

Notice of a public meeting of

Shareholder Committee

- To:** Councillors Widdowson (Chair) and D'Agorne
- Date:** Monday, 22 November 2021
- Time:** 4.30pm
- Venue:** The George Hudson Board Room - 1st Floor, West Offices (F045)

AGENDA

1. **Declarations of Interest**

At this point in the meeting Members are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they may have in respect of business on this agenda.

2. **Minutes** (Pages 3 - 8)

To approve and sign the minutes of the last meeting of the Committee held on 6 September 2021.

3. **Exclusion of Press and Public**

To consider excluding the public and press from the meeting during consideration of the following items:

- (i) Agenda Item 6, Make It York Finance Update:
 - Annex 2, Make It York forecast cashflow November 2021
 - Annex 3, Make It York summary profit and loss to 30 September 2021
- (ii) Agenda item 8, City of York Trading Ltd Update:
 - Annex A, CYT Performance Update November 2021

(iii) Agenda item 9, Veritau Limited Business Update:

- Appendix, 1 – 2021/22 (quarter 2) Veritau Group management accounts
- Appendix 2, – Veritau Limited balance sheet at 30/9/21
- Appendix 3, – Variances against budget (quarter 2)

(iv) Agenda Item 10, YPO and YPO Procurement Holdings Ltd Finance Update:

- Annex A, – YPO Financial Performance Review
- Annex B – YPO Procurement Holdings Ltd Business & Trading Report
- Annex C – Update on Ed-Tech
- Annex D – Schools update

On the grounds that these contain information relating to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under Paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to information) (Variation) Order 2006.

4. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the committee.

Please note that our registration deadlines have changed to 2 working days before the meeting. The deadline for registering at this meeting is at **5.00pm on Thursday 18 November 2021.**

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill out an online registration form. If you have any questions about the registration form or the meeting please contact the Democracy Officer for the meeting whose details can be found at the foot of the agenda.

Webcasting of Public Meetings

Please note that, subject to available resources, this public meeting will be webcast including any registered public speakers who have given their permission. The public meeting can be viewed on demand at www.york.gov.uk/webcasts.

During coronavirus, we've made some changes to how we're running council meetings. See our coronavirus updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

- 5. Yorwaste Update** (Pages 9 - 12)
This report provides Members with a performance update for Yorwaste.
- 6. Make It York Finance Update** (Pages 13 - 24)
This report provides an update from Make It York (MIY) on the company's financial performance since the report to this committee in September. The report sets out mitigations that MIY is seeking from the council, in light of Covid, in order to ameliorate its financial position.
- 7. Amendment to Articles of Association of Make it York Limited** (Pages 25 - 66)
This report provides background and information on the proposed amendment to the Articles of Association of Make it York Limited to increase the authorised rate of remuneration for officers of or consultants to the company.
- 8. City of York Trading Update** (Pages 67 - 76)
To consider the City of York Trading Ltd's performance update.
- 9. Veritau Limited Business Update** (Pages 77 - 92)
To receive an update on Veritau Group's finance and performance to date in 2021/22.
- 10. YPO and YPO Procurement Holdings Ltd Finance Update** (Pages 93 - 120)
To consider a report from YPO outlining the latest financial performance

11. Municipal Bonds Agency (Pages 121 - 124)
This paper presents an overview of the Municipal Bonds Agency.

12. Work Plan (Pages 125 - 126)
To consider the Committee's Work Plan for the remainder of the municipal year.

13. Urgent Business
Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Name: Louise Cook

Contact details:

- Telephone – (01904) 551031
- Email - louise.cook@york.gov.uk

For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 (01904) 551550

Coronavirus protocols for attending Committee Meetings at West Offices

If you are attending a meeting in West Offices, you must observe the following protocols.

Good ventilation is a key control point, therefore, all windows must remain open within the meeting room.

If you're displaying possible coronavirus symptoms (or anyone in your household is displaying symptoms), you should follow government guidance. You are advised not to attend your meeting at West Offices.

Testing

The Council encourages regular testing of all Officers and Members and also any members of the public in attendance at a Committee Meeting. Any members of the public attending a meeting are advised to take a test within 24 hours of attending a meeting, the result of the test should be negative, in order to attend. Test kits can be obtained by clicking on either link: [Find where to get rapid lateral flow tests - NHS \(test-and-trace.nhs.uk\)](https://www.nhs.uk/conditions/coronavirus/covid-19/testing/rapid-lateral-flow-tests/), or, [Order coronavirus \(COVID-19\) rapid lateral flow tests - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/order-coronavirus-covid-19-rapid-lateral-flow-tests). Alternatively, if you call 119 between the hours of 7am and 11pm, you can order a testing kit over the telephone.

Guidelines for attending Meetings at West Offices

- Please do not arrive more than 10 minutes before the meeting is due to start.
- You may wish to wear a face covering to help protect those also attending.
- You should wear a face covering when entering West Offices.
- Visitors to enter West Offices by the customer entrance and Officers/Councillors to enter using the staff entrance only.
- Ensure your ID / visitors pass is clearly visible at all time.
- Regular handwashing is recommended.
- Use the touchless hand sanitiser units on entry and exit to the building and hand sanitiser within the Meeting room.
- Bring your own drink if required.
- Only use the designated toilets next to the Meeting room.

Developing symptoms whilst in West Offices

If you develop coronavirus symptoms during a Meeting, you should:

- Make your way home immediately
- Avoid the use of public transport where possible
- Follow government guidance in relation to self-isolation.

