A HASTINGS FOR THE TWENTY-FIRST CENTURY

A STRATEGIC PLAN FOR HASTINGS

CONTENTS

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Executive Summary

1. Estimates for 1991 indicate that Hastings is a low income area relative both to the national average and to that for East Sussex. The differential in per capita income nationally is 30 per cent and in respect of East Sussex 9 per cent.

2. The decade 1981-1991, whilst showing an overall increase in numbers in employment, witnessed a decline in Hastings' staple industries off-set by service sector growth.

3. Compared with other local economies of similar standing and location, Hastings has a low level of manufacturing activity and a relatively small tourist industry. Both sectors appear to be in continued decline, which, if allowed to persist, would severely unbalance the economy.

4. The town's strategy should be to increase the share contributed by manufacturing to 15 per cent of total GDP. In order to do so it should target information technology related industries. This is because these sectors are now able to operate at a distance from the industries they seek to serve. They are also industries whose employees attach considerable value to congenial working conditions in attractive residential areas.

5. Specifically, approaches should be made to computer software houses to invite them to re-locate in Hastings or consider Hastings as a site for expansion. In addition, using the trade press, middle managers of major companies, frustrated with life in a large company or being dissatisfied with career prospects, should be tempted to consider setting up their own small businesses in Hastings, hopefully relying initially on a client base brought with them from their previous work.

6. Some net gain for Hastings from the cross-Channel developments of the Dover/Folkestone complex should be achievable but poor road links limit the scope. The attraction of Hastings as a desirable residential area for those working in the complex should be publicised.

7. Hastings continues to have a substantial potential as a tourist area and there is no reason why it should not grow at around 3 per cent per annum in volume terms (the expected increase in the

growth in holidays in the UK nationally). The base has, however, been dangerously eroded in recent years by the trend decline in the number of visitors and the consequential closure of accommodation. The evidence of that decline is a distraction to building up a positive image. It is important that properties previously dedicated to tourism, especially those on the sea front area, should be seen to be positively used. Also, the tourist infrastructure, shops, facilities, attractions etc, and an appropriate quantity of bed space of quality must be preserved and where possible improved, to support future growth in tourism.

8. The marketing strategy for tourism needs to be refined and targeted more precisely. At present the town appeals to two quite distinct markets, day tourism and leisure breaks, and whilst the markets will continue to use common facilities, the distinction between the two markets must be reflected in the town's marketing strategy and in the provision of services where necessary.

9. It is sad that one of the town's original *raisons d'être*, the link with the continent, has never developed - in contrast to the Dover/Folkestone area. The coming generation of very fast manoeuvrable passenger-carrying vessels suggests that Hastings should take an imaginative leap into the future and reinstate a cross-Channel link. The consequences of so doing would be substantial, both by tapping into the French day tourist market and by opening up a new leisure-based holiday in Britain for continental tourists.

10. Another element in the continental tourist theme is the potential for building on the already valuable business in teaching English as a foreign language. To date this market has been seen mainly as a service to overseas teenagers. But there is a wide scope for building on the facilities to offer new products, possibly by combining learning English with other fields of professional study, by seeking to attract different age groups, especially parents, to encourage them to attach a leisure break onto the task of bringing or collecting their children.

11. At the moment Hastings is struggling to identify its place in the retail market. The task is not helped by the existence of the current debate between multiples and out-of-town shops and the traditional small shops (a debate going on everywhere nationally). But it is important that Hastings addresses the wider issue of the role of its shopping facilities as part of the tourist sector and the role it wishes to play, if any, as a regional shopping centre.

12. Hastings has developed a comparative advantage in the provision of social and health care. It is important to remove the negative connotations associated with this sector, eg that the sick and elderly are a burden on the community. Even where the financial support for such people comes from the state, it is still a source of income generation for the care services.

13. Increasingly, however, the 50-plus age groups are becoming relatively wealthier and are able to spend more on activities and services related to life lived above this age. The demands in the earlier decades of this phase of their lives may be consumer orientated with, for example, emphasis on leisure and interest holidays, for which they are able to pay moderately well. But thereafter there are many demands which generate economic activity in Hastings, such as adapting houses for disability, meeting increased fears over a sense of security and increasingly the provision of health care whether by alternative therapies, standard medical facilities or ultimately residential and nursing care. The Hastings economy owes much to this market and it should consider whether the skills it has developed are marketable to the extent that members of the 50-plus generation should be actively encouraged to come to reside in the town. The decision of others to retire to Hastings brings economic benefits to the town. It also results in a steady flow of new leadership for the vast range of social and leisure activities to be found in the town.

14. A key to the successful marketing of Hastings' major assets, its town, its history, its countryside, is to ensure that those coming to Hastings enjoy themselves. Whether they do so or not is, to a large extent, a question of getting value for money. High quality provision of goods and services at reasonable cost matters immensely. But that sense of satisfaction also depends on a less tangible factor - the sense of welcome offered by the town as a whole. This may be the charm of the hotel receptionist or the courtesy of the shop assistant in providing a commercial service, but it is also a matter of the over-arching sense of welcome provided by residents to 'strangers'. It is notorious in tourist areas that many residents do not like the intrusion of 'strangers' but it is essential for the community to rise above this attitude. People need to practise welcoming others, to enjoy and share in the assets of which Hastings' residents are the stewards. It also means that visitors should be able to expect to see residents themselves celebrating the virtues of living in the town, using its facilities and its restaurants, for example, rather than keep away from functions or from eating places because they are perceived to be for tourists only. Hastings' residents need to work at a variety of practical ways in which they can make visitors feel welcome, feel 'at home'.

15. This survey marks the beginning of a long but exciting task of securing Hastings' economic future and thus a healthy community. Current trends cannot be allowed to continue otherwise the gap between national and Hastings' level of income will grow even greater. The risk of a local economy having any sense of viability would also grow. But the survey has identified sufficient growth points to form the basis of hope. The manufacturing bas can be increased. A new imaginative and carefully marketed approach to tourism, especially immediate cross-Channel links, could restore growth to this key sector. The local economy has a strong comparative advantage in the educational and health and social care sectors. Retailing opportunities abound to support tourism and the local domestic market.

16. Hastings must now move on to this key second stage; the preparation of a carefully constructed marketing plan in which each of these areas of opportunity is fleshed out in more detail, discussed and agreed with the various stakeholders in Hastings' future - and implemented.

17. This survey has been based on an innovative analysis of the Hastings economy constructed around the details provided by the 1991 population census and a great deal of other related data (see Annex A). As part of the next stage of action that analysis for 1991 should be further strengthened by work at local level. The analysis should also be extended to 1995 and kept up-to-date regularly thereafter.

A HASTINGS FOR THE TWENTY-FIRST CENTURY

Introduction

1.1 Few towns can claim a history as striking as Hastings and it is the town's responsibility and privilege to preserve that tradition, both for future generations and for others to understand and share. There is a justifiable pride in that history.

1.2 That history at the time was, in fact, the contemporary experience of the citizens of Hastings. They were faced with contemporary challenges and they responded. The town's life, now romantically portrayed, was continuously the arena in which the business of survival and earning a living was played out. The fishermen regularly moving around to Great Yarmouth, possibly even before the Norman conquest, were doing so primarily to earn a living. The leadership that emerged over the centuries arose out of a constantly changing challenge to the business community. That history, besides influencing the present community in many, many ways is now one of its economic assets. It is a tourist attraction of considerable benefit to the local economy.

1.3 But a community needs more than a past if it is to flourish and it would be idle to claim that history alone, however illustrious, provides a sufficient economic base for the current Hastings' economy. Far from it, the majority of Hastings people earn their living today in more mundane ways, and, in seeking to frame an appropriate response to today's challenges, so that Hastings may now prosper, far more needs to be taken into account than that provided by its history.

1.4 And yet the town's past can serve as a useful starting point, if only to see if past activities have left a legacy of skills that can still be exploited today. They may not have done so. But at least an understanding may be gained of why Hastings' future may have to be radically different to its past.

1.5 Historically, Hastings thrived because of three advantages; its fishing fleet, its access to France and the trade associated with it, and the existence of a rich agricultural hinterland with some processing of metals. Fishing has figured large in Hastings' history. The size of the fleet in the middle ages not only brought prosperity to the town, but by supplying ships in the event of war gave the town, along with the other Cinque Ports, a significant political influence spreading into national life. Hastings' position close to France also gave the town an international dimension and led to a flourishing activity in cross-Channel transportation and trade which lasted for many centuries. Hastings has thus derived much from its links with the sea (ominously, reflecting on today's communications problems, until the coming of the railways the town was best reached by sea, even from adjacent English towns). Apart from fishing, Hastings' principal trading activity, there has been over the centuries, trade in wine, metal products, timber, corn, hops, glass, leather and wool. The metal trade had disappeared by the end of the eighteenth century, but timber was still being exported in 1835. Glassmaking owed its origin to the particularly fine Ashdown sand. Coal was imported by sea in increasing amount up until the middle of the nineteenth century.

