

25th April 2016

Make it York Shareholder Group

Report of the Director of City and Environmental Services

Revisions to the Service Level Agreement between City of York Council and Make it York

Summary

1. Make it York was formally created in April 2015. At the time of its creation, the Council agreed a Service Level Agreement with the organisation. It was also agreed that this would be subject to regular review to ensure that the Council received the best possible services from the organisation and that it was aligned to its overall priorities objectives.
2. Following the first year of Make it York, in reviewing performance to date and priority objectives, the Council is in the process of discussing a revised Service Level Agreement with Make it York for 2016/17.
3. This agreement is set out as a services agreement, with the Council acting as customer in paying Make it York for particular activities and outcomes in a transparent way, in a similar way to how it may choose to buy these things from any organisation.
4. Make it York's income comes from a range of sources and it delivers for a range of customers and stakeholders; this document is specifically about the activity which the Council pays for, so it does not cover everything Make it York will do as an organisation, nor therefore the full scope of shareholder interests.
5. However, where the licenses the Council has granted Make it York facilitates the organisation to be self financing or driven by other customers or stakeholders interests, the agreement highlights Council expectations and any outcomes required for these licensed services. Feedback has suggested that for more focussed and prioritised delivery, as well as to enable Make it York the flexibility to

operate in a commercial environment, that a smaller number of targets should be centred around elements where there is no existing commercial incentive for Make it York.

6. The draft document in annex A outlines initial proposals from the Council to the company for which Make it York will respond with a delivery plan in terms of how it expects to deliver the required outcomes and activities.
7. The cost figures in this document are indicative only at this stage. The figures are based on officer estimates of the value of this activity and what it would cost to deliver this if commissioning in a different way, but they are subject to Make it York's delivery plan response. From Make it York's costs quoted for delivery, there may be further discussion and negotiation on both the requirements and costs from there.
8. This will not affect the overall funding agreed in the Council's Budget for Make it York in 2016/17 as £898k, of which there is £399k payment required back to the Council which relates to baseline income from operating the markets and city centre events plus a £25k dividend.
9. The revised requirements from the Council directly reflect city priorities as articulated in the draft Economic Strategy which has been developed and endorsed by the cross-party Economic Development & Transport Policy & Scrutiny Committee, as well as in consultation with over 100 business and Make it York. Specifically, the revised SLA provides a greater clarity and prioritisation towards initiatives to deliver high value jobs and address falling average wages in the city, as well as facilitating cultural development where there is not an implicit commercial incentive for Make it York.
10. The Service Level Agreement, and this report, is confined to the client outcomes and expectations. The Council is currently considering the governance of all its trading companies and arms length outside bodies (including Make it York). The need to provide greater distinction between the Council's role as shareholder (and 100% owner in the case of Make it York), and client (where the Council purchases goods or services from these organisations) is part of that consideration.

11. As a shareholder body, the committee is therefore asked to note the refreshed draft requirements of Make it York's main customer.
12. With the shareholder's primary concern being the overall performance of Make it York and the ability of the company to deliver a sustainable return to its owner, it is suggested the committee should continue to monitor both outputs and activities delivered in relation to the SLA for its main customer, as well as any activities and outcomes Make it York is delivering for other customers or to deliver a revenue.
13. It may also wish at a future meeting to review Make it York's business plan which would include a delivery plan for the Council against the SLA requirements as a subset of it.
14. Existing monitoring arrangements and reporting to the shareholder committee will continue until a refreshed SLA is adopted, and Make it York have agreed an updated business plan, with a delivery plan against the SLA as a subset of it, with the Council as owner of the Teckal company.

Recommendations

15. That the Shareholder Committee note the suggested changes to the Service Level Agreement, which is part of the Council's client relationship with the organisation.
16. That the Shareholder Committee continue to monitor and review the financial and operational performance of Make it York over a range of activities, including those specified in the SLA with the Council, but also the wider activities within Make it York's business plan, to ensure that Make delivering for all of its customers and the long term interests of the owner.

