

## **Make It York - Performance**

1. This annex provides information on MIY's performance during the period 2015-18 in three categories:
  - i. Activity specifically commissioned by the Council
  - ii. Commercial exploitation of the city's assets, e.g. the city centre
  - iii. Activity undertaken for members and other businesses
2. The final section of the paper covers stakeholder views.

### **i) Activity Commissioned by the Council**

3. In this area MIY has broadly maintained and built upon the level of delivery that the Council previously undertook at the point of transfer, except in the area of Science City York where MIY has been able to increase capacity through externally funded projects. MIY has enabled CYC to reduce its funding through increasing income.
4. The following are the key areas of activity set out in the SLA:
  - a. High-value job growth initiatives**
5. This forms the largest element of the commission. Targets for this area by 2018 were: 500 jobs created above the national median wage, 100 jobs safeguarded, 500 businesses assisted to improve their performance, 250 inward investment enquiries from businesses outside of the region with 20 projects converted.
6. MIY's performance reports throughout the year have highlighted the significant number of MIY's achievements, wide range of activity delivered, and businesses engaged. These undoubtedly go beyond the output of what was delivered when these functions sat within the Council. MIY have continued to step these up over the period of the contract. Issues to note, however, are:
  - a) Whilst there has been a significant amount of activity, the principal target of that activity in terms of high value job creation and retention is not on track to be achieved. This is not a reflection of MIY's performance, but it does highlight an issue to address in the new contract. Firstly, there is a complex relationship between the factors influencing job creation and retention. MIY and CYC both acknowledge that business support activity alone is not sufficient; wider infra-structure and policy interventions are also needed. Even then there is a limit to the influence that the public sector can exert.

- b) It can also be difficult to make the link between activity delivered and job outputs, especially where activity is indirect such as a workshop or a response to a business support enquiry. With more agencies operating in this space, a multi-agency approach to economic development is required, but this makes the additionality of the individual organisation's contribution harder to quantify. For example, MIY is increasingly working with the LEPs on inward investment in a supportive capacity.
- c) All these factors point to future commissioning decisions focussing less around 'are Make it York performing well as a business and inward investment support agency?' and more about 'with the resources it has identified, what should the Council commission that will make a fundamental difference to high value job retention and creation in York, and which parts of this are Make it York best placed to deliver?'
- d) This also raises a question about the importance that the council places on commissioning a locally-focussed public business support, sector development and signposting offer as opposed to relying on only private sector and LEP funded support. Whilst a local service may not achieve significant direct job outputs, it can form part of encouraging an environment in the city conducive to business.

7. On specific elements of the SLA:

- e) MIY is attempting to broaden the resource deployed on inward investment through the Business Ambassador Scheme. There are now 50 business ambassadors agreeing to help promote the city for inward investment. This is already bearing fruit with 3 enquiries received as a result. It is worth noting that both LEPs have inward investment capabilities and MIY spend a lot of time working with and through them. There could be a case for setting up a new co-ordinating meeting for involving the LEPs, MIY, CYC and key partners.
- f) There is currently a high level of business enquiries from potential new start ups. There have been over 150 enquiries this year to date leading to 81 one-to-one meetings.
- g) MIY has invested in a new, high quality commercial property system which has made their response to requests and reporting capabilities much slicker. York Central will be a game changer when we have the space to sell; however, delivery is likely to be through the YCP/developer partnership.

- h) MIY's Quarterly Business Insight report tells us about their key account holding responsibility with 100 high value companies. Again it is difficult to be certain about the outcomes from these key account relationships; however, the service is seen as an important element in maintaining business confidence. A quarterly meeting is planned between CYC and MIY covering these key account relationships, to share insights gained and plan what we can do collaboratively to address any issues.

MIY, in conjunction with the York Press and York St. John University, have also produced a 'Top 100' publication ranking the biggest companies with a registered office in York. It gives a good insight to the commercial make-up of the city.