1.6 Hastings has substantially lost the advantages it once had in each of these areas. Its fishing fleet has long since lost its dominant position. Various attempts to develop port and harbour facilities have taken place, the last, in the 1890s, failed due to construction problems. The project now appears to be abandoned. The role of the town as a point of landing for traffic to and from France has disappeared. Agriculture and its associated trade to a considerable extent, and metal processing almost totally, have shrunk as a means of generating domestic income. The situation is made all the more acute in that the same fate has not overtaken its close neighbours of Dover and Folkestone.

1.7 Latterly, a fourth activity emerged that has had an important historical dimension. This was the development of the town as a watering place which began in the latter half of the eighteenth century, initially by coach, despite the poor roads, and also by sea. This new popularity was a result of the new fashion for bathing which also created a need for 'tourist' facilities, accommodation, the Assembly Rooms, etc. Prompted by an influx of visitors a range of other facilities was created, including facilities for plays and musical concerts. The advent of the railways brought the attractions within the reach of the mass of Londoners making it a popular visiting place for all ranges of income: the basis of the town's present tourist industry. However, that industry is now being severely challenged, not only by declining national trends relating to the taking of holidays in the UK but also by competition from neighbouring resorts.

A portrait of the Hastings economy

2.1 The detailed results of the extensive analysis of the Hastings economy upon which this report is based are contained in Annex B (and the methodology described in Annex A). The main features are as follows:

Per capita income

3.1 Hastings' per capita income in 1991 was £5,964. This compares with the official estimate of the average for East Sussex of £6,632 and with the official figure for the UK as a whole of £8,481. Thus, Hastings' per capita income is some 30 per cent lower than the national average and 9 per cent below that for East Sussex as a whole.

3.2 There are various reasons for the differential with the national figure. As far as income from employment is concerned, comparing industry with industry, there is probably a differential of some 10 per cent between national and Hastings' level of per capita earnings. However, structural factors widen the difference considerably. The work force, for instance, in Hastings, contains more females than males. The proportion of males to females for Hastings is 68.7 per cent whereas the national average is 70.0 per cent. Also, the ratio of full time to part time employees diminishes the Hastings average. The percentage for Hastings is 67.4 per cent whereas nationally it is 74.0 per cent.

3.3 More importantly, as the information in Annex B illustrates, the industrial composition of the Hastings economy is substantially different to that for the economy as a whole. Nationally, employees in employment in manufacturing represent 18.4 per cent of the total, whereas in Hastings the figure is only 11 per cent. In contrast, Hastings has a substantially larger service sector than nationally, with a particular emphasis on the lower paid areas of personal services. Hastings also has a larger number of self-employed persons compared with the national average, which largely reflects the employment status currently in force in the construction industry and supporting services. In terms of numbers, Hastings has 16.8 per cent self-employed compared with the national average of 13.2 per cent. The levels of income are also considerably below the national average.

self-employed compared with the national average of 13.2 per cent. The levels of income are also considerably below the national average.

3.4 Income generated through profits and rent is also lower in Hastings compared with the national average since there is proportionately less incorporated business activity.

3.5 Finally, it must be remembered that the official method of calculating per capita income figures uses, as a divisor, the total population. The figure therefore is affected by the differing proportions of economically active members in the population. In this respect Hastings is also disadvantaged compared with the national average. Total numbers in work in Hastings as a proportion of total population is 36.4 per cent whereas the national average is 45.1 per cent. In other words, a smaller proportion of the population in Hastings has to carry the burden of income generation compared with the national average.

Recent Trends

4.1 The ten years up to 1991 showed quite dramatic changes in the composition of the Hastings labour force. Overall there was an increase of 5 per cent in employees in employment and the self-employed. This was made up of a substantial increase of over 20 per cent in self-employed and just over 2 per cent increase in employees in employment. Part of the differential between these two figures reflects the fact that many people during that decade changed from being employed to being self-employed.

4.2 Within the total for employees in employment the principal percentage changes are as follows:

Industry	**1981-91 (% change)**
Energy	-51.2
Manufacturing	-29.0
Construction	-9.5
Distribution	0.9
Transport and Communication	-18.2
Financial Services	40.5
Other services	19.8
Total	2.2

4.3 One key task of local development is to explore the means by which payments for imports can be reduced or income from exports can be increased. In the former case, the task is to explore all means by which domestic (Hastings) output can be substituted for imported goods and services. It would be wrong, of course, to expect local businesses to give preferential treatment to local, less efficient, suppliers if that were the case, but it is likely that businesses, if asked to review their purchasing policies, would be able to identify areas where they could purchase more locally without loss of efficientcy. In the case of the latter, exports, attention needs to be focussed on improving the performance of Hastings' exporting industries such as tourism - but more about that later.

Recent trends

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5.2 Within the total for employees in employment the principal percentage changes are as follows:

Industry	1981 (numbers)	1981-91 (% change)
Energy	580	-51.2
Manufacturing	4,728	-29.0
Construction	853	-9.5
Distribution	5,463	0.9
Transport and Communication	1,746	-18.2
Financial Services	1,483	40.5
Other services	9,970	19.8
Total	24,835	2.2

5.3 These figures show a swing away from tradition production industries towards service activities.

5.4 The Hastings unemployment rate in June 1991 was 8.8 per cent compared with 7.9 per cent nationally. Within the total decline in manufacturing employment of 29 per cent, the only areas that have seen an expansion are the manufacture of office machinery and instrument engineering and plastics manufacture. The biggest declines were in electrical engineering, where there was a 71 per cent fall, largely due to the loss of Ministry of Defence contracts, and in food, drink and tobacco manufacturing where there was a drop of 35 per cent as a result of the moving out of the area of a number of food manufacturers.

5.5 The overall stability in the figure for distribution industries conceals a number of important changes within the total. Numbers in retailing fell by 5 per cent and in the hotels sector by 32 per cent. But these falls were off-set by an increase in employment in catering services, such as restaurants and public houses, and in repairs, particularly to vehicles, which is included in the total figure for distribution.

5.6 The fall of some 18 per cent in transport and communications is almost wholly accounted for in the radical drop of some 75 per cent in employees in rail transport, reflecting the diminution in importance of the Hastings railway service as a regional centre.

5.7 The substantial increase in numbers employed in the financial services sector is spread across almost all the various services coming under this category, with the exception of the insurance sector which has shown a fall of two-thirds, reflecting the increasing fashion for concentrating staff on regional centres in this industry. In contrast, the number of people in the accountancy services more than doubled and there were similar increases in other business services including computing and legal services. There has also been a doubling in the numbers employed in estate agency.

5.8 The total for other services shows an increase of some 20 per cent but within that total there have been major differing trends. For example, there has been a 40 per cent reduction in numbers employed in public administration, largely due to the closure of the Property Services Agency and the Department of Transport offices. In contrast, numbers employed in education increased by 36 per cent. Those in the medical sector (including hospitals, GPs, residential and nursing homes) increased by 45 per cent. There was a slight decline in those engaged in personal services such as hairdressing. Other services to the public (which include care agencies) more than doubled. This category includes the large voluntary sector agencies but only, of course, the numbers in paid employment and not the contribution of the vast number of voluntary workers.

Hastings as a manufacturing base

6.1 The attitude of a community such as Hastings towards encouraging more manufacturing activity is inevitably ambiguous. Traditionally manufacturing has been the sector around which national policy has been framed. As a result there are more funds available and they are easier to access, for manufacturing development than for other sectors of industry. Also, up to now, manufacturing developments have usually been job-rich and a good source of new employment. The activity also generates a certain amount of peripheral activity for maintenance and property services etc. On the other hand, a major part of the spend by companies concerned, even if actually located in Hastings, will go outside Hastings. Purchases of raw materials, etc, will normally be from outside the area and, of course, the sales of final products, to a large extent, go outside as well. Increasingly now headquarter's activities are centralised and, as recent experience has shown, major national corporate decisions can relocate plant with little regard for the effect on the local economy.

6.2 There has also invariably been the environmental issue to take into account. Where an area like Hastings is blessed with great natural beauty and has sizeable tourist and leisure activities attracted by that beauty, the community has to be rightly circumspect in deciding what type of economic activity it wishes to attract and what it does not. Fortunately the days of really dirty industry appear to be over and the mix of activities which Hastings had been building up over the years, electrical and electronic engineering, plastics manufacturing and food manufacturing seemed an appropriate selection. It is a pity that these sectors have declined over the past ten years. The decline cannot be attributed solely to recessionary conditions and it would be useful to ask those companies that have moved out of Hastings in this period to explain the reasons for their move.

