

Science City York: Future Governance

Summary

1. Representatives of the key stakeholders in Science City York (SCY), the City Council, the University of York, and Yorkshire Forward, have met to discuss the longer-term future of the partnership. A proposal has emerged from these discussions to expand the range of activities encompassed by the initiative; to establish it as a company limited by guarantee owned by the stakeholders; and to appoint a chief executive. The Executive Leader endorsed these proposals on behalf of the City Council on the 11th September. This report informs the EDPB of the proposals.

Background

2. The last meeting of the Executive Member Advisory Panel for City Strategy on the 17th July 2006 considered a report on Science City York, which included a section on discussions between the key stakeholders about the future governance of the partnership. It was reported that consultations were taking place at a high level between the City Council, the University of York, and Yorkshire Forward to consider how best to manage and govern the initiative, to enable it to be more effective in a very competitive environment, and to deliver the benefits we seek for York and the surrounding areas.
3. The Stakeholder Board, with representatives of the three key partners, the Chair of the SCY Strategy Group, and an independent Chair, commissioned consultants SQW to report on the options for future governance and management of Science City York. SQW consulted each stakeholder and other interested parties involved with the initiative, and considered a range of possible alternative future governance arrangements for the initiative. The consultants recognised that SCY is operating in an increasingly competitive environment: government sponsored science cities have been established in all other regions; other parts of our region have increasing aspirations; and other universities and agencies are becoming increasingly experienced at converting intellectual capital into business opportunities. We need an active fit-for-purpose organisation if SCY is to remain in a leading position.
4. SQW conclude that “(the) informal structure of the partnership, based on trust between key individuals, has been a real strength, and in practice has enabled a considerable degree of devolved decision making on public funds. But as the people involved move on, resources - and expectations - increase, and

agendas become more complex and involve wider interests, the case for change becomes stronger. The implication is to move towards a more transparent – and inevitably more formal – structure, that can allow the partners to pursue an shared agenda to the benefit of the city, while also providing for clarity on decision taking and responsibility.”

5. The consultants considered a number of different more formal structures and concluded that a Company Limited by Guarantee, owned by the key stakeholders, is the most appropriate organisational arrangement for SCY. As well as creating formal ownership and management structures it would more readily enable SCY to enter into joint venture agreements with other parties.
6. The Stakeholders Board considered the report from SQW and accepted its conclusions. The members agreed to recommend to their respective organisations that:
 - i) “The work of Science City York going forward should where possible include the following, subject to detailed negotiations with the individual Stakeholders’ organisations and/or other relevant bodies:
 - * The budgets and functions currently managed by the City of York Council on behalf of Science City York, and possibly other related aspects of the Council’s work.
 - * Assets and functions currently associated with York Science Park Innovation Centre Ltd.
 - * Some functions currently undertaken within the University’s Enterprise and Innovation Office.
 - * The work that Science City York currently undertakes under contract to Yorkshire Forward.
 - * Other functions appropriate for an organisation with Science City York’s future remit and structure that might arise from Yorkshire Forward’s review of its support for innovation.
 - * Business support services appropriate to Science City York’s future remit and structure.
 - * Inward Investment functions appropriate to Science City York’s future remit and structure.
 - * Workforce learning and skills functions appropriate to Science City York’s future remit and structure.
 - * Relationships with private sector organisations specialising in
 - intellectual property exploitation
 - venture capital
 - property development

- * Relationships on behalf of the Stakeholders and Science City York itself with a range of other organisations with interests in business promotion and business development in and around York, North Yorkshire and Yorkshire.
- ii) The Stakeholders should form a Company Limited by Guarantee (CLG) to take forward the work of Science City York. A detailed statement of the aims and objectives of Science City York going forward – having regard to the need to ensure that the city and its residents continue to benefit from future Science City York activity – and a detailed case for the formation of a CLG to pursue these should be prepared and formal agreement sought from each Stakeholder’s governing body.
- iii) A Chief Executive should be recruited to run the CLG. Yorkshire Forward will meet the additional costs of this, including those associated with any period of overlap that might be necessary with the recently recruited Interim Project Director.
- iv) The CLG should be governed by a Board chaired by an independent non-executive Chairman, with Directors appointed by the City of York Council, the University of York and Yorkshire Forward to represent their interests and a number of non-executive Directors, at least one from the Strategy Board.
- v) It is essential to retain the skills, commitment and support of the present Strategy Board, to build upon the successes achieved to date, and to ensure a smooth transition to the new structure. The Strategy Board should be retained with a remit to advise the Board and Chief Executive of the CLG.
- vi) The current arrangements for the operation of Science City York will remain active until the CLG is formed and commences operations.”