You should also:

- Advise the Meeting organiser so they can arrange to assess and carry out additional cleaning
- Do not remain in the building any longer than necessary
- Do not visit any other areas of the building before you leave

If you receive a positive test result, or if you develop any symptoms before the meeting is due to take place, **you should not attend the meeting.**

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City of York Council

Committee Minutes

Meeting	Shareholder Committee
Date	6 September 2021
Present	Councillors Widdowson (Chair) and D'Agorne

1. **Declarations of Interest**

Members were asked to declare, at this point in the meeting, any personal interests not included on the Register of Interests or any prejudicial or disclosable pecuniary interests that they might have in respect of the business on the agenda. None were declared.

2. **Minutes**

Resolved: That the minutes of the meeting held on 25 March 2021 be approved, and signed by the Chair as a correct record.

3. **Exclusion of Press and Public**

Resolved: That the Press and Public be excluded from the meeting during any discussion arising on the following documents, on the grounds that they contain information relating to the financial or business affairs of particular persons (including the authority holding that information), which is classed as exempt under Paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006:

- i) Annex 2 to Agenda Item 5 (Yorwaste Ltd. Finance Update);
- ii) Annexes A and B to Agenda Item 6 (YPO and YPO Procurement Holdings Ltd Finance Update);
- iii) Annex A to Agenda Item 7 (City of York Trading Ltd. Update);
- iv) Appendices 1 and 2 to Agenda Item 8 (Veritau Limited Business Update);
- v) Annex 5 to Agenda Item 9 (Make It York Update).

4. **Public Participation**

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

Written representations were received from Lars Kramm in relation to matters within the committee's remit, seeking commitments from all the council's companies in respect of actions on the climate emergency.

5. Yorwaste Ltd Finance Update

Members considered a report which presented update reports from Yorwaste on the company's financial performance for the year ending 31 March 2021 and its trading position for the first quarter of 2021/22. These comprised the performance and finance update at Annex 1 and the confidential performance and finance update at exempt Annex 2.

Yorwaste's Commercial Operations Director and Head of Finance were in attendance and replied to Members' questions, confirming that:

- Action in response to the current HGV driver shortage included engaging with the workforce to encourage retention and looking at targeted advertising.
- All of the city's segregated recycling was being dealt with in Europe and 80% of it within the UK.
- Consideration was being given to investing in a small solar panel installation at Harewood Whin, working with council officers to maximise the benefit.

The Chair requested that the next update include information on Yorwaste's approach to apprenticeships and the recruitment of female employees.

Resolved: That the reports from Yorwaste at Annexes 1 and 2 to the cover report be noted.

Reason: So that the council is kept updated on the financial performance of Yorwaste Ltd.

6. YPO and YPO Procurement Holdings Ltd Finance Update

Members considered a report which presented updates from YPO and YPO Procurement Holdings Ltd. on their financial performance in 2021.

In the absence of the Managing Director of YPO, who was unable to attend, the report was presented by the council's Chief Finance Officer.

The Chair requested that the next update include an outline of the position on supplies to schools going forward and how this could be supported.

Resolved: That the reports from YPO and YPO Procurement Holdings Ltd. at Annexes A and B to the cover report be noted.

Reason: So that the council is updated on the financial performance of both YPO and YPO Procurement Holdings Ltd.

7. City of York Trading Ltd Update

Members considered a report which presented a Performance Update from City of York Trading Ltd. providing a detailed analysis of performance to date in 2021/22 and updated figures for the 2020/21 outturn. The update was contained in exempt Annex A.

The report explained that the company's accounts for 2021/22 were currently being audited. Its performance to date was positive, with both turnover and profit above budget.

The MD of City of York Trading was in attendance to present the report and respond to questions. She confirmed that the company continued to provide covid-related support to the council and to respond to a range of pressures arising from the pandemic. Questions on the exempt Annex were put and responded to in private session.

Resolved: That the report, and the Performance Update from City of York Trading Ltd. at Annex A, be noted.

Reason: So that the council is updated on the performance of City of York Trading Ltd.

8. Veritau Limited Business Update

Members considered a report from Veritau Limited which provided an update on its finance and performance during 2020/21 and 2021/22 to date. The Veritau Group's 2021 annual report and its 2021/22

management accounts were attached as exempt Appendices 1 and 2 respectively.

During 2020/21, despite the challenges of Covid-19, Veritau had achieved the majority of its business objectives, and client satisfaction rates remained high. The Group had reported a pre-tax loss of £17.7k for this year, which was largely attributable to one-off adjustments. For 2021/22, the Group was on track to achieve its target profit and there were currently no significant variances against the approved budget. Changes to the directors of Veritau Limited were reported: Debbie Mitchell had replaced Ian Floyd as a director and Cllr Waller had replaced Cllr Ayre.

The Chief Executive and the Deputy Chief Executive of Veritau were in attendance and responded to Members' questions, confirming that the net effect of local government re-organisation on the Group would be neutral, with no major risks overall.

Resolved: That the Veritau Group's annual report for 2020/21 and its performance to date in 2021/22 be noted.

Reason: So that the council is updated on Veritau's performance.

9. Make It York Finance Update

Members considered a report which outlined the financial performance of Make It York (MIY) in 2020/21 and provided an update on MIY's trading position for the first quarter of 2021/22. Details were contained in Annexes 2-4 to the report, and in the Financial Report at exempt Annex 5.