6.3 Efforts should continue to encourage similar manufacturing activities but Hastings ought, also, to seek to encourage firms manufacturing computer goods and other advanced electronic products. The reason for this is that there is a strong case for seeking to develop the town as a centre of excellence for computer based services and software and other activities related to information technology. One of the important consequences of the success of this sector nationally is that the new technology has provided the means of releasing many activities peripheral to manufacturing, or service activities themselves, from a geographical constraint. Research and development units no longer need to be located near their parent companies. Software houses can serve their customers from anywhere in the country or indeed in the world.

6.4 In these circumstances the key criteria determining the location is often the attraction of that place as a place to live in for managers and employees, subject to proximity to a major international airport as an added advantage (for the time being at least, although the movement of people internationally to do business will also decrease with the continuing improvements in information technology). Hastings fits this bill and can easily be presented as a desirable location for information technology companies, either the large software houses themselves looking to relocate or expand, or smaller consultancy units often created by executives fed-up with middle management drudgery in a large company or taking early retirement. An active publicity campaign would surely attract new business of this type. Economically the business is very desirable since almost all the value-added generated would be in the form of domestic incomes and staff would be relatively highly paid.

6.5 The decline in manufacturing from 1981 to 1991 must be stemmed. A target of 15 per cent of the GDP should be set as a target for the town's economy.

Hastings' transport and communications system

7.1 Hastings has always been plagued by communication disadvantage. Access by its land routes has historically been a problem, especially in relation to the more convenient routes enjoyed by neighbouring areas. That disadvantage remains. Hastings can claim good rail and road links with London - but they are not as good as Brighton or Eastbourne. Hastings can claim good access to Gatwick - but not as good as towns to the west.

7.2 Hastings can now seek to lay claim to some advantage from its proximity to the Channel Tunnel and in the short run routes to the Continent. But here, as well, its advantage is poor in comparison to say Dover or Folkestone. Indeed, the balance of advantage has swung over the past forty years so decisively away from Hastings that some would say that the situation is irretrievably lost. Maybe: but more thought is required before resigning to that conclusion. In the first place, the impact of the Channel crossings of rail, sea and car is so great that the circles of support which will be opened up could well include the eastern side of Hastings, either linking with Dover/Folkestone or with Ashford. This opportunity may take the form of the possible location of service facilities - transport, import or export facilities or other support services such as specialist engineering units. Or it may take the form of employees working in the complex preferring to live in the more congenial surroundings of Hastings and commuting to and from the complex. Either development would be attractive to Hastings although the relatively poor road links between Hastings and the Dover/Folkestone area create a disadvantage. Given the better transport links with Ashford it may be better for Hastings to look in that direction rather than along the coast.

7.3 There is a tourist dimension to the Channel development. Undoubtedly foreign tourist flows will continue to increase through the Channel Ports. Hastings will have to decide whether it is content to gain its share of that increase by its existing more general marketing strategy or whether there may be merit in devising a plan to attract the new tourists direct from the Dover/Folkestone area.

7.4 For many centuries the town's link with the Continent was a direct one with sailings from Hastings to France being commonplace. To all intents and purposes that facility has disappeared. The lack of a port/harbour and the overwhelming success of Dover/Folkestone is decisive evidence of that fact. However, it must be remembered that the forecast growth of two-way traffic across the Channel is so strong and the new generation of passenger vessels so much faster that it is not out of the question that Hastings could still create a cross-Channel facility giving direct access to the town to visitors from the Continent. Such a development would give a welcome boost to what now appears to be a troubled tourist industry.

Tourism

8.1 It is no longer possible to talk of Hastings as a major holiday resort - certainly not for long stay visitors. As Table 3 of Annex B shows, hotels and catering activity represent only 3.4 per cent of total Hastings gross domestic product (compared with a figure of 10.7 per cent in the case, for example, of Torbay). Within the total of hotels and catering the accommodation element is only 34.0 per cent (compared with 68.0 per cent in the case of Torbay). These statistics reflect the traditional nature of Hastings' attraction as a tourist centre. Apart from a period in the nineteenth century when Hastings was fashionable as a watering place for well-off families coming down to the town for the 'season', the town's attraction, after the arrival of the railways, has been mainly for the mass day-tripping excursions reflecting its relative proximity to London. Nevertheless, there has remained a 'quality' dimension to the attraction of Hastings; its long history, its architecture and pleasant setting. This has attracted residents and also a certain type of visitor giving priority to these attractions. As a result there are certain features of the town, the eating facilities of the Old Town, for example, which attract such residents and tourists which rest uneasily alongside the facilities developed to service the continuing day excursion business. One of Hastings' over-riding tasks is to find ways of maximising its attraction to each sector without conflict. Not an easy task particularly as much of the facilities for both are cramped together in the centre of the town and beach area.

8.2 A common theme to attract all types of tourism is the historical one. But there the similarity ends. For the day visitors or short stay holiday-makers the contact with Hastings' history has to be inevitably superficial. It may simply be the fact of visiting the town itself with its panorama. At best it will include a few hours in the museums or walking around the historic buildings. For day-trippers that experience has to be accompanied by easily accessible pleasure facilities; amusements, fast food outlets, other attractions such as the aquariums. A suitable criteria would be the amount of entertainment that could conveniently be pushed into one day. The pursuit of that measure raises the associated issue of the convenience of access to facilities, revolving around the provision of close-by parking at reasonable prices (the most reasonable of all being zero).

8.3 On the whole Hastings is reasonably well provisioned to respond to this type of tourism. It has its historical displays and monuments, it has a relaxed promenade and beach area which is well served by retail and food outlets.

8.4 The longer stay visitor, certainly of the future, will probably want to take his or her visit to Hastings more seriously. Staying for at least a few nights (a long weekend or longer), the quality of accommodation will matter, whether this is in self-catering, caravan parks, boarding houses or hotels. The extra time will mean that the tourist will be able to explore other aspects of the town, enjoy at far greater leisure the restaurant facilities and other retail facilities and also explore the surrounding countryside. This market needs to be identified and targetted precisely. It is likely to be an up-market one but not necessarily so. The appeal is not restricted to the British, there is a substantial potential continental market to tap. The distinction between it and the day tourist is not primarily one of income differential (although it will be that in part), it is the different nature of the visit. The extra time implies a different intent.

8.5 These two sections of the tourist market represent the currently lively elements upon which Hastings' tourist strategy should be based. They are inter-linked and appear to share common ground, but it is essential that the marketing strategies are kept separate. It is possible that some element of segregation of facilities will result. That is not intended to be a class-based remark. It may simply follow from a more precise identification of need.

8.6 Neither of these two strategies embrace the challenge of what to do in response to the strong decline in the conventional two-week 'bucket-and-spade' market. Its decline (shared nationwide) has meant, of course, a serious fall in revenue to Hastings. But there is now the added problem caused by the surplus accommodation capacity. This is partly reflected in continuing empty space in hotels and boarding houses, but it is more seriously reflected in the planning problem created by converting premises built for the tourist market to other uses. To be specific, the original planning ethos of the buildings the length of the parade from Hastings to St Leonards and beyond was a tourist one. That fact and the present sense of failure is permanently reflected in the current alternative uses of the properties. It would require an optimism of some magnitude to envisage a return to growth in this market (as distinct from the day and short break markets) but it should be Hastings' policy to ensure that the occupation and use of these sea front premises becomes a show piece for the Hastings of the future. They need to reflect growth and prosperity of the future and not remain as evidence of decline in past glories.

Retail shopping

9.1 Distribution (of which by far the largest part is retail) contributes over 10 per cent of Hastings' gross domestic product - the third largest sector after manufacturing and health (see Table 3 of Annex B). The prosperity of the sector depends broadly on three factors. The first is the level and growth in domestic income, ie of Hastings residents. Estimates of the size of the present spend and its product composition are given in Table 4 of Annex B. This spend is the staple diet of the retailing sector and retailers have the strongest possible interest in ensuring that domestic income generation is as high as possible. The second is the spend by tourists. Again, retailers find themselves dependent on the growth or otherwise of another sector of the Hastings' economy. As that sector has declined so have the prospects for retailers. More tourism, more sales; less tourism, fewer sales. The size of this retailing market should not be taken out of proportion. The increased business activity of the July/August period is deceptive. In the first place, some tourist spending only serves to off-set a seasonal decline in spending by Hastings residents (on holiday themselves). Secondly, the holiday period is short and taken as a proportion of total annual sales, tourist spending does not figure large.

9.2 Finally, there is the increasing threat/opportunity of the creation of either custom-built out-of-town shopping centres or new town centre shopping areas. They have been created to serve two purposes. The first is as part of the competition between small and large, traditional and modern traders which has now so prevalent throughout the country and which Hastings is experiencing too. The second is to maximise the shopping spend in the area either by ensuring that Hastings residents do not go elsewhere (eg to Eastbourne) to shop or by seeking to attract non-Hastings residents (eg those living in Bexhill) to come to Hastings to shop.

