

Date: 31 July 2007**Report PRINCIPLES OF RETAIL****Purpose of report**

1. To seek a decision from Members on the principles that should govern retail services within the Authority.

Background

2. Some Members may recall that, during the 1990s, the Authority had a considerably larger retail operation than at present. Although larger, it was not particularly successful. In addition, the retail operation attracted considerable adverse comment from local businesses and at one stage local MPs involved themselves in this debate.
3. As a consequence, the Authority sought a legal opinion on what it could and could not sell through various retail outlets (principally visitor centres). In essence the result of this legal advice was that the Authority was able to sell anything it chose to, as long as there was some connection with the second statutory purpose – promoting understanding and enjoyment.
4. However, in 2002 Members took a decision to retrench the operation and adopted a principle that ‘the primary purpose of the retail operation was not to make money but to promote understanding of the National Park’.
5. There was a minor change to this principle in July 2002 when Members agreed a development plan which allowed for a sensitive expansion in line with Members’ concerns for the local business community.
6. In 2006/07 the net contribution of retail services, to the Authority, was £21,000. In 2007/08 the budget has been set to show a slight increase to £23,000.
7. Members may recall that in the 1990s, the Authority made a series of spectacular losses on its retail services, partly to do with sales, partly to do with considerable write-offs of stock that were deemed to be obsolete.
8. In addition, when we were a committee of North Yorkshire County Council, there was considerable involvement from Internal Audit and a decision was taken that, if the Authority were to ‘compete’ with local businesses, then it was necessary to show all costs associated with the retail operation. These included a pro-rata share of central costs from NYCC (Treasurer, personnel, debtors, creditors, legal etc) as well as relevant on-costs within the National Park Committee eg CEO costs, Head of Department,

finance costs, legal costs etc. Weighed down with such prohibitive on-costs it was little wonder that the operation struggled to ever return a surplus to the Authority.

Revisiting the position

9. At a recent meeting of the Finance and Resources Committee a number of Members again made the point that they felt that retail services should be making a greater financial contribution to the work of the Authority. Some members believe that retail services are still operating with, in effect, 'one hand tied behind its back'.
10. The future difficult financial situation facing the Authority was also put forward as a reason why a more hard-headed approach to retail is necessary.
11. Some Members also expressed the view that, rather than being in competition with local business, a rejuvenated Authority retail operation would add to the business scene, within the National Park. However, other Members were still concerned about the impact of any expanded operation on local businesses within the National Park.

Options

12. The options before Members range from continuing with the present approach, this being a rather limited retail operation which concentrates on the achievement of the second statutory purpose and sees any surpluses as a welcome addition to the Authority's coffers, or, at the opposite extreme, a full blown retail operation which actively seeks to take a greater share of retail business within the National Park.
13. If members do wish to see an expanded retail service, a key issue relates to the proportion of sales/goods space allocated within our Visitor Centres. At present the proportion is approximately 70% Information/Interpretation and 30% Sales/Goods. Member guidance is sought on these proportions.

RECOMMENDATION

Members' views on the way forward are sought. If Members wish to change the current approach, then officers will need to develop a business plan to meet the new approach and objectives set by members.

David Butterworth
Chief Executive

16 July 2007