These recommendations were reported to the Science City York Strategy Group, representing a wide range of partner organisations, which also supported and endorsed the proposals.

7. Formalising these arrangements will require detailed analysis and negotiation between partners and other organisations. At this stage stakeholder organisations are being requested to approve the proposals in principle. Detailed proposals will be included in future reports to members.

Consultation

8. The proposals have been subject to consultation within the wider SCY partnership, and have received support. The discussion at this meeting, involving the range of economic development partners will inform the detailed discussions to follow between stakeholders and other partners.

Options

9. At this stage members are asked to support the proposals in principle. If this is not supported by the City Council, or any other key Stakeholder, it will be necessary to return to negotiations between stakeholders.

Analysis

10. The Science City York initiative has been a great success for the City and our partners. It has positioned the city favourably nationally and regionally. However, other areas and organisations are becoming increasingly active and competitive. If York is to remain in the forefront, it is necessary to step up our activities and be even more innovative in our approach and our delivery. Existing governance structures will enable the current programmes to be competently delivered, but if SCY is to continue to innovate and grow, and expand the impact on the local economy, then it will be necessary to embrace the conclusions of the Stakeholders, and approve the proposed new governance arrangements.
11. The City Council is the accountable body for the current contract with Yorkshire Forward, and is, therefore, committed to delivery against agreed targets and timescales. Failure to achieve these may lead to financial loss to the council. It will, therefore, be necessary to ensure, during detailed negotiations over the implementation of these proposals, that the contractual obligations of the City Council are safeguarded.
12. Key to the current and future success of SCY is the close integration between its activities and the wider economic development activities of the City Council and its partners. This is recognised in the statement from the Stakeholder Board reproduced in paragraph 6ii above. It will be necessary to ensure that these linkages are protected and enhanced in any future negotiations.

Corporate Priorities

13. The importance of Science City York in achieving the Council's objectives for the modernising of the city's economy is included within the Thriving City theme; in Corporate Objective 3 "Strengthen York's Economy"; and in the approved 2006/07 Economic Development Programme.

Implications

14. At this stage a decision in principle is recommended. Any detailed implications for the council will be considered in any subsequent reports intended to take forward the proposal.
 - **Financial** Current activity is covered by existing approved budgets. The cost of a new Chief Executive post will be additional to these current budgets, but Yorkshire Forward have agreed that they will cover any additional costs for this post in full.
 - **Human Resources (HR)** The existing nine staff of SCY are employed by the City Council on Fixed Term contracts until 31st March 2009. No

changes are proposed to this arrangement for the duration of the existing contract with Yorkshire Forward which is due for completion in March 2009. After that date a review would be needed of the employment arrangements most appropriate for any future work. It is not suggested that the new Chief Executive will be employed by the City Council and it is currently proposed that he or she will be employed directly by Yorkshire Forward and transferred to the new Company Ltd by Guarantee when that is set up early next year.

- **Equalities** Any implications will be covered in any future report on implementation.
- **Legal** At this stage there are no implications. The City Council has previously supported and worked with companies limited by guarantee in other fields.
- **Crime and Disorder** There are no implications at this stage.
- **Information Technology (IT)** There are no implications at this stage.
- **Property** There are no implications at this stage.
- **Other**

Risk Management

15. As stated above the existing governance arrangements are adequate to deliver the currently approved programme. However, the other stakeholders are understood to be fully supportive of the new proposals, and a rejection of them may, therefore, make relationships with other stakeholders problematic, with a risk to the effectiveness of the initiative. In those circumstances other stakeholders may choose to pursue the expanded agenda in other ways to the detriment of SCY.

Recommendations

16. EDPB are requested to consider and comment upon the report.

Reason: In order to gain the views of the EDPB on the proposal to expand the range of activities encompassed by the initiative; to establish it as a company limited by guarantee owned by the stakeholders; and to appoint a chief executive as described in the report.

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Report Approved

✓

Date 14/09/06

Wards Affected: *List wards or tick box to indicate all*

All ✓

For further information please contact the author of the report

Background Papers: *None*