9.3 The nature of and trends in the Hastings shopping facilities are summarised in Table 12 of Annex B. The decline in retail outlets and the increase in vacancies is all too evident. Between 1986 and 1993 there was an overall decline in the number of retail units in the town of 10.5 per cent. The town centre showed a fall of 14.3 per cent, whilst Bohemia (-19.0 per cent) and Ore (-13.5 per cent) also fell substantially. The number of vacant premises also rose dramatically over the same period by 100 per cent.

9.4 As far as the first two sources of income are concerned retailers can only hope that the growth in domestic incomes will be maximised (at least in line with national averages) and also that the town's tourist strategy will be successful. The difficulty is in deciding its position vis-à-vis the third factor. At the very least a strong defensive position is required to minimise the amount of Hastings income leaking out to other shopping centres. The town, also, however, has to consider carefully whether it thinks it is possible to be more aggressive and seek to create a new regional shopping centre strong enough and attractive enough to compete with those already in existence within, say, a twenty-five mile radius. The prospects of success for the latter strategy are not too encouraging but it may be that only an aggressive approach of that nature will serve to ensure the defensive position. In view of the comments in Section 7 it is clear that the provision of special interest shops in the town's centre is part of the attraction of Hastings to the longer stay tourist. This must not be forgotten in controlling the outcome of the competition between large and small shops.

Education

10.1 The education sector contributes some 7 per cent to the town's gross domestic product. As Table 10 in Annex B shows, a large part of that is a result of public sector activity; state schools (49.2 per cent) and state further education (25.1 per cent). There is a small but significant contribution from private schooling (5.8 per cent) but a substantial activity in schools providing courses in English as a Foreign Language for overseas students (EFL) (19.9 per cent).

10.2 Numbers employed in education rose strongly over the decade 1981-1991, by 36.1 per cent. Whilst there has been expansion in the state system, EFL schools have also expanded. The economic advantage to Hastings of these schools is substantial. The courses generate domestic income in the form of wages and salaries of teaching and support staff and other ancillary services. But the students are also part of the tourist activity of the town; spending on accommodation, shops and on entertainments (these latter expenditures are reflected in the figures of the appropriate sector, eg retailing).

10.3 Without any formal effort these courses stimulate further tourist activity, such as visits by parents of students, but it could be said that at the moment no serious attempt is being made to exploit the wider opportunities provided by this sector. For example, whilst the principal market for the schools is the teenage group and the principal product is a three-week intensive language course, there are other markets and products to be exploited. These include more professionally oriented courses perhaps of longer duration in which overseas people could come to combine a study of a relevant institution in Britain with learning English. Social workers could come to learn English and also learn about current policies, such as Care in the Community, in Britain. Nurses could combine English with a study of changes in the British Health Service. These 'learn at leisure' courses could be attractive to continental professionals as part of their career development. A second example would be to market holidays, perhaps much more intensely to parents, to be added on, say, at the end of their child's course.

Certainly the data base of course attenders, past and present, should be used more intensively as a promotional basis for the town.

Health and care

11.1 The Health sector represents the largest single sector in the Hastings economy, making up 18.7 per cent of the total gross domestic product. As Table 10 of Annex B shows, the hospital system accounts for 64.1 per cent of the total for the sector and GPs 6.1 per cent. Hastings, however, has a relatively high concentration of paramedical services, ranging from Chartered Physiotherapists to Aromatherapists which account for a further 7.6 per cent. There is also a substantial sector offering residential and nursing facilities for, mainly, the elderly. Residential homes account for 17.4 per cent of the sector and nursing homes 4.8 per cent.

11.2 The age structure of the Hastings population is older than the national average. 22.9 per cent of the population were of pensionable age in 1991, compared with 18.6 per cent for England and Wales. The differential is more marked for the 70+ age group. These figures simply reflect that Hastings is viewed as an attractive area in which to retire. It is not a trend that has been actively encouraged by the town. In fact housing policy militating against bungalow development has probably sought to restrict the inflow of the retired. Probably Hastings shares a view commonplace in holidays resorts that the elderly population is a burden on community services. The image is of people requiring abnormal medical care, making excessive demands of social services and requiring additional facilities throughout the town to compensate for poor mobility and diminution in savoir-faire. It is an image reinforced by the more visible profile of the elderly created in large part by the tourist activities of companies such as Saga. (A similar argument is also put forward regarding the unemployed who tend to drift from other areas towards the seaside resorts.)

11.3 It is a plausible image but increasingly inaccurate. It is true that the population is ageing. But life expectancy is rising steadily and, more importantly, the quality of life predicted for those above 75 has been increased substantially by medical advances. The result is that the older age group are now more capable of making a substantial and longer contribution to community life.

11.4 Moreover, pensioners are now much better off. More than 50 per cent rely on private pension schemes rather than state schemes. The average non-state pension is three times as great as the state one. Fifty plus people are also increasingly becoming the beneficiaries of legacies, largely from the sale of parents' property. Also, earlier retirement has increased the numbers in the 50-65 age group who tend to have the time and money to take leisure breaks or indulge in activities such as eating out.

11.5 Finally, whilst it is inevitable that eventually the elderly become infirm and in any case steadily increase their demands on the health and care systems, as the figures show, this market contributes a significant amount to the Hastings economy. The trend is not a burden. It generates income. As such it should be studied and exploited more fully where possible like any other market. The failure to regard this sector as a potentially valuable growing market has led to an under-valuation of the comparative advantages that an economy like Hastings possesses. In other words, the connection between Hastings and the 50-plus population is to be welcomed. It is a source of considerable income and Hastings has developed many skills and resources for serving this sector. But an awareness of the importance of this age group goes beyond commercial advantage. The 50-plus group has energy, experience and often a commitment to community service which provides much of the leadership in the voluntary sector.

The Hastings community

12.1 All local communities have to create an appropriate relationship between the community at large and the industrial sector within it. Sometimes the link is a very intense one - the sort that can be found in tight knit coal-mining communities. Sometimes it is reflected in a strong local sense of pride in the special skills to be found in the community - such as the many local centres of skills that until recently prevailed in West Midland towns like Kidderminster, Bridgenorth and the Black Country generally. Often, however, there was little to be proud of in the type of industry upon which the community based its wealth. Often dirty and polluting with punishing manual tasks, the industrial part of the community was seen as a regrettable necessity - a sense of pride in terms of human effort and business success perhaps, but no more.

12.2 Hastings cannot adopt that sort of attitude towards its economic activity. Apart from the fact that most of its economic activity is clean and provides a relatively attractive way of generating income, the Hastings community, in its wider sense, is inextricably involved in the process of creating wealth. This is because at the heart of what Hastings offers to its visitors and guests is a sense of hospitality. Whilst this needs to be offered directly at the point of contract, there is a more fundamental sense in which it has to be seen to be offered by the community as a whole. This is true in two respects, firstly by demonstrating the pleasure that residents themselves derive from living in Hastings, and secondly by showing hospitality to visitors.

Demonstrating the pleasure of residents

12.3 Residents of holiday resorts such as Hastings are usually poor at proclaiming the good qualities of their resort. They tend to isolate themselves from events being put on which celebrate what the resort has to offer, largely on the grounds that such events are for the visitors and not for residents. Or, alternatively, they tend to protect the good things that they have discovered themselves - the quiet spots in the country, the good restaurants, etc. Most of the best restaurants in Hastings are tucked away in the Old Town.

12.4 This is a dangerous point of view because one of the most important ways of convincing visitors to Hastings that there are things of value to be done and enjoyed in Hastings is for visitors to see that residents themselves are enjoying themselves. It will not simply happen by itself. Hastings must find a way of increasing its own awareness of the pleasure of living its community.

12.5 Careful planning is required to promote events throughout the year that, in the first instance, show the people of Hastings enjoying the good things that Hastings offers. One way to do this is to organise a series of festivals which systematically further this end. They should, for example, include a food and drink week with an element of competition between restaurateurs competing to offer the best value for money meal. But it should also include a high profile of existing music and dramatic events. The sporting and other achievements of young people should also be celebrated by organising tournaments (either on the sea or off the sea). Above all Hastings should be seen celebrating its unique heritage and history.

12.6 These things are necessary in order to demonstrate that residents are proud to be residents of Hastings, and, whilst the organising of these events would need to be done by professionals, the participation in them must be essentially a community activity. There is no room for pessimism about the possibility of doing these things. Hastings needs to focus on the things that it is really proud of. The point is that if the community is seen to be celebrating these things because residents themselves enjoy celebrating them then they will quickly commend themselves to visitors and, as the word spreads, draw in more people from outside the Hastings area.

