

North York Moors National Park Authority

21 March 2016

Yorkshire Coast – Proposed Destination Business Improvement District

1. Purpose of the Report

- 1.1 To introduce to Members proposals being developed for a Destination Business Improvement District for the Yorkshire Coast.
- 1.2 To seek Member guidance and approval for officers to negotiate and confirm the Authority's position on the matter.

2. Background – Destination Business Improvement Districts

- 2.1 A Business Improvement District (BID) is a formal mechanism under the provisions of the Business Improvement District (England) Regulations 2004, whereby businesses and other stakeholders contribute a levy – via an uplift in Business Rates – determined by a prescribed formula. These levies then create a fund which is used to develop and implement responses to impediments to growth, or to improve the trading environment in which the businesses operate.
- 2.2 A Destination Business Improvement District (DBID) is a BID designed to directly and specifically support the development of the visitor economy within a defined destination.
- 2.3 A DBID can be proposed by any business ratepayer, property owner, local authority or partnership with an interest in the BID area. It is often moved forward by a cluster of businesses, usually in partnership with a local authority. Usually the first step is to commission an initial feasibility study and, given a positive outcome to the initial study, a full business plan and detailed proposal is developed. The detailed proposal is then put to a ballot of all business rate payers who would be required to pay a levy should the vote be positive. To secure a “yes” vote the proposal needs to secure sufficient votes against two criteria. It must achieve a “yes” vote from over 50% of those voting, and those who have voted “yes” must represent at least 50% of the total rateable value of those voting. Given a yes vote all business rate payers in the area who meet the proposed criteria will be required to pay the levy
- 2.4 The detailed proposal will set out amongst other things:
 - the area to be covered by the BID,
 - the nature of business to be included,
 - the rateable value above which businesses will be required to pay,
 - the % of rateable value that businesses will be required to pay into the fund,
 - the priority subjects for investment,
 - the form of governance and decision making,
 - key performance indicators.
- 2.5 The DBID once approved will last for a maximum of 5 years. At the conclusion of the initial five years a ballot may be held regarding extension of the arrangements for a further period.

2.6 Since the introduction of the enabling legislation in 2004, there have been over 240 BIDs approved by ballot including over 70 approving an extension following an initial period of operation.

3. **Proposed Yorkshire Coast Destination Business Improvement District**

3.1 The Yorkshire Coast Tourism Advisory Board has commissioned an initial study of the feasibility of a DBID. The National Park Authority contributed £1000 towards the cost of this study.

3.2 The study is now complete and it concludes that a DBID would be viable and a detailed Business Plan should be developed in line with the following initial recommendations:

- The area should be a coastal strip in the council areas of Redcar and Cleveland, Scarborough and East Riding. The precise area and width of the coastal strip is still to be clearly defined but the most recent map suggests that it would cover a narrow strip in Redcar and Cleveland and East Riding but would cover the whole of the Scarborough Borough.
- A wide range of businesses should be involved including those in the sectors of holiday accommodation (all types), car parking, entertainment and leisure, food and drink, office and commercial, public conveniences, pubs, retail, transport.
- Businesses with a rateable value of less than £10,000 pa should be exempt.
- A levy of 1.5% of rateable value should be applied. This would generate a fund of £1.16m each year from the 1852 affected businesses which would likely attract a further income of £230,000 pa. giving a total annual fund of almost £1.4m.
- The fund should be invested primarily in marketing and promotion, events, access and business support as well as covering administration and overheads.
- The fund should be administered by an independent not for profit company directly accountable to BID levy payers. The precise form and make-up of the delivery organisation is left open.

3.3 The next stage is the development of a detailed proposal to put to ballot. This is likely to take at least 12 months and cost in the region of £100,000.

3.4 The Chief Executive and Director of Park Services are meeting with representatives of the Coastal Tourism Advisory Board and Borough Council shortly before this Committee meeting to discuss the proposal in more detail and will be able to update members on the day.

3.5 This proposal has clear and significant implications for the Authority in pursuing its strategic priority to promote the North York Moors to achieve the second purpose and support local businesses involved in the tourism industry.

3.6 Set out below are some key considerations. Members are asked to weigh these and any other relevant considerations and give officers clear guidance as to principles within which to pursue discussions and negotiations. Member approval is sought to continue discussions within the framework of principles agreed at this meeting, to formulate an authority position in response to the proposal and to provide funding of up to £20,000 towards the cost of the detailed plan should this be considered appropriate in light of members' principles and emerging detail.

4. **Key Issues for Consideration**

4.1 The Yorkshire Coast is one of the finest stretches of coastline in the UK if not more widely. It has fantastic assets and enormous potential which is currently not fully realised.