The Service Level Agreement (SLA), negotiated when the council entered into a new three-year contract with MIY following Executive approval in May 2021, was attached at Annex 1. Due to the extension of the contract process and the subsequent departure of the Managing Director, it would not be possible for MIY to produce a business plan and bring it to the committee until a new MD took up post. However, MIY had continued to deliver strongly against the SLA. In December 2020, Executive had approved measures to secure the company's future and since then MIY had worked closely with officers to monitor its financial position. The current position was set out in Annexes 3 and 5.

MIY's Head of Marketing and Communications and Interim Finance Adviser were in attendance at the meeting to present the report. In response to Members' questions, they confirmed that:

- Interviews for a new MD were taking place this week.
- After being 'decimated' by the effects of the pandemic, MIY was now starting to plan ahead and look for opportunities.
- MIY's planning over the next 6-12 months would be based on a report they had commissioned on tourism, with more events targeted at residents and families.
- With regard to tendering processes, MIY were working on a new scheme of delegation, to be brought to the committee in March 2022. Initial information on this could be provided to the Chair.

Resolved: That the reports from Make It York at Annexes 2-5 to the cover report be noted.

Reason: So that the council is updated on the financial position of Make It York.

10. Work Plan

Resolved: That the work plan be noted.

Reason: To ensure the Committee receives regular reports in accordance with the functions of an effective Shareholder committee.

Cllr P Widdowson, Chair

[The meeting started at 4.40 pm and finished at 5.30 pm].

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YORWASTE

1. How Yorwaste delivers shareholder value.

As a Teckal company, Yorwaste delivers shareholder value in a number of ways.

Directly through either a reduction in the cost of service provision to the shareholding authority or in the generation of profits which accrue to the shareholding authority. This value is enhanced by the operation of commercial activities which can offset operating costs to the authority or enhance the generation of profits.

Indirectly through the shareholders' investment in Allerton Waste Recovery Park (AWRP) by maximising their potential financial return from volume related contractual terms.

Intangibly in that, because of its shareholding ownership, additional ad-hoc services and assistance to the shareholding authority are provided at either cost or zero charge.

The challenge for Yorwaste is to balance the above factors to deliver a cost effective, tax efficient, value for money solution for the local taxpayer.

2. Review of performance for the first half of the current fiscal year to 31 March 2021.

Yorwaste continues to perform well both operationally and financially and was ahead of budget at the mid-year point.

The HGV driver shortage was a considerable operational challenge for the first half, but this situation has now stabilised. The Company, in line with the broader employment market, has also found it harder to recruit across a range of roles.

Management will continue to monitor this risk closely as it is anticipated that it will be several months until the market is back in balance.

Health & Safety

The Company has retained its ISO 450001 accreditation and was once again awarded ROSPA Gold. As covid restrictions reduced, and with a return to more normal operations, the injury incidence rate has

started to climb slightly from its all-time low and the Company is investing in additional training to mitigate this.

Environment & Climate Change

The Company is progressing with its work to support ISO 50001 Energy Management Certification and targets to gain accreditation by the end of the current fiscal year as the first step towards a comprehensive carbon reduction strategy.

The Company is currently conducting a feasibility study into the potential for Green Energy Parks at one, or both of, the closed Harewood and Seamer landfill sites. This project is being conducted in partnership with the Company's shareholders.

Full Year Financial Estimate

The company maintained many of the cost savings delivered during last year's lockdown, which combined with higher landfill gas prices and above expected performance on the Commercial side of the business, has resulted in the Company being ahead of budget at the mid-year point.

The second half of the year will be more challenging with wage price inflation and higher fuel pump prices. The wider supply chain is also showing signs of upward inflationary cost pressure.

As a result, the second half of the year is expected to be broadly in line with budget with additional commercial revenues offset by inflationary cost pressures. Overall, the Company still expects to exceed budget, but profits are not expected to match last year's levels.

The Company is on target to deliver the maximum shareholders volume and target gate price for AWRP.

3. Business Plan 2021/22

The Company is still in the process of compiling the Budget for 2022/23 and it is too early to report numbers at this stage.

4. Looking Forward

As stated in previous reports the outcome of the Government Resource and Waste Strategy consultation continues to have the potential to impact the operations of Yorwaste. Whilst the Company

has a range of investment options under consideration, it is not deemed prudent to make significant investments until the outcome of the consultation has been concluded.

The Company is performing well and in a strong position to support any outcome by continuing to provide a value for money service and by actively engaging with future Authorities to deliver the opportunities which might arise.

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Shareholder Committee

22 November 2021

Report of the Assistant Director (Customer and Communities)

Make It York Finance Update**Purpose of Report**

1. This report provides an update from Make It York (MIY) on the company's financial performance since the report to this committee in September. The report sets out mitigations that MIY is seeking from the council, in light of Covid, in order to ameliorate its financial position.

Recommendations

2. The committee is ask to:
 - Note the final contract price as set out in paragraph 8
 - Note the reports from Make It York attached as Annexes 1 – 3 of this report
 - Refer to the Executive the financial assistance / mitigation requested by Make It York

Reason: To ensure that the Council is updated on the financial performance of Make It York.

Background

3. MIY was established by the Council in 2015 as a wholly owned, local authority company in order to deliver a new approach to marketing, culture, tourism and business development in the city. The council was able to enter into a contract to deliver these services without the need for a procurement exercise, as is permitted by regulation 12 of the Public Contract Regulations 2015, since the company is 'Teckal' compliant, i.e. the Council has control of all the shares in the company and exercises effective day-to-day control over its affairs, and at least 80% of the activities of the company are carried out in the performance of tasks entrusted to it by the controlling contracting authority.