Showing hospitality to visitors

12.7 There is what one might call an anti-tourist view in Hastings, and, of course, it goes without saying that such a view, where it exists, is bad for tourism and does not help the promotion of the local economy. The community at large needs to be persuaded that attempts to over-protect itself against the impact of 'guests' is not only bad for business but represents an unhealthy sense of community. It must be impressed on all that sharing never diminished anybody and that the things Hastings 'owns' to share with others in Hastings are held largely in trust for all and not solely for themselves.

12.8 The nurturing of a sense of community, and a willingness to share that sense of community with guests, will need to be a key part of the town's future strategy. It is also true of Hastings' tourist activities. Hastings needs to emulate other resorts and centres of interest, such as Bath, in drawing on voluntary resources in the community to help make visitors feel at home. Slide shows by churches, honorary membership in clubs, etc, are examples but the possibilities for enlarging the scope and depth of the welcome to guests is great. They could include an information desk manned by volunteers at the station every Saturday during the summer months, an information centre manned by volunteers on the principal road approaches into Hastings, an information stall each weekend in a prominent place or places in the town centre, or a mobile hospitality unit to visit holiday camps etc.

12.9 Taking this contribution of the Hastings community at large seriously is an essential ingredient in the overall corporate plan. When the arduous task of stimulating new industrial activities in Hastings and, more particularly, of restructuring the basic shopping and leisure facilities, is embarked upon those who will be approached to assist (governments, the international community or major corporations) will want to have evidence of the community's degree of commitment to its own future. Evidence of that commitment will, of course, need to be based on hard economic facts, but the success of a local development plan depends on its congruency with the aspirations of the community and will therefore need to reflect the will and resourcefulness of the community at large to make things happen.

Conclusions

13.1 No-one owes Hastings a living. The community will become impoverished if it has no economic successes. But plans must be realistic. Hastings is not a Birmingham, or a Dover. It is not even an Eastbourne although that may be hard to swallow. However, it has its successes and potential growth points and each of its traditional sectors needs to be addressed and improved where possible.

Manufacturing sector

13.2 The recent decline in this sector is disheartening. Manufacturing is a source of basic skills as well as a means of generating good incomes. There is a critical mass below which it would be difficult to sustain any manufacturing activity and Hastings must be close to that level. A sustained effort concentrating on information technology led industries especially computing software is required.

Transport and communication

13.3 A realistic study of ways in which Hastings might benefit from the expansion of activity around the Channel Tunnel and the growing cross-Channel maritime trade is required. The distance from Dover/Folkestone and the poor transport communications with that area will militate against gaining any substantial benefit but there may be some to be found. Emphasising Hastings as an area to live in for people work in the industrial complex is one possibility.

13.4 Hastings should not abandon all hope of developing its own cross-Channel trade. It may be possible to develop berthing facilities (via a new breakwater or harbour facility) which could accommodate of the new generation of faster cross-Channel vessels.

Tourism

13.5 Hastings still has a future as a tourist resort but the potential market is now more complex and not necessarily met by a single tourist strategy. Certainly a distinction between the differing needs of the day excursion and the longer stay interest holidays needs to be made. Some of the facilities on offer will be common to both markets but others may well need to be more accurately targetted at different niches in the market.

13.6 It is important that Hastings continues to present a positive image as a tourist resort. Ongoing tourist facilities including hotels and boarding houses need to meet market standards but Hastings must also make sure that evidence of past decline in the industry is removed. It is particularly important to show that the surplus tourist capacity along the length of the front has been put to good alternative uses.

Retailing

13.7 The future of the retailing sector is to a large extent determined by the fortunes of other activities and outside the control of retailers. But there are two important issues that have to be addressed in their own right. The first is whether, as a marketing judgment, Hastings should seek to create a regional shopping centre both to attract new business and to defend existing business. It is a question of considerable import and requires a well informed and well conducted debate. The second question, which is to some extent related to the first, is to determine the nature and location of the shopping facilities in Hastings. It is not surprising that Hastings, like most towns, is locked into this debate. It is partly a question of the respective roles of large shopping complexes against adjacent small shops or against small non-centre shopping areas. But in Hastings case it is also a question of the mix of shopping. Hastings has a remarkable spread of shopping facilities including an abnormally high proportion of antiques, books and other specialist shops. This type of shopping could figure large in the development of the longer tourist/leisure break market so that considerations other than the conventional criteria determining and justifying shopping developments need to be brought to the fore.

Education

13.8 Education is a quality activity and the more the sector can be developed the better. Hastings should actively press for the highest possible status for its further and higher education facilities. But its particular advantage is in the provision of EFL courses. These latter are capable of exciting development as part of a 'learn at leisure' marketing strategy. If it is not already, the sector should be identified and supported by the Chamber of Trade and Commerce as a key growth point in the economy.

Health and care

13.9 Hastings' strong comparative advantage in this sector is largely unrecognised and undocumented. The sector should be more clearly identified, the principal players brought together (by the Chamber), and a proper marketing strategy developed. This strategy should underline Hastings' ability to offer a comprehensive range of activities and support services to the 50-plus age group, together with an invitation to share in the life and leadership of the community. The possibility of an active marketing campaign to encourage more in the 50-plus age group to come to live in Hastings should be explored.

Hastings as a community

13.10 More than most areas in Britain, Hastings can survive as a community simply because it is a nice place in which to live. When people are attracted to reside in the town they sometimes bring in no more than a meagre state benefit or a meagre state pension with them, although a healthy community should be able to welcome such people. However, for the large part, those moving will either bring existing skills which continue to generate an income which then forms part of domestic income in the community or they bring increasingly satisfactory pension provisions which then also contribute to domestic incomes. The attraction of Hastings to such people must not be taken for granted or left to be commended by the sea, sunshine and surrounding countryside themselves. It is more about the quality of the community, the joy of living and the sense of community and service which is seen to be offered by existing members of the community. It is important that Hastings works and plans to ensure that Hastings is good to live in.

Whose responsibility?

13.11 Hastings has so much going for it. It has many comparative advantages to exploit. It has national trends in tourism and leisure seeking and in the growth in service activity flowing in its favour. Talks with many people over the past year have revealed a desire, matched by capability, to work their way out of trouble. All that is necessary is simply to realise the potential of the community's resources, human and physical.

13.12 Of course, the task is by no means simple. It will mean hard and clever planning, perseverance through difficult phases and much hard work and money to invest in the process. Most people, if they can see the way back to better prosperity for their own businesses, will willingly accept this challenge. But something more is required if the particular potential of Hastings is to be realised. In two important respects it is essential that the task is seen as a community effort and the same dedication to the task of succeeding will thus be required at community level.

13.13 The first relates to the interdependence of the town's many business activities. Many of Hastings' problems relate to the fact that it is a low income area. However much, therefore, people would wish to have, for example, prosperous shopping facilities by attracting more visitors and more shoppers from out of town, the principal reason the shops do not flourish is because the income is not in Hastings to make it worthwhile: that is the vicious circle.

13.14 In order to break out of this vicious circle Hastings will need to ask to be judged (by potential new businesses) against the adequacy of its overall plan and its total commitment to it. Others have to be convinced that Hastings is determined to make its plan happen in order to attract key outside players to become part of it. It will not be an easy task and it will expose the plan and the commitment to it to the severest examination. To ensure that the plan plays this crucial overall role and is vigorously and effectively argued, a small but top level team to fight for the community will need to be drawn from the public, private and voluntary sectors.

13.15 The second relates to the points made in Chapter 11. Hastings is, in many respects, seeking to sell the gifts of natural resources to outsiders and to entice them to come here to enjoy themselves. It cannot, in that case, separate out the feeling of well-being essential to a good holiday or leisure break created by services provided by the market from that provided by the voluntary sector. A number of examples have already been given where Hastings residents have a vital role to play in helping visitors to celebrate in Hastings. But it will not happen naturally. Indeed, there is an underlying opposition to putting the economic success of Hastings in this sense foremost in many people's minds. All communities, of course, are made up of potentially conflicting interests but in Hastings' case the problem has to be resolved emphatically in favour of the interests of tourist and other related business activities. Speaking in overall terms, it is in its own self-interest since the well-being of all is linked with the business success. But it is also true at a more fundamental level - what Hastings is ultimately in the business of offering to others is a celebratory act in which they are invited to a 'home' to share the many pleasures provided by an area, the stewardship of which has been entrusted to residents.

13.16 The final conclusion to draw out of this report is to refer to the nature of the many new responsibilities that will need to be accepted - and since they are new, the appropriate organisational network may have to be created from afresh.

