business. The Council further believes that the Tourism Association is currently well placed to enhance and develop this role in the future, given that it reflects the interests of the members of the Association and it follows from this that the Council would stand back from its current level of involvement in setting and delivering the strategy.
- 4.2 To enable this transition to occur the Council will provide assistance to the Tourism Association both in terms of the initial set up and for the first 3 years of the new arrangements, in terms of transition funding. After this the Council would expect the Association or Company to be able to fully fund the activities it wishes to carry out to promote the New Forest as a visitor destination for the benefit of business.
- 4.3 The new arrangement is very likely to require the establishment a new Company to be established in order to carry out activities including being able to receive the transitional funding which the Council is proposing to make available from April 2017 until March 2020.
- 4.4 The Council envisages, subject to negotiation agreement that the activities that would become the responsibility of the new Company would include;
- Management of the Destination Website
  - Visit New Forest leads on Social media
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  - Providing the offer to local tourism business of a route to the Destination Market
  - The voice of New Forest Tourism, lobbying on important issues, providing research into visitor trends and sharing industry news and insights

This includes all associated income and expenditure being the responsibility of the Company.

- 4.5 The Council's preferred approach is to retain ownership of the destination website and envisages that staff will be retained to carry out duties related to its maintenance and development on instruction, via an agreed contract, with the new tourism body. This can include web hosting and design costs, the production of such guides and promotional material as the Association or Company wishes to produce. The Council's aim in any arrangement would be simply to recoup the expenditure it incurs. This would be reviewed over time and could be changed if it was not to the Company's satisfaction.



## **5. INTERIM ARRANGEMENTS AND TRANSITIONAL FUNDING**

- 5.1 It is proposed that in the short term, and up until 31 March 2017, the Council releases the existing Employment and Tourism Manager to the Association to help with preparation for the new arrangements and, if they so wish, to negotiate with the Council on the details of how the new arrangements will work. Management arrangements within the Council will be adjusted to facilitate this.
- 5.2 Although subject to more detailed negotiations the Council's would then offer transitional funding to the new Company to allow it to establish itself and then to consider how best to market the destination in the future. The transitional funding could be in the region of £100,000 in the first year; £50,000 in the second year and £25,000 in the third year. After this period the Council funding would cease. The Company would contract with the Council to continue with the web hosting and the production of documents/guides on a cost recovery basis. It would also recruit whatever staff it decided that it needed to carry out its new role.

## **6. NEW FOREST DISTRICT COUNCIL STAFFING IMPLICATIONS**

- 6.1 The changes set out in this report would result in the post of the Employment and Tourism Officer being made redundant on 31 March 2017. TUPE does not apply. No other staff in the Employment and Tourism service would be directly involved other than some adjustments to existing job descriptions to reflect the new arrangements.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 There will be a redundancy cost.
- 7.2 At the end of the transitional funding period the Council will be saving approximately £100,000 per annum which it currently spends on Destination Marketing and the support it gives to the New Forest Tourism Association.
- 7.3 For the avoidance of doubt these measures have no impact on the budgets which will remain available for general business support in the District.

## **8. CONSULTATION**

- 8.1 The contents of this report are now the subject of formal consultation with the staff affected and the other groups involved in the review process. This will run from 7 to 21 October. Following the end of the consultation process EMT will consider all of the comments received and then decide what to recommend to the Cabinet meeting on 2 November.

## **9. STAFF SIDE COMMENTS**

- 9.1 As set out in the report to the Cabinet.

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