MIY's report back shows recruitment and skills being prominent on the agenda together with premises issues. Strategy / commissioning around skills sits within the Council and there may be a case for commissioned or delivery activity for both economic development and skills being more closely aligned, for example by deploying Make it York or an in-house resource on more targeted business engagement activity and specific interventions around skills. In the case of MIY this could mean directing them to have particular conversations with specific organisations rather than ongoing relationship management.

- i) Science City York (SCY) is not specifically mentioned in the current SLA but makes a contribution towards many of the contracted delivery requirements, e.g. key account management and the development of sector networks. Much reduced at the point of its handover from CYC (it had 15 people at its peak), it concentrates on 3 key activities :
- Bringing together the 3 key networks of creative, bioscience and digital/IT (newsletters, directors' forums, events etc.)
  - Finding and running funded projects e.g. SIAFS (Stimulating Innovation in the Agri-food Sector). This is a £1.7m ERDF funded project in partnership with FERA aiming to assist 220 businesses in the expanding regional agri-food sector to grow through innovation
  - Supporting the Mediale, to include folding in Illuminating York, and the Guild of media Arts

8. In terms of the external environment:

- j) Since the inception of MIY, Growth Hubs focussed on being the 'front door' for business support in the area have been set up for both LEP geographies that York is part of. The York, North Yorkshire and East Riding LEP is more of a web-based solution, sign-posting more to private sector business support as well as European funded programmes. The Leeds City Region LEP has more capacity around business advisers and a number of programmes facilitated often on a distributed model across Local Authority Areas, so there is a member of staff (partly funded) associated with the Leeds City Region Growth Hub operating out of Make it York supplementing the Council funded resource. This person looks after the 'Ad:Venture' start-up business programme on behalf of York.
- k) Responsibility for the economic development strategy rests with CYC with MIY contracted to deliver against certain parts of it; however, since MIY was set up before the strategy was put in place, its structures and resources do not necessarily reflect the strategy. Many of the Economic Strategy's priority 'essential to dos' are delivered through specific project teams, such as the Local Plan or York Central; a relatively small element of the priorities involve publicly funded business support, sector development or inward investment promotion. The current model, where some economic development delivery resource is committed within MIY, does not give CYC flexibility to shift resources e.g. to choose to commission an established graduate brokerage service rather than business support workshops through MIY.
- l) As CYC has reduced its capacity in the economic policy area there has been a deficit in terms of providing effective strategic influence over commissioning delivery activity. This will now be addressed through the establishment of a new Economic Growth Team and this new development will inform the new SLA with MIY.
- m) Make It York has so far had a peripheral role with regard to the major developments such as York Central and the Guildhall. MIY's future role in this area will be clarified in the new SLA.

## **b. Initiatives making a fresh loud statement of cultural and visual identity**

9. The target by 2018 is improved perception of York as a creative and enterprising city. Issues are:

n) The cultural sector in York is large and varied. Having limited resource to support the sector MIY has concentrated on 3 main areas:

- Organising the annual York Culture Awards event,
- Supporting the newly formed Cultural Leaders Group, and
- Developing the UNESCO City of Media Arts status, notably the Mediale where the necessary funding and partnerships structures are being put in place.

This represents a sensible focus; however, it has led to some uncertainty amongst cultural organisations about where the strategic lead lies. This uncertainty needs to be addressed by implementing the recommendations of the recent scrutiny reviews of the impact of arts and culture on the city's economy. This will include:

- The council once again picking up the cultural leadership role
- The council demonstrating its commitment to the city's cultural sector by progressing the development and promotion of a clearly defined Cultural Strategy through the Cultural Leaders Group, with the Council showing leadership in its creation and formal adoption
- The council holding key relationships, notably with the Arts Council and their funded National Portfolio Organisations
- The council increasingly working with the Cultural Leaders Group as the key strategic partnership group (York@Large is nonetheless likely to continue in its role of helping to improve the cultural product in the city)
- MIY and CYC working together with the Cultural Leaders Group to produce an events strategy for the city
- The council ensuring that MIY:
  - Develops a narrative about York's ambitions with cultural partners
  - Improves its collaboration with Welcome to Yorkshire
  - Facilitates greater collaboration and co-operation between the cultural sub-sectors in the city