4. In May this year the Council's Executive agreed to enter into a new three-year contract with MIY. A new service specification (or SLA as it is often informally referred to) was negotiated between the Council and the MIY board (see Annex 1). The inward investment and economic development functions previously carried out by MIY were removed from the SLA and these functions have now returned to the Council.
5. The Executive agreed that, in view of the transfer of functions from MIY back to the council, the final value of the new contract and the revenue support to be provided by the council would be adjusted. A process would be undertaken with MIY to assess:
 - a. The practical date at which transfer can take place
 - b. The future cost to the council of employing the staff transferring
 - c. The saving to MIY from the staff transferring out
 - d. Any other cost implications arising for both parties from the changes to the respective organisations
6. The contract price would be adjusted to ensure that:
 - a. The council will be able to operate the transferred service within the existing budget resource
 - b. MIY will remain viable
7. This process has now been concluded and the new contract came into effect on 23 September.
8. A reduction of £212k in the contract price was agreed between the council and MIY. This represents the full cost to the council of employing the staff transferring back to the council under TUPE arrangements. (It compares with the cost to MIY of employing these staff which was £190k). The contract price is now £586k p.a. with MIY returning a revenue stream to the council of £474k p.a. meaning that the net contribution from CYC to MIY is £112k p.a.

Financial update

9. Whilst MIY had previously been financially successful across the life of the contract, the pandemic has been extremely difficult for the company, as it has for thousands of businesses across the country. MIY's revenues have been decimated and, although the company's board reduced costs and cut all non-essential spend, these measures were not sufficient to ensure the commercial viability of

the business. As a result of this, the Executive in December 2020 had to take significant measures to secure the future of the company, agreeing to:

- a. Waive the requirement for MIY to make a revenue return to the council in 20/21 in respect of trading activity across the city centre
 - b. Defer the first two quarters rent due from MIY in 20/21 for use of premises on Museum Street and Silver Street offices in line with arrangements for all council commercial tenants
 - c. A loan facility from the council of £300k to be accessed by MIY only if necessary
 - d. Provide a letter of guarantee to MIY with respect to the company's liabilities up to a maximum of £1m over the next 2 years to enable the company to continue as a going concern
10. MIY have worked closely with officers since December 2020 to monitor the company's ongoing financial position. The current position, as set out in Annex 1, is that MIY is expected to generate a negative cashflow of £0.3m from its operations in 21/22.
11. MIY has approached the council regarding three potential areas of financial assistance / mitigation:
- a. relief on the business rates paid in respect of the Museum Street shop (a cost to the council of £6.4k based on the days it was closed over 2020/21 and 2021/22);
 - b. a reduction in the revenue stream required from MIY commensurate with the reduction in cashflow experienced by the company in April when the Shambles market was closed (a cost to the council of £14.3k); and
 - c. support with the cost of counter terrorism measures required during the Christmas Market (a cost to the council of £78.9k).
12. These requests appear reasonable under the circumstances and there are funding streams that could be used to fund the requests such as Covid Grant, Additional Restrictions Grant and Welcome Back Funding. It is open to the Shareholder Committee to refer these to the Executive for a decision which would be included in the Council's Finance and Performance Monitor 3 report in February 2022.
13. These items are not reflected in the attached cashflow. If granted, MIY report that they would bring the company to a projected position

of not needing to draw upon the loan facility referred to in paragraph 9c above.

Risk Management

14. There are no specific risk issues arising from this report beyond those highlighted in the text.

Implications

15. There are no additional legal, HR, equalities, crime and disorder, information technology, property or other implications arising from this report.

Author:	Chief Officer responsible for the report:			
Charlie Croft Assistant Director (Customer and Communities) charlie.croft@york.gov.uk	Pauline Stuchfield Director of Customer and Communities			
	Report Approved	✓	Date	9.11.21.
Wards Affected: All				
For further information please contact the author of the report				

Annexes

Annex 1. Make It York activity update

Confidential Annexes

Annex 2. Make It York forecast cashflow November 2021

Annex 3. Make It York summary profit and loss to 30 September 2021

MakeItYork

Update for City of York Council Shareholder Committee – Monday 15th November 2021

Introduction

As we approach the end of 2021, we look forward to welcoming our new MD, Sarah Loftus. Work continues around the production an events framework, city centre strategy and sales strategy, which will be reviewed by the incoming MD. An update about three key events that are taking place during the next couple of months follows.

Christmas 2021 Update

The St Nicholas Fair will run from 18th November – 23rd December. There will be 68 chalets located on Parliament Street and St Sampsons Square. The majority of traders taking part are based in Yorkshire. Thor's Tipi will also be returning.

This year, there will be a new layout, with chalets placed back to back rather than face to face. This will allow for more space for visitors and should benefit the shops on Parliament Street.

Safety Advisory Group (SAG) have approved all plans and the build will take place during w/c 8th November.

Mulled wine stations will be placed in a variety of places including York Gin Horsebox on Blake Street, Rob Collins (local trader) on Davygate and a vendor on Coney Street (TBC).

We have had various enquiries for activations to take place on St Helen's Square and Exhibition Square, including interest from large companies and local hotel launches.

Resident Festival 2022 Update

Resident Festival will take place on the 29th and 30th January. Proposals for a launch event are currently being reviewed by CYC. This will include staging in the centre along with live music, which will like with Independent Music Week.

City Centre attractions will be showcased and Visit York member offers will be available to residents.

Community groups will have an opportunity to showcase their work.