Reason: *To ensure the Make it York Shareholder Committee continues to operate as an effective check and balance on Make it York as a wholly owned council business.*

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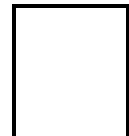
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Specialist Implications Officer(s)

Not applicable

Wards Affected: All



For further information please contact the author of the report

DRAFT 2016/17 SERVICES AGREEMENT BETWEEN CITY OF YORK COUNCIL AND MAKE IT YORK

When Make it York was created, there was provision for an annual review of the Council's Commissioning Agreement with Make it York, to confirm the requirements and targets the Council would expect from the organisation for the period 2016/17 and the associated financial contribution.

This document aims to take on board feedback from this review in being focused on a smaller number of the most important priorities for the city which are more clearly defined, and directly informed by the city's priorities in the draft Economic Strategy.

This agreement is set out as a services agreement, with the Council acting as customer in paying Make it York for particular activities and outcomes in a transparent way, in a similar way to how it may choose to buy these things from any organisation.

Make it York's income comes from a range of sources and it delivers for a range of customers and stakeholders; this document is specifically about the activity which the Council pays for, so does not cover everything Make it York will do as an organisation. However, where the licenses the Council has granted Make it York facilitates the organisation to be self financing or driven by other customers or stakeholders, the agreement highlights Council expectations and any outcomes required for these licensed services.

This document outlines initial proposals from the Council to the company for which Make it York will respond with a delivery plan in terms of how they expect to deliver the required outcomes and activities. The cost figures in this document are indicative only at this stage. The figures are based on officer estimates of the value of this activity and what it would cost to deliver this if commissioning in a different way, but they are subject to Make it York's delivery plan response. From Make it York's costs quoted for delivery, there may be further discussion and negotiation on both the requirements and costs from there to meet the Council's funding envelope for Make it York.

The revision of the SLA process does not propose to change the overall funding for Make it York, so in addition to specific services 'bought' by the Council, the Council as shareholder continue with a further £539k investment for enabling long-term organisational sustainability of Make it York from the Council, of which there is £399k payment back to the Council in 2016/17.

2016/17 SERVICES AGREEMENT BETWEEN CITY OF YORK COUNCIL AND MAKE IT YORK

In the financial year 2016/17, the Council will pay Make it York to deliver against a number of outputs and activities identified as priorities for the city. Make it York should provide a delivery plan detailing how it will deliver for the Council as a customer and achieve the outputs set out, and have quarterly meetings with the commissioning lead to review progress. The Council will pay Make it York:

c.£170k (including overheads) for high value jobs growth initiatives

3 year targets (2015-2018) outputs carried over:

500 jobs created above the national median wage through interventions (currently £11.62 per hour)

100 jobs safeguarded through interventions (or equivalent demonstrable activity as required in taking a lead role in safeguarding jobs in the city where they have been at risk)

500 businesses assisted to improve their performance

250 inward investment enquiries from businesses outside of the region (the two LEP areas York is part of), with 20 projects converted

Contributing to:

Jobs growth in high value priority sectors, including key science, technology and creative industries, at 120% of baseline econometric growth projections over the 3 year period. E.g. if a priority sector was projected to grow in York by 10%, we would be aiming for growth for York of 12%

Specific commissioned activities:

- 1. LINE UP EXPANDING YORK BUSINESSES TO BE ANCHOR TENANTS ON KEY SITES** - Compile and maintain documented demand for new premises from existing businesses with desire to expand, including enabling signing pre-lets where appropriate to drive developments.
- 2. HOLD KEY ACCOUNTS WITH 100 HIGH VALUE COMPANIES** - Hold strong key account relationships with at least 100 companies from a spread of: medium-sized high value businesses; foreign owned companies; high-growth companies; and those within priority sectors. Any notable opportunities or risks arising should be communicated back to the Council through its client function.
- 3. DELIVER IMPROVED WEB + DIGITAL MARKETING OF THE CITY TO A BUSINESS AUDIENCE** – Commission and develop an improved digital toolkit

including a new website for promoting the city to businesses interested in locating in the city. This should including work to maximise Search Engine Optimisation and proactive work to drive traffic to the site.