- Co-ordinates future funding bids to the benefit of all cultural providers
- o) The Events Strategy referred to above needs to bring focus to raising the city's ambition, placing York on an international stage, emphasising our place at the heart of Yorkshire and securing and developing important existing festivals such as ASFF, mystery plays and the Early Music Festival. It must also reflect the recommendation of the scrutiny reviews of the impact of arts and culture on the city's economy that MIY focus on higher quality events and festivals in the city centre to protect the York festival brand and maximise their GVA. This will begin to be delivered in 2018 with significant new programmes, notably The Mediale, but also Shakespeare's Rose Theatre and Bloom!
- p) The new SLA also needs to reflect the recommendation of the scrutiny review of the impact of arts and culture on the city's economy that MIY should work with the BID and other interested parties to devise a comprehensive 21st century system of way-finding within the city using all available methods and technologies incorporating smaller cultural providers into those way-finding opportunities to expand the city's promotion of its full cultural offer.

**c. Initiatives bringing people and businesses together in creative, low-cost ways**

10. MIY's performance report shows a particularly strong range of activity in this area including through the SCY brand.

**d. Community-based economic initiatives**

11. MIY's activity in this area is focussed on developing a toolkit for retail groups in line with the Bishopthorpe Road model. MIY has created strong links to a number of trade groups in the city and is an active sponsor/supporter of the Indie York initiative.

**e. Events, city centre and market management**

12. MIY is widely recognised to have made strides with the performance of the Shambles market notably through the development of the food court and associated activities. Monthly income compared to last year is showing a marked up-turn (see below). Issues are:
  - q) There are a number of 'grey areas' in the relationship between Make It York and CYC. Footstreet infrastructure needs constant maintenance and upgrading (e.g. Parliament Street benches). There is currently no revenue budget allocation for this within

either Make It York or CYC. There is also lack of clarity about who has responsibility for management issues, e.g. the future of finger posts and the fountain. The ambition for more joined-up management for the city centre has not been realised to date; indeed, there has been more fragmentation. This issue needs to be addressed in the new contract.

- r) Another activity not as 'joined up' as it might be relates to street trading consents. MIY has responsibility for market licences and one-off events in the footstreets whilst CYC manage the street trading consents. Pricing is inconsistent and there is no collaboration on what is best for the city.
- s) This fragmentation also impacts commercially in that the current model encourages, or indeed compels MIY to protect the Shambles Market from competition from potential economic developments that the Council may be promoting. Arguably MIY's commercial landlord status can occasionally create a conflict with their wider role in the city centre's economic growth and promotion agenda.
- t) Illuminating York was well received in 2016. Mediale will take place for the first time in 2018.

#### **f. Visitor economy development**

13. The last full economic impact report for tourism was run in 2015. This showed there were 6.9m visitors to York who spent £564m supporting 19,000 jobs. More recent data shows:

- u) In 2016:
  - Hotel occupancy increased 4% year on year with average room rate increasing 8%
  - Visits to attractions remained at 2015 levels despite a poor first quarter caused by the aftermath of the Boxing Day floods
- v) The VY dashboard for November 17 shows the following picture:
  - For the year to date, across all of the attractions visitor numbers were 4% higher than in 2017. Visits to attractions with a York Pass were up by 57% compared to last year
  - Hotel occupancy averaged 80% across the year with room rates 2% higher than last year,
- w) Conference enquiries were down on last year. City centre footfall was flat against last year but up by 1.3% over the Christmas period. York footfall figures compare favourably to the rest of the

UK.MIY intends to review and refresh the Tourism Strategy this year. Following the publication of the York Economic Strategy it has become clear that there was a dissonance between the previous Tourism Strategy's focus on a headline of doubling the size of the sector, and the overall economic strategy's concern with increasing average wages through rebalancing growth towards higher value sectors. The Council will need to decide how it will ensure that the next refresh is fully joined up.