Ice Trail 2022 Update

Ice Trail will take place on the 5th and 6th February. We currently have 40 ice sculptures, which will be placed at various locations throughout the city. We have received a £10k grant from CYC, which will be used to support a centre piece sculpture and marketing push as well as an evaluation of the event.

First Bus will act as headline sponsors and we have had involvement from a variety of businesses in the city from the retail, food and drink, attractions and service sectors.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Shareholder Committee

22 November 2021

Report of the Assistant Director (Customer and Communities)

Amendment to Articles of Association of Make it York Limited**Summary**

1. This report provides background and information on the proposed amendment to the Articles of Association of Make it York Limited to increase the authorised rate of remuneration for officers of or consultants to the company.

Background

2. In May 2021, proposed amendments to the Articles of Association of Make it York Limited were approved by the Council's Executive and authority delegated to the Director of Governance and the Chair of the Shareholder Committee to prepare and sign the relevant resolutions in relation to the changes.
3. The Articles put to the Executive for consideration in May included the following within Schedule 2 (Matters Reserved for the Shareholder), which was unchanged from the original Articles of Association:

"[Without the prior written consent of the Shareholder, the Company shall not]:

agree to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any officer of or consultant to the Company at a rate in excess of £50,000 per annum or increasing the remuneration of any such person by a rate in excess of £2,000 per annum"

4. Following Executive approval, it became apparent that the salary levels referred to within the Articles of Association had been missed when amendments were first considered and were out of date, having been set six years ago and left unchanged since.

5. The Chair of Make It York has requested that, to bring salary levels in line with inflation, the limits of remuneration referred to in Schedule 2 are increased to £65,000 per annum or an increase by a rate in excess of £2,500 per annum.
6. Under its Terms of Reference, the Shareholder Committee is authorised to determine and approve all matters relating to the terms and conditions of employment of company Directors and the senior management team.
7. Approval of remuneration above £50,000 per annum (or any increase in excess of £2,000 per annum) has been approved as a matter to be reserved to the Shareholder Committee on individual occasions, therefore approval of a limit in excess of this amount is consistent with the authority granted to the Shareholder Committee.

Consultation

8. None.

Options

9. Members can:
 - I. approve the increased limit for inclusion in the amended Articles of Association;
 - II. reject the increased limit for inclusion in the amended Articles of Association or
 - III. refer this matter to the Council's Executive.

Analysis

10. None.

Council Plan

11. The report contents are not directly relevant to the Council Plan.

Implications

12. The Council is not the employer of any company officers or consultants. However, remuneration of company officers above a certain level is a matter reserved for the Council as Shareholder under the Articles of Association of the company.

Recommendations

13. Members are asked to approve the increased limit for inclusion in the amended Articles of Association.

Reason: To enable Make it York Limited to agree appropriate levels of remuneration for officers of or consultants to the Company.

Contact Details

Author:

Charlie Croft
Assistant Director, Customer and Communities

Charlie.Croft@york.gov.uk

01904 553371

For further information please contact the author.

Background Papers:

None

Annexes

Annex A – Report to Executive dated 20 May 2021

Annex B – Proposed revised Schedule 2 (Matters Reserved for the Shareholder)

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Executive

20 May, 2021

Report of the Directors of Customer and Communities and of Place Portfolios of the Executive Members for Culture, Leisure & Communities and Economy & Strategic Planning

The Council's contract with Make it York**Introduction**

1. This paper sets out the service specific requirements for a new contract to be entered into between the council and Make it York (MIY) for the period 2021-24.

Recommendations

2. The Executive is asked to:
 - Note the consultation that has been undertaken with businesses and other stakeholder groups;
 - Agree the changes to the Memorandum and Articles of Association as set out in paragraph 16 and Annex C and authorise the Director of Governance to prepare the necessary shareholder resolutions and carry out any action needed to effect the changes and delegate to the Chair of the Shareholder Committee the authority to sign the relevant shareholder resolutions in relation to the changes;
 - Agree the changes to the specification set out in Annex A and the changes to the contract as set out in paragraph 18 and to delegate to the Director of Place and the Director of Customer and Communities (in consultation with the Director of Governance or her delegated officers) the authority to take such steps as are necessary to enter into the resulting contract.

Reason: to secure a strong future for Make It York as a Teckal company.

Background

3. At its February meeting, the Executive agreed arrangements for the next contract between the council and MIY whereby:

- a. MIY's Teckal company status is retained
 - b. Clarity of purpose is established with respect to what MIY is to deliver with appropriate performance regimes in place
 - c. Clearer governance arrangements are instituted
 - d. MIY continues to provide tourism, city centre and markets, culture and events functions broadly as now
 - e. The council takes a leadership role in economic development and inward investment with arrangements revisited to define the city's sectoral focus, sharpen its unique offer and clearly understand its opportunities
4. The Executive approved:
- the priorities on which the new Service Specification of the contract (the SLA) was to be based
 - the undertaking of further work with MIY to develop the specific requirements to be included in the service specification following consultation with businesses and other stakeholder groups
 - an extension of the existing contract until the new contract is in place following agreement to the service specification
5. This report sets out the service specific requirements in light of the consultation undertaken.