13.17 First and foremost Hastings must accept that to a large extent that it has to do what needs to be done. It is very easy to look to others for the answer to its problems. More growth is wanted - look for new companies to come into the area. Better shops are wanted - ask a national retailer to locate in the town. Better roads are wanted - ask the government for money. A share of EU money would be attractive - think of any scheme imaginable to get it. An overall plan is needed and must be implemented - throw the responsibility onto the Town Hall.

13.18 If any of the above list actually happens that would be a great bonus to Hastings, but the lack of results of such initiatives is not at the root of the problem. There are 31,000 economically active people in Hastings in a wide range of businesses. Its prosperity essentially lies in improving its own performance. Improvement will mean different things to different businesses. In some cases improvement may need to be in better marketing, in others better and more appropriate products, in others better production methods, in others lower production costs, in others better leadership and/or financial management. These issues are the stuff of the debate about how the country's national performance can be improved and they are equally relevant and equally crucial to Hastings' future well-being.

13.19 For these reasons, it is necessary to look largely to the business sector (which now includes the entrepreneurial elements of many public sector institutions) to deliver this plan. And it is for these reasons, therefore, that besides assuming that individual entrepreneurs will read, mark, learn and inwardly digest what new opportunities the plan reveals for them, it is necessary to look to the local Chamber of Trade and Commerce to take responsibility for specific actions.

13.20 Sceptics may wonder about the wisdom of such a suggestion. Local Chambers of Trade and Commerce are often ineffective and unrepresentative. But this as a perfect example of the need to be seen to be taking our corporate commitment to Hastings' future seriously. Hastings will not be seen to be credible unless it has an active, adequately financed, Chamber fully reflecting the leadership of all sectors of its business activities.

13.21 Hastings, more than most communities, is blessed with an active group of voluntary organisations particularly concerned about the overall quality of life in Hastings as well as the town's economic prospects. Such organisations in fact contribute substantially to the town's economy (paid staff, purchases, etc) but their sensitivity to community issues and their ability to form and influence community attitudes is an important asset to be brought into the partnership charged with creating Hastings' future.

13.22 As far as the role of the Town Hall is concerned, it is important to adopt realistic expectations in the private sector as to what the Town Hall can and cannot do on their behalf (especially where the argument is in effect a running away from their own responsibilities). But there is a very real role for the Town Hall. The holistic nature of the plan requires a very strong directing and enabling role by the Town Hall. It will need to provide leadership of a high calibre so that the community team effort can be made effective. Also, the plan places a heavy responsibility on the Town Hall to make the essential infrastructure developments happen (which will in part be a question of seeking capital funding from appropriate sources).

13.23 All successful plans need to be a mixture of realism and vision. This survey reveals the nature of Hastings' present problems, but in the course of so doing identifies a number of windows of opportunity. It fully recognises the intellectual challenge and the hard work that will be required to change these opportunities into reality.

13.24 The vision is for a healthy and happy community. One where renewed efforts generate higher levels of income and where the community is proud to invite others to share in its celebrations as its residents live out their lives in this glorious part of the country. The opportunity must not be allowed to pass.

ANNEX A

A Comprehensive Approach to Local Economic Development

1. Those responsible for the economic development of a local economy have no easy task. Much of their work is over-shadowed by a sense of helplessness. After all, a local community is but a small pebble in the international sea of world economics; a world of large corporations who often dictate alien work practices and impose strict rules of economic behaviour which, if they are not complied with, leave little hope for a local economy.

2. Faced with this incomprehensible world environment local communities invariably adopt a begging-bowl mentality couched in pleas for someone outside the local community to come to help, whether it is by the provision of national government funds or by competing to get the favours of a large multi-national company to locate part of its manufacturing facilities in the area.

3. These attitudes govern the approach to local development, particularly on the part of local officials. Attention is invariably focused on the provisions of the Local Plan and the ability of local planners to implement the plans; dictated often by the need to fit such plans into the national pattern set down by central government. More importantly the process generates very little incentive for people to help themselves, except to make it clear that they have resources to offer. Thus economic development is seen as mainly offering appropriate land for development by outsiders, who, hopefully, will do so by employing local labour. When such a strategy succeeds the resultant new development often intrudes harshly on the local wider community. When it is withdrawn the result can be devastating.

4. In contrast, the problem of economic development as seen at national level centres around how domestic resources can best be deployed to take advantage of new technologies, to introduce new investment, to improve the skills of the domestic workforce and to encourage domestic entrepreneurial talent.

5. National activities are also, or should be, contextualised in a wider societal framework whose importance is to see that a sense of achievement is rewarded, that social activities are supported and potential conflicts between social and economic activities are reconciled in the

pursuit of the full life. Since work is living and living is work the two sides cannot be separated.

6. Unfortunately, these latter concepts are rarely applied at local level for many reasons, but a crucial one is the lack of belief on the part of the local community in the possibility of regarding a local economy in the same way as the national economy.

7. When it can be so regarded, and this is the purpose of the present exercise, it produces a new liberating framework for exploring a community's future.

8. The obvious prime objective is to treat the local area as if it were a country and set as objectives a concern for the income-generating potential for local residents and for the local workforce. If the problem is approached as if it were that faced by a country it would be reasonable to adopt the same analytical framework as is used at national level, such as to measure the following elements

Gross Domestic Product

1. Income	**2. Output**	**3. Expenditure**
1.1 Income from employment	Industry (1)	3.1 Consumer spending
1.2 Income from self-employment	Industry (2)	3.2 Government spending
1.3 Rent	Industry (3)	3.3 Investment (inc stock building)
1.4 Profits		3.4 Exports
		Total spending
		3.5 less imports
		3.6 less an adjustment to factor cost
Total GDP	Total GDP	Total GDP

9. The crucial issue is whether it is possible to construct a statistical framework at local level which can provide estimates of these components. Taking them one by one

1. INCOME

1.1 Income from employment

1.1.1 Numbers in employment

10. It is possible to obtain a detailed break-down of numbers in employment for a local area, both from the census of population, held every ten years, and the regular censuses of employment held usually biannually. These data provide information by industry (up to some seventy industries), show a split between male and female and between full time and part time.

11. But this information can be expanded in far greater detail at local level by direct approaches to the various players in the local economy. For example

    i) it is possible to get detailed figures of public sector employment directly from various offices
    ii) most local authorities have a register of manufacturing companies, often with information about numbers employed
    iii) the Yellow Pages is an excellent first source for much information about service industries
    iv) there are other direct approaches that can be made, for example to the residential and nursing homes.

1.1.2 Wage rates

12. Information at detailed level by occupation and industry can be obtained from the regular earnings enquiries, but local employment offices are also able to give a considerable amount of additional information for use in a local economic survey.

13. On balance, by working at the maximum possible industrial detail differences between local and national wage levels disappear. In other words, most of the differentials between national and local result from a differing mix of employment and industry rather than discrepancies between wage rates.

1.1.3 Other adjustments

14. Numbers in employment together with estimates of average earnings, plus allowances for National Insurance contributions provide a sound basis for calculating income from employment.

1.2 Income from self-employment

1.2.1 Numbers in self-employment

15. The Census of Population for 1991 gives numbers employed by broad industry groupings from the 10 per cent sample, which can then be grossed up. These industry groupings can be expanded considerably by use of Yellow Pages information and by direct approaches to various industrial sectors in the community. Again, the value of the industrial detail is important since it allows a distinction to be made between highly paid self-employed people, such as professionals, and those, of whom there are many, currently engaged in, for example, the construction industry.

1.2.2 Per capita income

16. This is perhaps the most difficult area on the income side. Very little is known from official national data which is applicable to a local area. However, in a sustained approach to measuring a local economy it is possible over time to build up a considerable amount of information provided anonymously from, say, accountants, about the respective levels of self-employment income. Other sources of information are trade associations, offering selected members of their Association who are willing to provide information.

17. The self-employed is a difficult area but it is an important one because a great deal of local activity is now carried out by self-employed persons and there is a risk that concentration on the manufacturing sector alone fails to reveal the key elements of income differential between areas.

1.3 Rents

18. This component is made up of two elements. The first is a technical adjustment to allow for imputed rents. The point here is that national figures are prevented from being distorted by movements of people from the rented sector to the owner-occupier sector, by imputing a rent to owner-occupiers which is included both in expenditure and in income as well. It is possible to make an estimate on a pro rata basis for a local economy, though as the figure cancels out on both sides it is of no great consequence to the presentation.

19. Rents received from property are, however, significant since most communities have a private rented sector and in the case of holiday areas a substantial income from renting accommodation for the purposes of tourism.

20. Here again, access to professional accountants for some guide on amounts is helpful. Also information about the scale of activity, ie the number of properties up for rent and so on, can be arrived at and used as a basis for the exercise. In the case of tourism, usually information is available about self-catering accommodation.