- 4.2 In principal, officers suggest the Authority should be strongly in favour of the pooling of resources by business led initiatives which will support and improve the tourism industry. However, there is potential for such developments to have a negative impact on delivery of National Park Authority objectives and on some businesses should the proposal be ill conceived.
- 4.3 The Authority has long argued that two dominant brands should be promoted in and around the National Park, namely the North York Moors and the Yorkshire Coast. These brands overlap. any BID should not operate to favour one brand at the expense of the other The Authority has invested considerable effort and resource in supporting businesses operating with the North York Moors brand (as well as the Coast), this progress should not be jeopardised. It is also widely accepted that the “National Park” brand has significant and international appeal (a recent survey in Cairngorms National Park found that 63% of visitors considered National Park Status as important in their decision to visit). This should not be overlooked
- 4.4 The shape of the DBID area is crucial and it is currently not clear as to what is proposed. Should the area be drawn to include substantial inland areas but still be “Coast centric” it would draw resources and possibly effort away from promotion of inland businesses in favour of the Coast. A truly narrow coastal strip may be workable (depending upon clarification) but it may be worth considering a larger area covering the entire National Park and its area of influence together with the remainder of the Yorkshire coast, within which both brands are promoted and developed in tandem.
- 4.5 Unless there is one very large area including all of the North York Moors and Coast areas it will be essential that the two areas work closely together. A Coastal unit must in any event recognise the special natural and historic character of the Coast, including Whitby, if it is to be successful. The National Park as a whole and individual locations/attractions in and around it (eg the North Yorkshire Moors Railway and Castle Howard) are integral to the success of the Coastal offer. Nor should it be forgotten that the National Park brand is a huge asset with its internationally recognised status and unique cachet.
- 4.6 The feasibility study report recommends that DBID fund investment should not be made in product development, other than for events. Officers consider that provision should be made for significant investment to support businesses in improving their offer or developing new products to meet visitor/potential visitor demand.
- 4.7 The form of any organisation set up to administer the DBID and its governance are yet to be determined. The Authority will wish to be confident that the interests it represents can be properly represented within what will clearly and rightly be a business led organisation.
- 4.8 Officers therefore suggest that the following principles are adopted as a basis for deciding on the Authority’s approach to the bid:

Principles

Officers propose that the following principles should guide the Authority’s approach to the DBID.

- Any Bid should recognise the need for resources to be spent improving the quality of the offer (hospitality, accommodation, infrastructure) as well as on marketing.
- Welcome to Yorkshire’s funding and effectiveness should not be challenged.
- The aspiration for the Bid must reflect the very high quality of the North York Moors/York/Coastal area’s natural and cultural assets.

- The Authority should have an appropriate role in the management and delivery of the Bid (reflecting its status as an eligible business etc).
- Any bid covering part of the wider North York Moors area should not actively disadvantage the rest of the area and the two dominant brands must integrate their offers effectively.
- The National Park brand should be used and it should be used in a fashion which reinforces its status.
- Any “coastal” bid should be based on a narrow strip within which businesses have a clear affinity with the coast and should certainly not be drawn simply along principal local authority boundaries. A wider area including a significant proportion of the National Park for example should be designed and implemented to represent both Yorkshire Coast and North York Moors brands.

4.9 It is proposed that officers be authorised to take an active role in continuing discussions and to agree the Authority’s position within the framework of the above principles. Should the proposals diverge significantly from any of the principles, a further report will be brought to members. The timing of this may be difficult since a commitment to back the Bid or not may well need to be made at a relatively early stage before some of the elements are clear.

5. **Financial and Staffing Implications**

5.1 As set out in recommendation 8.2, it is proposed that provision be made to contribute up to £20,000 towards the cost of developing a detailed proposal should this be considered appropriate on conclusion of negotiations. This is not currently allocated within the 2016/17 budget. It is proposed that if negotiations are satisfactory that the budget be allocated from general reserves at the point at which the Chief Executive determines that it should be actioned in accordance with paragraph 4.5.5 of Financial Regulations.

6. **Contribution to National Park Management Plan**

6.1 A successful and effective DBID could contribute to delivery of the following National Park Management Plan policies

B1, Visitor spend will be increased

B2, Opportunities for visiting the National Park outside of traditional peak seasons will be promoted

B3, Overnight tourism in and around the National Park will be specifically promoted

B4, The quality and variety of tourism and recreation facilities and accommodation will be improved

6.2 It would also contribute to achievement Authority’s strategic priority to promote the North York Moors to achieve the second purpose and support the local economy

7. **Legal Implications**

7.1 Should the DBID proceed, it will be necessary to set up a new legal entity or revise the legal framework of an existing entity. The precise legal nature of such an entity is currently undefined and will be developed and set out in the detailed proposal.

8. Recommendation

- 8.1 That Members agree principles within which officers can continue discussions and negotiations regarding a Destination Business Improvement District for the Yorkshire Coast, or potentially other areas.
- 8.2 That Members authorise officers to conclude discussions, establish a National Park Authority position on the proposed DBID within the framework of principles as agreed under recommendation (1), to conclude negotiations and, if appropriate to contribute up to £20,000 towards the cost of developing a detailed proposal for the DBID.
- 8.3 Officers are instructed to bring the issue back to Members if it proves impossible to find a solution which seems likely to meet the agreed principles.

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Background papers to this Report

File ref

1. Yorkshire Coast DBID Feasibility Report (The Mosaic Partnership)
2. Establishing TBIDS in England: An introduction (VisitEngland)
3. Business Improvement Districts Technical Guide for Local Authorities (DCLG)