The Consultation

6. Consultation has been undertaken with key stakeholder groups including:
- York and North Yorkshire Chamber of Commerce
 - The Federation of Small Business
 - York Business Improvement District
 - Universities and Colleges
 - Institute of Directors and other business networks
 - LEPs
 - Visitor economy sector
 - Retail sector
 - Cultural Sector
 - York Science Park
 - Key sector representatives for our growth priorities: Rail, Financial Services & Insurance, Biotech and Life Sciences, Digital and Creative Industries

7. Three methods were used for the consultation:
 - Structured interviews with key business networks
 - A series of structured interviews with 20 representatives of the key stakeholder groups set out above
 - An online survey publicised through newsletters and social media to enable businesses, residents and other interested parties to respond
8. A detailed presentation of the consultation can be found at Annex B. The consultation shows strong support for the priorities set out by the council for the SLA in each area:
 - Economic Development 80% of respondents agree with them
 - City Centre & Markets 70% agree
 - Visitor Economy 87% agree
 - Culture 81% agree
9. The majority of respondents also support the concept of MIY; however, a range of concerns are expressed about how the company model is operating in practice. It is clear that the company model is not well understood and that it is not perceived to be accountable and transparent. It is felt to be involved in too broad a range of activity as a result of which quality of delivery is seen to be inconsistent. The consultation suggests that there needs to be more regular reporting back to residents and businesses and greater collaboration with partners and stakeholders across the range of activities that MIY covers.
10. There is strong support for the council taking back the lead role in inward investment and economic development work with businesses and partners also expressing a desire to be more involved in all aspects of this agenda. This is seen as particularly important given the need for a co-ordinated economic recovery post the pandemic.
11. It is clear that much of the consultation feedback is a symptom of the tensions that are inherent in the particular financial model that the council put in place in respect of MIY, in 2015, whereby the great bulk of MIY's income, which it uses to fund its operations, derives from traded activity. The focus on income generation inevitably creates a tension with collaborative working with other partners as well as with the pursuit of more strategic objectives. Members will need to determine where an appropriate balance lies between the commercial aims of the company and broader strategic aims.

Clearly, where this balance sits has financial implications for both Make it York and the council.

The Specification

12. The proposed changes to the Service Specification, which forms part of the contract, are set out in Annex A. The Service Specification consists of three parts: Objectives, Service Specific Requirements and Outcomes and changes proposed to all three elements are set out in this annex.
13. The proposed changes aim to create a closer relationship between the council and MIY, making the best use of our limited resources given the challenges that face us and ensuring closer collaborative working between the respective organisations with resources located where they can be deployed to best advantage. It will ensure that the expertise of MIY's Board and staff, supplemented by research and engagement, is played effectively into the council's strategy development alongside that of private sector representative bodies and businesses so that the respective strengths of the two organisations can be used to best advantage in a complementary way. The service specification has been negotiated between the council and the MIY board in the light of the consultation feedback. The Service Specific Requirements are laid out under four main headings:
 - **Economic Development:** promoting York as a business location through all of MIY's activity
 - **Visitor Economy:** covering destination management and tourism sector development
 - **City Centre:** covering markets, city centre vibrancy and commercial events
 - **Culture:** focussing on driving the Culture Strategy, major events and the Unesco Creative City designation

The Service Specification also sets out: key deliverables, outcomes by which performance will be measured, and detailed delivery tasks.

14. The inward investment and economic development functions have been removed from the Service Specification and these functions will return to the council from MIY.

Governance Issues

15. In February the Executive agreed changes be made to the governance arrangements of MIY to ensure the company's Teckal

compliance as well as to maintain robust and transparent processes. Further work has been undertaken with Legal Services in pursuit of these objectives. Amendments are proposed to both the company's memorandum and articles of association and to the service contract as follows:

16. **Memorandum and Articles of Association:** Amendments are proposed to Schedule 1, *Matters reserved to the shareholder*. The revised Schedule 2 is set out in Annex C. Principal changes proposed in this revision are:
 - Bringing the schedule up to date, removing clauses that expired at the end of the initial six year period
 - Introducing clauses regarding determining and approving all matters relating to terms and conditions of the Managing Director as well as the remuneration of senior staff
 - Introducing a clause regarding approving a scheme of delegation which will set out the decisions that can be made by the senior management and other employees of the Company
17. MIY's board will be asked to agree the changes and register the revised Memorandum and Articles of Association with Companies House.
18. **The Contract:** The Executive agreed that measures should be taken in the new contract to ensure robust mechanisms for monitoring of performance against the Service Specification with a structured approach to client meetings and improved communication and collaboration. It is proposed to address this in the new contract through:
 - Providing stronger step-in rights for the council in the event of any persistent or material failure by MIY to deliver any part of the service, whereby the council could take over operation of the respective function
 - Building into the contract the requirement to provide formal quarterly narrative reports, to hold structured client meetings, to

produce an annual business plan and report to the Shareholder Committee as well as to brief other council bodies as required

- A requirement for MIY to keep robust and detailed information about its activities

Options

19. The principal options available to the Executive are to:

- Agree the new service specification as set out in Annex A
- Suggest amendments to the specification

Analysis

20. The proposed service specification is recommended reflecting the views of stakeholders to ensure a strong and effective MIY, working in partnership with the council, with a clear focus in the areas where it is best placed to contribute.

Implications

21. **Financial:** The council currently provides revenue support of £798k per annum to MIY for the provision of services. MIY provides income to the council of £474k per annum to reflect the net income earned from trading activities across the city centre. The net expenditure to the council is therefore £324k. The council also budgets for a dividend of £25k per annum from the company.

