

3 March 2015

## **Cabinet**

### **Report of the Director of Communities and Neighbourhoods from the portfolios of the Cabinet Members for Leisure, Culture and Tourism, Transport and Economy and the Leader of the Council**

#### **Delivering Marketing, Culture, Tourism and Business Development – MAKE IT YORK.**

#### **1. Summary**

- 1.1. This report follows reports to Cabinet in November 2013, July and October 2014, and January 2015 from which members agreed the need to develop a new approach to delivering marketing, culture, tourism and business development in the city. Later members agreed the business case for the new organisation, and the outline and financial elements of the Business Plan.
- 1.2. This report asks Cabinet to agree the governance and legal framework prior to the company trading in April 2015

#### **2. Recommendations**

- 2.1 Members are recommended to agree the legal framework and governance.

Reason: To finalise the new approach to delivering marketing, culture and tourism and business development in the city and to enable the company to trade from 1 April 2015.

#### **3. Background**

- 3.1. Objectives for this new way of working are:

- To achieve a stronger co-ordination and promotion of the city's profile and cultural offer.
- To deliver greater inward and indigenous investment from business, and thus market share for York and its key growth

sectors, particularly life science-related industries, high-tech industries and business services.

- To increase the value of the visitor economy through promoting innovation and higher quality in the existing offer, encouraging high value visitor economy investment and attracting higher spending visitors.

### 3.2. Specific outcomes sought are:

- Develop a National/International profile of high quality cultural events
- Increase in business investment in the city – as measured by growth in existing business and inward investment by companies locating into the city
- Increase in spend by tourists – as measured by increase in average length of stay and average spend per visitor
- Increased profile for the city as a destination for living, visiting, studying, and doing business

### 3.3. Progress since the Cabinet in January includes:

- Work has been underway to establish the legal framework for the wholly owned company.
- The chair is working with CYC to establish a new board of directors; the directors will be drawn from the relevant sectors.
- Work is well underway to establish the new team at 1 Museum Street.
- The Managing Director of the new company has been in post since January 2015.
- The Shareholder body has met as a shadow body twice.

## 4. **Development of the governance and legal framework**

4.1. The high level specification for commissioning the new company was agreed at Cabinet in July 2014. A process has been underway led by the Chairperson of the new organisation to develop a business plan. Further work has been underway in relation to the legal framework

4.2. Make it York” is a Company limited by shares and the sole Shareholder is the Council. The Articles of Association reserve important decisions to the Council, such as the appointment and dismissal of Directors, borrowing and loans, and changing the nature of the Company.

## 5. Governance

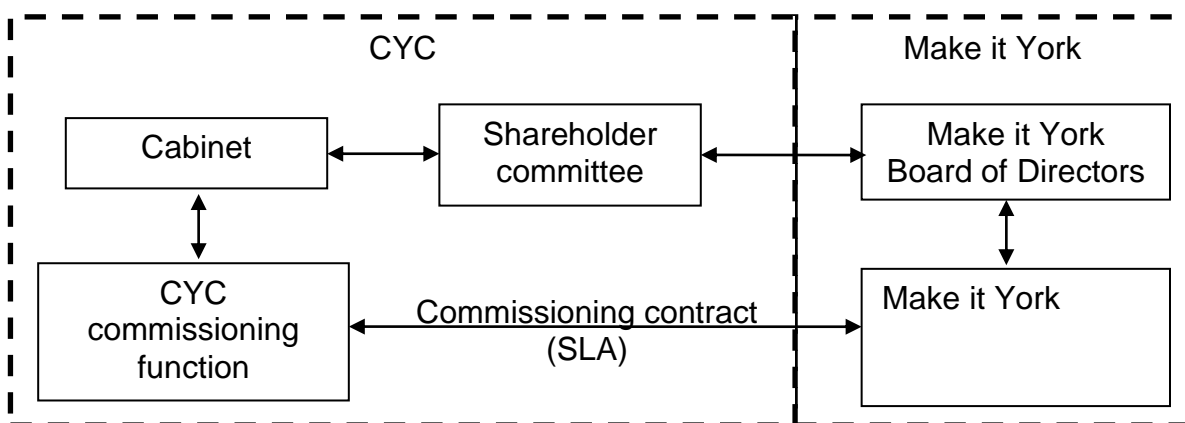
5.1 A governance structure is in the process of being set up for Make it York. This consists of the Make it York Board of Directors and a Shareholder Committee.