1.4 Profits

21. The amounts of profits generated in one year is a volatile figure, so it is only possible to make a somewhat notional allowance for the actual performance in any one year. However, much can be done to fill in a profile for the generation of profits for the local economy, mainly based on the amount of industry detail. It it is taken at its maximum at, say, some sixty industries, it is clearer how far such industries are operated by incorporated companies as distinct from partnerships or the self-employed. Also, the relevant input/output tables provide an estimate of a profit to other income ratio for each of these detailed industries. Given this information it is possible to estimate the amount of profits being generated by industry. Allowing for the degree of incorporation provides an estimate of profits for the local economy. The value and use of input/output tables is dealt with below.

22. Given these estimates it is possible to arrive at an estimate from the income side of the **gross domestic product.**

2. OUTPUT

23. As most of the calculations described so far are based on detailed industries level the estimates provide measures of output by industry.

PERSONAL INCOME AND EXPENDITURE

24. A next important subsidiary calculation is to create a personal income and expenditure account which will determine the levels of consumers' expenditure by local residents. This table is made up of the following items (their availability or method of calculation is inserted alongside).

Income	
Income from employment	The way of calculating these figures has already been described
Income from self-employment	The method of calculating these figures has already been described
Rents, dividends and interest	The national personal income and expenditure accounts provide ratios of this item to total incomes. These can be adjusted for the industry composition as described under Profits above
Pensions	The national figures can be adjusted to allow for a greater or lesser numbers of retired etc.
Receipts from Social Security	National figures can be adjusted for the differing levels of unemployment, single parent families etc
Deductions	
An estimate of tax paid on these incomes has to be inserted	The national figure can be adjusted for the lower or greater number of economically active people, and the different levels of income, etc
An allowance has to be made for National Insurance Contributions	An estimate is available from national data

25. Taking these deductions from total personal income provides an estimate of personal disposable income. If an estimate is made of the savings ratio, for which the national figure can be taken as a bench-mark and adjusted according to the levels of income in the local

economy, the remainder is then the estimate of the amount spent on consumer spending by local residents.

3.1 EXPENDITURE

26. The next stage of the calculation is to move on to measuring the gross domestic product from the expenditure side. However, in order to match these two estimates up properly, it is necessary to convert the measures of GDP from the output/income side into estimates of gross output. This is necessary for a number of reasons but particularly to provide estimates of intermediate imports, ie imports that are coming into the area as part of the process of production.

27. The national input/output tables provide a detailed industrial analysis of purchases by one industry from another, including purchases of commodities from abroad as part of the process of production. The distinction between domestic production and imports is clear at a national level. At local level it is necessary to analyse the detailed industry demands for commodities as part of the production process to identify those that are likely to be produced within the local area and those which are brought in from outside the area (to be defined as imports in measuring the activities of the local economy). This sounds to be a formidable task but in practice, since the analysis is done at considerable detailed industry level, it is relatively straight-forward to identify whether certain commodities are produced locally or have to be imported.

28. The net result of this exercise is to produce a modified input/output table in which the classification between domestic and the imported supply of commodities is adjusted to meet the local parameters.

29. Another assumption which can be adequately justified is that the ratio between value-added and purchases (the combination of which makes up gross output) are constant for each industry group and therefore these ratios can be applied across to the local economy. This assumption is none other than the underlying principle behind input/output tables as a means of judging the repercussions throughout industry of changes in demand, where it is assumed that the production co-efficient, ie the ratio of net to gross output, remains constant for individual industry sectors.

30. By this route the net output figures at industry level can be converted to gross output figures.

31. The next stage is to calculate estimates of final expenditure.

3.1 Consumers' expenditure

32. The most important element in final expenditure is consumer spending. The calculation of a personal income and expenditure account to give an estimate of total spending by local residents has already been described. This total can be split down into the demands for particular products using the details of the Family Expenditure Survey (adjusted where necessary to take account of either different age, household composition or income distributions).

33. These estimates of consumer spending by product have to be adjusted in a number of ways. First of all, in terms of demand on industry it is necessary first to add on to these figures an estimate of spending by non-residents in the local economy (principally tourists). Estimates of this spend can be calculated in principle by measuring the variations in retail sales that can be attributed to tourist spending. In practice this can be done by asking a sample of retail outlets (and tourist attractions) to provide a seasonal pattern of sales from which can be deduced the relative importance of tourist spending on the total. Armed with these ratios an adjustment can be made to total consumer spending to allow for sales to non-residents. These totals then have to be adjusted first of all for taxes, and secondly to allow for the import content of these final goods. In a local economy the amount imported is, of course, very substantial and includes, for example, virtually all clothing, furniture and consumer durables. Again, realistic estimates can be made of this by going through the commodity details shown in the Family Expenditure Survey (some thirty categories) to estimate what proportion is likely to be produced, if any, in the local economy. Having made this calculation the spending figures can be converted into the demand on the domestic economy.

3.2 Current expenditure by general government

34. Spending by central and local government bodies are broadly the same as the estimates of the value-added created by the public sector (with some allowance for the purchase of consumables which can be derived from the input/output tables).

3.3 Investment

35. Investment, including stock-building, is harder to allow for, but it can be assumed that the same industry ratios apply as in the national data. Spending on plant and machinery is perhaps the most important, but invariably this will be imported into the area and will be allowed for as imports. The same would be true of spending on vehicles. In the case of other new building and works, ie construction, most of this can be assumed to be local spending and would represent a demand on the local construction industry.

3.4 Exports

36. Estimates of exports by domestic industries can be made by looking at the detailed industry pattern produced by the input/output tables to allow export ratios to be calculated. In most industries a realistic estimate can be made but particularly for tourist centres a very careful watch has to be made on the sector for hotels, restaurants and retail trade.

3.5 Imports

37. The method of calculating intermediate imports has already been described, as has that for imports of final goods including those re-exported as part of the tourist sector.

38. By these routes reasonably reliable estimates of the measures of the gross domestic product, both from the income/output side and from the expenditure side can be obtained. The results for Hastings are provided in the following Annex B.

ANNEX B

The Hastings Economy in 1991

Introduction

1. This Annex brings together revised and expanded estimates of the Hastings economy by treating Hastings as if it were a national country.

2. Hastings' primary concern is the increase in economic activities of the residents of Hastings and the overall objective is to seek to maximise domestic incomes. Domestic incomes can be maximised either

   - by increasing income per head of those already residing in Hastings by enabling maximum growth of current activities, or by creating new activities carried out by existing residents,

   - or by persuading new resources to come to Hastings. These resources may be capital, labour or entrepreneurship. The resources may not directly contribute to income of existing residents, either because the owners of, eg capital, remain outside Hastings, or the additional income will accrue to 'immigrants'. However, they could well increase present residents' income, either where residents enter into partnership with the new resources, or they may enjoy some of the indirect benefits that flow from new wealth-creating activities.

3. Table 1 overleaf shows, the gross domestic product of Hastings amounts to £499 million, or, on a per capita basis, a value of approximately £5,964 per head. This compares with a figure of £8,481 for the United Kingdom as a whole.

Table 1

Gross Domestic Product for Hastings

Measured by Expenditure	**£000**
Consumers' Expenditure	491,607
Public Expenditure on Goods & Services	296,690
Investment	132,000
Export of Goods & Services	254,004
Total Final Expenditure	1,174,301
Less Imports of Goods & Services	629,148
Gross Domestic Product (at market prices)	545,153
Factor Cost Adjustment	85,563
Gross Domestic Product (at factor cost)	459,590
Measured by Income	
Income from Employment	372,787
Income from Self-Employment	73,960
Profits and Rent	92,069
Gross Domestic Product (at factor cost)	538,816
Average Measure of GDP	499,203
GDP per head (£)	5,964

4. Table 1 also shows that Hastings has a 'trade' deficit (imports less exports) of £375 million.

5. In 1991 there were 25,375 employees in employment and 5,240 self-employed in Hastings. There were 3,817 unemployed. The detailed analysis of those in work is as follows

Table 2

Analysis of Those Employed in 1991 (Numbers)

	Agriculture /Fishing	Energy /Water	Manu-facturing	Contruction	Distributn /Catering	Other	Total
Self-employed	130	10	360	1,870	1,330	1,540	5,240
Employees Full Time	-	267	3,051	719	3,223	9,841	17,101
Employees Part Time	-	16	305	53	2,287	5,603	8,274
Total Employees	-	283	3,356	772	5,510	15,454	25,375
Total Numbers in Work	130	293	3,716	2,642	6,840	16,994	30,615

6. Table 3 below gives the industrial sources of Hastings' Gross Domestic Product.

Table 3

Hastings' Gross Domestic Product 1991

	% Contribution
Agriculture	0.37
Forestry/Fishing	0.16
Energy & Water	1.18
Manufacturing	14.41
Construction	6.17
Distribution	10.17
Hotels & Catering	3.38
Repairs	1.14
Transport & Communication	6.28
Financial & Business Services	9.43
Rents & Estate Agents	2.45
Ownership of Dwellings	7.12
Health	18.75
Education	6.98
Public Administration	6.76
Other Services	5.26
Total	100.00

7. It will be seen that manufacturing plays a significant part (14.4 per cent) although the proportion is significantly smaller than the national average of 22.8 per cent. The other major areas of activity are distribution, hotels and catering, finance and business services and education and health. Together these latter account for some 49 per cent of all activity.