- 4. TARGETED INWARD INVESTMENT THROUGH SENIOR ADVOCATES AND INTERMEDIARIES** - Equip senior advocates to proactively sell the city to inward investing businesses in high value sectors, with a rolling top 100 list of prioritised business targets, as well as building and maintaining a strong network of intermediaries including national and local property agents.

- 5. BROKERAGE TO PRIVATE SECTOR/REGIONAL BUSINESS SUPPORT AND FUNDING OPPORTUNITIES** – To make York businesses, start-ups and student entrepreneurs aware of and to broker business support and funding opportunities, with a focus on high value sectors. This is about brokering opportunities providing by the private sector, other business support organisations such as the FSB, York Professionals, Chamber of Commerce etc. and LEP Growth Hubs and funding streams, rather than duplicating activities. As part of this, to work with LEPs to maintain and communicate a map of the support organisations provide for businesses.

c.£120k (including overheads) for initiatives making a fresh statement of cultural and visual identity

This does not include additional funding allocated by the Council outside of the SLA in 2015/16 for the proposed digital festival and post-flooding marketing which is contingent on external bids. As such, the below should fund new activity which has not been funded by the Council in additional agreements.

Targets output:

Improved perception of York as a creative and enterprising city (method of measurement to be developed and discussed)

Specific commissioned activities:

- 6. AMBASSADORS PROGRAMME** - Initiate and equip a group of senior advocates with significant national/international influence with a small number of key messages to support the promotion of the city to a range of audiences
- 7. CREATIVE MARKETING + PR TO CHANGE PERCEPTION OF CITY** - Take forward an initiative with partners to promote and talk up a positive image of York as an enterprising and creative city, delivering a sustained marketing/PR campaign and regularly communicate stories of business success in York to deliver business and investor confidence
- 8. MAJOR ARCHITECTURAL DESIGN COMPETITIONS AROUND KEY DEVELOPMENTS** - Run and promote national/international architectural design competitions for each major new development in the city over the next few years to help York become known for progressive contemporary urban design with sensitivity to its heritage
- 9. DEVELOP BUSINESS CASES AND SEEK EXTERNAL INVESTMENT FOR IDENTIFIED MAJOR INITIATIVES:** Work with partners to develop robust business cases and seek external funding for identified major initiatives focussed on changing the perception/visual appearance of York including a year round creative lighting setup for the city centre, digital signposting and what's on, city centre public realm enhancement and the Eye of York development.
- 10. ENABLE SUSTAINABLE PRIVATE/VOLUNTARY SECTOR CULTURAL EVENTS + FESTIVALS:** Support new and fast-growing high profile external (i.e. delivered by the voluntary and private sector) events and festivals to become sustainable on a commercial / fully funded basis. This could be pump-prime funding to enable events to access fully sustainable external funding or private sponsorship in future years, or in kind support. The provision of Make it York led festivals and events is covered elsewhere in the agreement.

c.£39k (including overheads) for initiatives bringing people and businesses together in creative low-cost ways

Specific commissioned activities:

11. DIVERSE & INTERESTING INFORMAL NETWORKING OPPORTUNITIES

(CREATIVE CONVERSATIONS OR OTHER) - Provide informal enjoyable opportunities for creative and energised people (particularly not just the usual suspects) to come together to network, develop ideas which will benefit the city + enable serendipity to happen

12. DIRECTORS FORUMS AND/OR PRIVATE SECTOR LED SECTOR NETWORKS -

Facilitate regular private sector-led forums to bring together key sectors in York for mutual support, promotion of the sector and to harness the key opportunities which arise from working together. Where there are existing private sector groups e.g. York Professionals / Guild of Media Arts / BioVale, Make it York should not seek to replicate, but focus on areas where there is not yet sufficient, e.g. Rail and IT. The aim of these networks should be to be to develop sustainable mutually supporting networks which are ultimately self-sufficient, therefore Make it York should avoid excessive overheads for these activities which prohibit this approach.