5.2 It is proposed that Make it York will have a Board of 12 directors. Two of these directors will represent City of York council. These representatives will be:

- The Leader of the Council
- The Chief Executive

The other directors are the Chair, the Managing Director of Make it York and eight individuals that operate in different key sectors in the City.

5.3 The Shareholder Committee is a body that represents the council's interests as the sole shareholder. The Shareholder Committee provides a simple mechanism with which the Shareholder, in this case the council, can engage with the Board of Make it York. This is in order to maintain an element of control of the business without affecting the operational management. The diagram below shows the relationships between the Make it York board and the Shareholder committee.



5.4 The key roles of Shareholder Committee will be to:

- Liaise with the Make it York Board on the direction of travel of Make it York
- Scrutinise the affairs and performance of Make it York.

- Liaise with the company on the appointment of Directors including pay packages
- Make recommendations to the Make it York Board on operational matters where appropriate.
- Make recommendations to Cabinet on strategic matters where appropriate.

## 6. **Legal framework**

- 6.1 The work to put the legal framework in place ready for Make it York to trade from the 1<sup>st</sup> April is in train.
- 6.2 City of York council are developing a Service Level Agreement that will act as the commissioning document for services that City of York are commissioning Make it York to deliver. This will be a legal agreement between the two parties and will feed into the final business plan that is in development by the Managing Director of Make it York.

## 7. **Legal Risks**

- 7.1 It is important that when the company opens for business it is 'Teckal' compliant. This will allow for the Council to contract with the company without following normal procurement processes. The Council's legal advisers are satisfied that it will be possible to establish the company in such a way that the two Teckal tests relating to the degree of control which the Council can exercise over the company and the proportion of work undertaken by the company for the Council can be met. The work to achieve this is ongoing and is part of the due diligence referred to in section 14 of this report.

## 8. **Finances**

- 8.1 Cash Flow – Work is required to detail the cash flow of the organisation and agreement will need to be made regarding when payments from the council / company are made. This can be mitigated by means of when the council contributions are paid.

## 9 **Council Plan**

- 9.1 The new agency will bring together a number of services, organisations, and partners and will work at arms length across the wider York area to improve the delivery of Marketing, Culture, Tourism and Business Development. This supports achieving the ambitions set by the Council Priority 'Create Jobs and Grow the Economy'.

## 10 **Implications**

## 11 **Financial**

- 11.1 The financial elements of the business plan were reported to Cabinet in January 2015. There are no further financial implications arising from the issues in this report

## 12 **Human Resources**

- 12.1 Since his appointment, the Make it York Managing Director has met with all City of York staff on an individual basis to discuss the development of the Make it York organisation and has given due consideration to their feedback.
- 12.1 Formal consultation on the proposed transfer of City of York staff in to the Make It York organisation is on going with staff and their trade union representatives. The transfer will be implemented in accordance with Council policies and guidelines.
- 12.2 Senior Management is undertaking formal consultation on the proposed transfer of Science City York staff in to the Make It York organisation, which will be in line with their policies and procedures.
- 12.3 Visit York is undertaking formal consultation with their staff on the proposed merger with the Make It York organisation.

## 13. **Equalities**

- 13.1 A Community Impact Assessment has been completed and is kept under review as part of the progress. The new agency is expected to play a role in the delivery of city wide equality priorities.

## 14. **Legal.**

- 14.1 Legal due diligence work is still being undertaken and along side this Legal Services are working with external Solicitors on the preparation of a number of documents in readiness for the operation of the new company. These include the Articles of Association, Terms of Reference for the Shareholder Committee, Services Agreement, Services Support Agreement, Business Transfer Agreements for Visit York and Science City York, Contract Novation Agreements, and property documents for the Company premises.

## Contact Details

**Author**

**Chief Officer Responsible for the report:  
Chief Officer Sally Burns  
Title Director of Communities and  
Neighbourhoods**

**Report  
Approved**

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**Specialist Implications Officer(s)** *List information for all*

*Financial*

*Patrick Looker*

*Finance Manager*

*Tel No. 01904 551633*

*HR*

*Janet Neeve*

*HR Business Manager*

*Legal*

*Glen McCusker*

*Deputy Head of Legal Services*

*Tel No. 01904 551048*

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

**All**

Annexes - None