22. In view of the transfer of functions from MIY back to the council, as set out in paragraph 14, the final value of the new contract and the revenue support to be provided by the council will be adjusted. A process will be undertaken with MIY to assess:

- a. The practical date at which transfer can take place
- b. The future cost to the council of employing the staff transferring
- c. The saving to MIY from the staff transferring out (a and b may not necessarily be the same)
- d. Any other cost implications arising for both parties from the changes to the respective organisations

23. The contract price will be adjusted to ensure that:

- a. The council will be able to operate the transferred service
- b. MIY will remain viable

24. It is envisaged that this is achieved within the existing budget resource. The final contract price will be reported to members.
25. **Legal:** The council can make a direct award of this contract to MIY without undergoing a procurement process while it remains a Teckal compliant company in accordance with regulation 12 of the Public Contract Regulations 2015. This requires the council to exercise similar control over the company as it does over its own departments, that at least 80% of the activities of the company are those entrusted to it by the council, and that there is no direct capital participation from the private sector in MIY.
26. Legal Services will work with officers to ensure the proposed changes to the Service Specification will maintain the Teckal compliance of the company.
27. The proposed transfer of responsibility for functions from MIY to the council is likely to qualify as both a business transfer and a service provision change under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006. As a consequence, all those MIY employees who are assigned to work on any transferring functions are likely to be eligible to transfer to CYC.

Council Plan

28. The contract with MIY supports a number of aims of the Council Plan including:
 - Good Health and Wellbeing
 - A Better Start for Children and Young People
 - Well-paid jobs and an inclusive economy
 - Creating homes and World-class infrastructure
 - Safe Communities and culture for all

Risk Management

29. In compliance with the council's risk management strategy the main risks arising from this report have been identified. These risks are mainly ones that could lead to the inability to meet business objectives (Strategic) and to deliver services (Operational), leading to financial loss (Financial), non-compliance with legislation (Legal & Regulatory), damage to the council's image and reputation and failure to meet stakeholders' expectations (Governance).

30. Measured in terms of impact and likelihood, the risk score has been assessed at 14. This “medium” risk level is acceptable but means that regular active monitoring is required.

Annexes

A: Proposed new terms to be included in the Service Specification

B: The Consultation

C: MIY Memorandum and Articles of Association Schedule 2, *Matters reserved to the shareholder*

Contact Details

Author:	Chief Officers responsible for the report:		
Charlie Croft Assistant Director (Customer and Communities) Simon Brereton Head of Economic Growth	Pauline Stuchfield Director of Customer and Communities Neil Ferris Director of Economy and Place		
Report Approved:	✓	Date:	10 May 2021
Specialist implications officers:			
Patrick Looker Finance Manager	Cathryn Moore Legal Manager – Projects	Dan Moynihan Senior Solicitor	
Wards Affected:	All		

Proposed new terms to be included in the Service Specification

OBJECTIVES

The following are objectives to be achieved by Make It York as a *Teckal Company*, for the purposes of public and procurement law in the United Kingdom, through the provision of the Services:

- (a) contribute to the stronger co-ordination and promotion of the city of York's profile and cultural offer taking every opportunity to articulate York's brand position, regionally, nationally and internationally;
- (b) work towards increasing 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;
- (c) nurture new cultural ideas and initiatives;
- (d) create entrepreneurial partnerships to bring projects to life, reducing duplication and displacement of private sector activity in the fields that Make It York works in;
- (e) generate income from activities to support the delivery of the business plan and these Objectives; and
- (f) work with the Council and other partners to attract funding to support and enhance the delivery of the activities set out below.

SERVICE SPECIFIC REQUIREMENTS AND OUTCOMES

1 General

- 1.1 Develop and deliver agreed initiatives and programmes within the remit of the areas set out in this agreement that further the Council's strategic priorities. These initiatives and programmes will further articulate York's narrative, fill identified gaps in provision not addressed by other providers and must not duplicate or displace other existing or potential provision.
- 1.2 Develop a detailed annual business plan for Make It York, liaising with the Council to ensure that all activities are consistent with the Council's priorities.

- 1.3 Provide regular and timely advice for Council senior managers as required on remits relevant to these Service Specific Requirements and summarising what has been submitted in a quarterly narrative report.
- 1.4 Represent York on operational working groups relevant to these Service Specific Requirements as agreed with the Council.
- 1.5 Undertake research and business intelligence required in order to successfully fulfil the obligations set out in these Service Specific Requirements.
- 1.6 Ensure coherent local communications and press releases that further articulate the narrative, in alignment with the Council's Marketing & Communications Team.
- 1.7 Work co-operatively in areas where the Council or commissioned partners remain the lead organisation responsible, but the remit is overlapping with these Service Specific Requirements.
- 1.8 Make business cases to the Council, in writing, for activities, initiatives or investment proposals that are not currently part of the SLA where Make It York considers they would support the Objectives set out in Part 1 of this Schedule, and would add to or enhance these Service Specific Requirements set out here.
- 1.9 Collect relevant data, including user feedback, to evidence performance against the Objectives set out above, and the Outcomes set out below, as well as these Service Specific Requirements.

2 **Economic Development**

- 2.1 Though Make It York is not expected to provide specific resource for economic development activity, it will play an important role in promoting York as a business location through all its activity and in particular in its marketing activities.
- 2.2 Make it York will work with the Council to signpost businesses and inward investors to a 'single front door' approach within the Council for businesses and start-up, to make it easy for all businesses to access this front door and to *promote a positive business* environment in York through supporting and developing appropriate networks and other initiatives.

3 **Visitor Economy**

3.1 Key Deliverables:

- *Destination Management Organisation* – promotion of York as a leisure and business visitor destination; running the Visit York membership scheme; liaison with LEP, Visit Britain, Welcome to Yorkshire, etc. to make

the most of all available support and contribute to national and regional marketing initiatives.