13. COORDINATED MARKETING TEAM ACROSS ORGANISATIONS -

Set up a virtual shared marketing team of marketing officers from key organisations and businesses in the city to spot opportunities to cross-promote York and key messages nationally and internationally.

c.£30k (including overheads) for community-based economic initiatives

Specific commissioned activities:

14. ROLLOUT OF BISHOPTHORPE ROAD MODEL – Support businesses within particular high streets, both in the city centre and on the suburbs of York, to take collaborative action in improving and promoting their high street, rolling out Bishopthorpe Road model focussed on private-sector leadership.

Events, city centre and market management (funded by license agreements with City of York Council)

The Council's license for managing the market and city centre enables Make it York to generate income for these functions. These elements should form part of Make it York's business plan to ensure the ongoing delivery of the functions fulfil Council required outcomes as well as delivering returns for the Council.

Specific commissioned activities:

15. MARKET MANAGEMENT - To manage the Shambles Market to create a vibrant hub and programme that is an attraction in its own right, and to increase the revenue generated by this activity. To deliver a service which is in keeping with the objectives and values of the Market Charter and Market Regulations. To promote the market to key customer groups [More details of legalities around the market are included within the legal services agreement]

16. CITY CENTRE, EVENTS & FESTIVALS MANAGEMENT - To manage the City Centre space, and develop the city centre as a safe, dynamic and active place to be enjoyed by residents and visitors alike. To enable high quality city centre festivals, activities and events, including a festival of food and drink, Illuminating York and winter festival, and to increase the revenue generated by this activity.

Visitor economy development in addition to the above initiatives (funded by other income streams and shareholder subsidy to move towards long term self sufficiency)

The Council's decision to allow Make it York to act as the sole Destination Management Organisation for York enables the company to attract additional income streams to fund this activity, including Visit York membership and publications. Targets set therefore should be defined by Visit York members as the primary customers and beneficiaries of this work, but could include:

- Unique visitors to the Visit York websites and digital media streams
- Business conferences attracted to the city
- Occupancy levels

These elements should form part of Make it York's business plan to ensure the ongoing delivery of the functions fulfil Council required outcomes.

Specific commissioned activities:

17. VISITOR ECONOMY PRODUCT DEVELOPMENT - To work with the visitor economy sector and city centre businesses to ensure a quality 'product' is offered to visitors and residents, and that it is accessible and welcoming to all.

18. VISITOR INFORMATION & MARKETING - To ensure there are clear and effective ways for visitors and residents to find out about the city, with high quality information and support. To encourage, communicate with and provide all residents with the opportunity to enjoy the tourism and cultural offer of the city

19. BUSINESS TOURISM - To attract new business tourism to the city, with a focus on high value priority sectors, including providing a clear and effective process for responding to enquiries with high quality response and support.

About the services agreement

The terms of this agreement may be varied by the Council in accordance with the articles of Make it York.

In the event of Make it York committing a serious breach of its obligations under this agreement, the Council will be entitled to terminate this agreement by notice and reclaim on a pro rata basis such sum as represents all funding from the date of the breach. Any subsequent entitlement to funding will cease immediately.

This Agreement may be terminated by the Council giving not less than 6 Months' notice to Make it York provided that such notice is in writing.

For year three, City of York Council's customer requirements will be confirmed through a review in December 2016 (as the Council's financial contribution in each financial year is subject to the budget-setting process). Funding will be in accordance with financial regulations.