- x) The biggest current issue is the shortage of good 'hospitality' staff (more and more hotels/restaurants chasing a diminishing pool of people). MIY is seeking to lead on addressing this.
- y) MIY has improved the performance of the VIC which is budgeted to make a small surplus in 2017/18 before overheads are taken into account:

Year	Revenue	Profit/(Loss)	Overheads	Net Loss
2015/16	£537k	(£26k)	(£87k)	(£113k)
2016/17	£605k	(£19K)	(£94k)	(£113k)
2017/18	£673k	£20k	(£100k)	(£80k)

It is increasing well-used and MIY plans to increase revenue through the introduction of new products. The aim is for the VIC to be self-sustaining though it needs to be recognised that this is not easy: VICs are closing all around the country. An additional facility has been introduced at the railway station and the VIC assists up to half a million visitors a year.

- z) A good working relationship is now in place between CYC, MIY and WtY with regular meetings at both senior and operational levels.
- aa) Constructive discussions are also taking place with bordering local authorities about Visit York offering its services on tourism development. Selby and Ryedale are particularly interested in more collaboration and initial discussions have also taken place with Hambleton, East Riding and Harrogate. Selby have commissioned MIY to devise and write their tourism strategy.

## **ii) Commercial exploitation of the Council's assets**

14. Issues are:

- bb) Shambles Market remains hard going in a context of national decline in markets. But, so far this financial year, off the back of



investment in the food court, Shambles Market revenue is up 23% year on year, a sign that a corner has been turned.

The Shambles Market will need further capital investment in the future if the full potential of the commercial opportunity is to be realised (for example it is acutely under-supplied with electricity which is a significant business limitation). We need to determine how capital can most efficiently be raised for reinvestment.

cc) Christmas market revenue represents MIY’s greatest revenue success: 15/16 - £586k, 16/17 - £671k, 17/18 - £752k This additional revenue has helped to invest more significantly more money into the Christmas programme and fund/underpin a number of things that MIY wouldn’t otherwise have been able to do. York was named as the “UK’s most festive City” in a Virgin Trains survey.

dd) Ambitious revenue targets have been put in place for Parliament Street events. Activities such as the Great Yorkshire Fringe generate revenue for MIY and MIY sees scope to increase commercial activity in the key foot-streets of the city.

ee) If and when Parliament Street is upgraded it will potentially have a significant impact on Make It York’s short-term revenue capabilities. A major programme of work would mean the temporary suspension of some of the festivals that take place and this will require careful planning. The revenue impact will need to be factored in to any capital expenditure proposal.

### iii) Activity undertaken for members

15. This section covers activities funded by and carried out on behalf of VY members. Issues are:

ff) VY Membership :

<b>Year</b>	<b>New members</b>	<b>Total members</b>	<b>Value (£)</b>
<b>2014/15</b>	77	580	£247k
<b>2015/16</b>	137	581	£251k
<b>2016/17</b>	157	608	£262k
<b>2017/18 (budget)</b>	160	710	£279k

Visit York is unique within Yorkshire, including WtY, in generating the vast bulk of its revenue from the private sector. This compares with Visit Leeds which is fully funded by Leeds City

Council. In 2014/15, the year prior to the creation of MIY, the comparative expenditure on Visit York was £1,720k. Over 3 years the growth in expenditure (2017/18) is £242k. Revenue in that time has grown by £194k. For every £1 of membership revenue there is £7 worth of VY expenditure. That is because VY has a number of other revenue sources (e.g. publications, VIC, York Pass etc.) which between them adds a further £1,713k into the pot.

gg) With a new Head of Visit York, a fresh look at Visit York activity is taking place. Immediate plans include a significant investment in a new Visit York website, a city-wide collaboration on social media, improved direct marketing campaigns and continued improvement of York's marketing collateral.

hh) Visit York direct expenditure in 2017/18 will be £1,962k. This breaks down as follows :

- VY membership £109k
- VIC £653k
- Website/digital £85k
- Leisure marketing £111k
- York Pass £457k
- Publications £188k
- PR £111k
- Conference marketing £104k
- Head of VY £44k
- VIC specific overheads £100k

From time to time, VY leverages additional funding. For example, in 2016/17, VY was instrumental in putting together a £350k marketing campaign post-flooding, "York City Adventure." £200k came from Visit England, £150k came from CYC, NYCC and Virgin. In 2017/18, VY is involved in 4 national projects funded by Visit Britain.