8. The estimated Personal Income and Expenditure Account for 1991 is as follows (Table 4):

Table 4

Hastings Personal Income and Expenditure Account 1991 (£000)

Income from Employment		372,787
Income from Self-Employment		73,960
Rent, Dividends, Interest	Receipts; Life Assurance/Pensions	74,557
	Rents (included imputed rents)	48,375
	Total	122,932
Social Security Benefits		74,557
Other Transfers		3,728
Total Personal Income		647,964
Deductions from Income	UK Taxes on Income	64,796
	Other	54,559
Personal Disposable Income		528,609
Expenditure	Consumers' Expenditure	491,607
	Saving	37,003

The Balance of Trade

9. The concept of external trade (imports and exports) is somewhat artificial. Obviously there are no customs stations monitoring the movement of goods and services (or for that matter financial flows) in and out of the area. However, even rough approximations are a useful indicator of some of the key aspects of Hastings' task. Just as national policy addresses the task of improving the balance of payments by increasing exports and reducing imports, so one of Hastings' challenges is to reduce its dependence on goods and services bought in from outside the area, as well as increase its own level of exports.

10. Imports are of two broad types. There are those purchases from outside the area needed to support our own economic activity - fuels, raw materials, semi-finished goods etc. Secondly, there are imports of final goods for purchase by Hastings residents - shoes, TV sets, furniture etc - or for 're-export', ie the same goods in the shops bought by non-residents (visitors). Table 5 overleaf illustrates the size and distribution of the first category of imports.

Table 5

Hastings' Imports of Intermediate Goods and Services

	Value (£000)	% of Total
Agriculture	1,509	0.67
Forestry & Fishing	340	0.15
Energy & Water	4,829	2.15
Manufacturing	103,357	46.00
Construction	15,952	7.10
Distribution	14,951	6.65
Hotels & Catering	4,178	1.86
Repairs	1,684	0.75
Transport & Communication	15,531	6.91
Financial & Business Services	8,859	3.94
Rents & Estate Agents	560	0.25
Ownership of Dwellings	-	0.00
Health	30,660	13.64
Education	4,230	1.88
Public Administration	12,596	5.61
Other Services	5,464	2.43
Total	224,700	100.00

11. It will be seen that the bulk of its purchases relate to the manufacturing sector.

12. Table 6 below illustrates the pattern of demand for 'final' imports into consumption.

Table 6

Hastings' Imports and Re-Exports of Final Consumer Goods and Services

	Imports Value (£000)	% of Total	Re-Exports Value (£000)	% of Total
Food	41,104	14.09	6,096	11.54
Drink	26,615	9.13	1,573	2.98
Tobacco	12,786	4.38	1,327	2.51
Clothing	28,219	9.68	4,424	8.38
Housing	12,657	4.34	0	0.00
Fuel	16,273	5.58	983	1.86
Furniture	5,539	1.90	64	0.12
Carpets	2,131	0.73	25	0.05
Major Appliances	5,539	1.90	64	0.12
Textiles	2,607	0.89	88	0.17
Hardware	3,835	1.32	44	0.08
Cleaning Materials	1,957	0.67	29	0.06
Domestics Services	1,044	0.36	59	0.11
Cars/Petrol	32,477	11.14	6,047	11.45
Other Vehicle	7,921	2.72	2,950	5.58
Travel	7,684	2.64	836	1.58
Telecom	5,006	1.72	187	0.35
TV & Durables	9,802	3.36	1,131	2.14
Sports Goods	3,787	1.30	664	1.26
Other Rec Goods	8,343	2.86	1,868	3.54
Recreational Services	11,236	3.85	5,309	10.05
Books	6,509	2.23	1,377	2.61
Education	957	0.33	54	0.10
Medical	5,941	2.04	1,106	2.09
Toiletries	6,238	2.14	1,032	1.95
Hair, etc	594	0.20	442	0.84
Other Goods	7,672	2.63	884	1.68
Catering	14,438	4.95	12,683	24.01
Other Services	2,712	0.93	1,475	2.79
Total	291,625	100.00	52,823	100.00

13. Hastings' lifeblood is its trade in exports, ie what it sells to visitors or produces but sells outside the area. The following table (Table 7) illustrates the pattern of these exports.

Table 7

Hastings' Exports of Goods and Services

	Value (£000)	**% of Total**
Agriculture	1,121	0.56
Forestry & Fishing	1,371	0.68
Energy & Water	1,600	0.80
Manufacturing	109,583	54.47+
Construction	4,320	2.15
Distribution	8,707	4.33
Hotels & Catering	20,650	10.26
Repairs	1,176	0.58
Transport & Communication	23,498	11.68
Financial & Business Services	12,629	6.28
Rent & Estate Agents	0	0.00
Ownership of Dwellings	0	0.00
Health	2,996	1.49
Education	11,775	5.85
Public Administration	0	0.00
Other Services	1,754	0.87
Total	201,180	100.00

14. The high figure of manufacturing should be noted, reflecting the presence of electrical and electronic manufacturing units in Hastings. Otherwise the principal export earner is the hotels and catering sector.

15. The following three tables provide more details for those activities of particular importance to Hastings. The first (Table 8) gives greater detail for the hotels and catering sector.

Table 8

Net Output of Hotels & Catering

	Value (£000)	**% of Total**
Hotels & Guest Houses	3,842	21.1
Holiday Camps	2,356	12.9
Restaurants	5,527	30.3
Off-Premises Snacks	1,254	6.9
Public Houses	3,885	21.3
Clubs	370	2.0
Catering Contractors	1,000	5.5
Total Hotels & Catering	18,234	100.0

16. It shows that hotels and guest houses share the bulk of the income with restaurants and public houses. The significant figure for public houses (which now derive income from food as much as drink) should be noted.

17. Table 9 gives greater details of the financial and business sector.

Table 9

Net Output of Business Services

	Value (£000)	% of Total
Bank/Finance	14,662	22.9
Insurance	4,016	6.3
House Agents	4,312	6.7
Legal Services	8,728	13.6
Accountants	8,980	14.0
Architects	4,041	6.3
Advertising	322	0.5
Computer Services	1,578	2.5
Other Business Services	4,160	6.5
Renting & Real Estate	13,223	20.7
Total	64,021	100.0

18. This sector is still dominated by conventional activities such as banking, insurance and property services, but there are a significant number of other professional business services - an area offering a potential for growth.

19. Table 10 gives further details for the education and health sector, largely in order to draw attention to the relative contribution of nursing homes to local income.

Table 10

Net Output of Education & Health

	Value (£000)	**% of Total**
Education		
State Schools	18,522	49.2
Private Schools	2,185	5.8
Further Education	9,424	25.1
Language Schools	7,465	19.9
Total Education	37,596	100.0
Health		
Hospitals	60,543	64.1
GPs	5,725	6.1
Para-medical	7,191	7.6
Residential Homes	16,462	17.4
Nursing Homes	4,539	4.8
Total Health	94,460	100.0

20. Finally, the size of the public administration sector, here defined as central and local government and the emergency services, should be noted (Table 11). The sector represents just under 1 per cent of total net output of Hastings.

Table 11

Net Output of Public Administration

	Value (£000)	**% of Total**
Central & Local Government	31,141	62.8
Emergency Services	18,409	37.2
Total	49,546	100.0

Table 12

Hastings Shopping Facilities

1986-1993

Numbers or % change

	1986			1993			% Change 1986-1993		
	Total	Retail	Vacancies	Total	Retail	Vacancies	Total	Retail	Vacancies
Town Centre	401	238	27	423	204	62	5.5	-14.3	129.6
St Leonards	281	165	16	300	155	46	6.8	-6.1	187.5
Old Town	142	83	16	145	80	19	2.1	-3.6	18.7
Silverhill	98	62	4	106	59	5	8.2	-4.8	25.0
Bohemia	131	84	21	130	68	38	-0.8	-19.0	81.0
Ore	57	37	2	55	32	5	-3.5	-13.5	150.0
Boxhall Road	22	14	3	24	13	3	9.1	-7.1	-
Total	1,132	683	89	1,181	611	178	4.3	-10.5	100.0

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Note:

Different assumptions and relationships yield different forecasts. The reader can select other sets of assumptions and vary the forecasts accordingly.