## **Stakeholder Views**

16. MIY recently conducted a survey of businesses. The survey was sent to a wide range of businesses in the city as a follow-up to the invitation to MIY's annual stakeholder event. Approximately 145 responses were received. Key findings from this are:

- 56% of respondents feel "engaged" or "very engaged" with MIY
- MIY's 4 core values were rated on a scale of 1-5 as follows:

- Entrepreneurial                    3.85 average
- Collaborative                    3.97 average
- Respectful                    4.22 average
- Ambitious                    3.97 average
- MIY's biggest achievements most often cited were:
  - Markets
  - Events
  - Culture awards
  - Cohesiveness of response
  - Establishing the brand
  - Promoting York as a destination
  - The business support offer
- A request for written comments about MIY's work over the last two years received a great variety of responses; however, they were overwhelming positive and there was a common theme about MIY having made a good start in what is a complex set of circumstances
- Businesses are most familiar with MIY's tourism, events and city centre activities; they are less familiar with its inward investment activities
- Businesses think progress has been made in all of MIY's areas of activity. In the area of Tourism, 76% consider that some or much progress has been made, whilst in the area of Inward Investment 35% consider that some or much progress has been made and 49% say that they don't know
- The core VY service of marketing York, supporting tourism businesses and maximising the economic benefits of tourism was rated on a scale of 1-5. The average rating was 3.76
- Top areas identified as requiring further work were:
  - Raising awareness of MIY's offer / services and clarifying remit
  - Building partnership and collaboration across all sectors and particularly engaging businesses
  - Supporting small businesses

17. MIY is working closely with the BID, collaborating in a number of areas despite maintaining separate agenda. So, for example, MIY is

handing over its Christmas lights budget (now £50k) to the BID so that, with their money, the city will have a new, co-ordinated Christmas lights programme, i.e. one budget rather than two.

## Financial Performance

18. MIY exceeded its budget projections in year 1 notwithstanding the budget reductions CYC made in setting up MIY. MIY met the budget in year 2 and is ahead of budget so far this year. When MIY was set up the agreed revenue budget for MIY was £3.8m. MIY has increased its total income of £4.3m in 15/16 to a projected £4.7m in 17/18. This is a 22% increase on the original budget in 3 years. MIY is using the additional revenue (together with cost reductions) to:

- Increase its annual payment to the Council by £125k from £374k to £499k (£25k dividend + £100k increased city centre rental)
- Invest an additional £155k in inward investment, business support and SCY activity.
- Invest in UNESCO City of Media Arts
- Increase city marketing activities, notably the *York Adventure* campaign
- Invest in VY activities such as the Residents Festival
- Invest in the Food Court in the Shambles Market

19. The proportion of CYC revenue to MIY income is shown below:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18 (f/c)</b>
<b>Revenue</b>	£4,323,032	£4,605,897	£4,664,448
<b>CYC contribution</b>	£544k	£524k	£424k
<b>% CYC / Revenue</b>	13%	11%	9%

20. MIY has also:

- Begun to turn around the performance of the Shambles Market showing an increase in income.
- Improved the performance of the VIC
- Maintained its membership income despite the additional pressure on business of the BID
- Assembled a budget for Mediale from a variety of sources with core funding of £375k from key partners and aiming towards a £1 million festival

21. For 2017/18, MIY has a budgeted surplus of just £23k. This is largely because MIY has committed to maintaining all activity under the SLA agreement despite effectively a reduced contribution from CYC of £125k. This increasingly puts the emphasis on MIY generating private income to make up for the reduction in public subsidy. This is not easy or necessarily sustainable. Any future tightening of private sector belts could impact heavily on MIY and there would be a tight margin before MIY went into deficit. MIY has a reserve forecast to be £90k at the end of 17/18. This is much reduced because of the need to provide for pension liability insurance (£153k).