- *Tourism sector development* – working with tourism sector businesses to increase their productivity and help them become even better employers; provision of sector intelligence through a monthly report.
- *Tourism Advisory Board (“TAB”)* – Convene the TAB as a representative body for all those involved in the tourism sector, and contribute to the development of a new Tourism Strategy.

3.2 **Outcomes** (to be set or confirmed in Tourism Strategy)

- (a) *Destination Management Organisation* – increase in visitor numbers and hotel occupancy and room count to be specified in Tourism strategy and agreed by the TAB; aim for growth in Visit York membership of 2% year on year in post pandemic York;
- (b) *Tourism sector development* – Aim for 5% Gross Value Added (“**GVA**”) increase shown in the Office of National Statistics (“**ONS**”) Local Authority Level Statistics across 3 years of agreement if practical when taking into account and fully understanding the impact of the pandemic;
- (c) *TAB* – TAB to meet actively each month (12 meetings per annum); and
- (d) *Aim to increase average visitor spend by 5% above RPI* – Base figure to be set once the impact of the pandemic is fully understood.

*Detailed delivery: Destination Management Organisation (“**DMO**”)*

3.3 Leading on leisure marketing of York, working with Welcome to Yorkshire, national and regional bodies to make the most of York’s offer and attract visitors to the city.

3.4 Maintain and develop Visit York as a membership body supporting and developing the tourism sector.

3.5 Work with the visitor economy sector, Welcome to Yorkshire, the York Business Improvement District (“**BID**”) and other partners to ensure that a quality product is offered to both visitors AND residents, and that it is accessible and welcoming to all.

3.6 Encourage all York residents to enjoy the tourism and cultural offer of York including year round promotion and targeted residents’ events.

Detailed delivery: Tourism sector development

- 3.7 Work with tourism sector businesses to increase their productivity and help them become even better employers, paying decent wages and offering flexible employment, by promoting the adoption of the Good Business Charter. Facilitate cross-sector work to improve York centre as a destination for business, visitors and residents including:-
- (a) leading on approaches to maximise private-sector led investment into city centre improvement; and
 - (b) working with the Council and with businesses to stimulate a stronger evening economy.
- 3.8 Attract new business tourism to the city by providing a clear and effective process for responding to conference enquiries with high quality response and support, and working proactively to attract new enquiries appropriate to the city.

Detailed delivery: TAB

- 3.9 Convene and facilitate a TAB for York, which brings together a diverse range of stakeholders in the sector and has an independent chair.
- 3.10 Take a lead in the development and delivery of a tourism strategy as part of the city's new Economic Strategy.

4 **City Centre, Events and Markets**

4.1 *Key Deliverables:*

- *Markets* – Day-to-day management of the Shambles Market; operation of the Market Charter on behalf of the city; in consultation with the Council, development of a new Markets Strategy; supporting new retailers to trade.
- *City Centre vibrancy* – Contributing expertise, ideas and experiences to the MyCityCentre Project, which will set the city centre strategy; working with city centre landlords, including those distant from York if they can be found, to ensure they are invested in the city.
- *Commercial events* – Keeping the city centre relevant and enticing by curating a programme of public events in the footstreets; running commercial events such as the Christmas market in a safe and sustainable manner, to generate commercial opportunities for local businesses and generate surplus for investment in the economy.

4.2 **Outcomes (to be set or confirmed in City Centre Strategy)**

- (a) *Markets* – 5% year on year growth in surplus from Shambles Market with a commitment from the Council to support measures taken to achieve this; Year 1 creation and adoption by the Council's Executive of a Markets Strategy leading to delivery as specified in that strategy; Year 2 onwards independent evaluation of customer sentiment to be undertaken.
- (b) *City Centre Vibrancy* – to aim to help bring tenants to vacant city centre premises as a direct result of Make It York's engagement; serious involvement by Make It York's staff and/or board of directors in MyCityCentre engagement and workshop sessions
- (c) *Commercial events* – Minimum of £500,000 generated each year through commercial events for investment (distribution to be outlined by MIY in subsequent year's business plan); Year 2 onwards independent evaluation of customer sentiment to be undertaken.

Detailed delivery: Markets

- 4.3 Operate the Shambles Market and facilitate a Market Traders' Forum.
- 4.4 Develop a new Markets Strategy for York which includes considering how best to use the powers in the Market Charter to support inclusive growth across the city.
- 4.5 Work with traders and other stakeholders to develop the market business plan in order to maximise its financial performance and continue to develop the offer.
- 4.6 Operate York's market charter on behalf of the Council (in line with the Markets Policy at Appendix 1).
- 4.7 Maintain and update as necessary the Market Regulations (in consultation with the traders). The current Market Regulations are set out at Appendix 2.

Detailed delivery: City centre vibrancy

- 4.8 Make proposals to the Council for any new ideas for commercial exploitation of the Footstreets, Eye of York and Tower Gardens.
- 4.9 Contributing expertise, ideas and experiences to the MyCityCentre Project which will set the city centre strategy.
- 4.10 Contribute to the Council's Retail Strategy, and join with the BID, Retail Forum, Indie York and others to attempt to attract appropriate new retail operators to the city.
- 4.11 Create a high-profile calendar of city centre festivals, activities and events ensuring that partners such as the BID are enabled to contribute. Identify times

when new events would add value to the York experience and work on filling these gaps.

- 4.12 Promote the events calendar through all appropriate means including through highly visible city centre information.

Detailed delivery: Commercial Events

- 4.13 Run safe and sustainable commercial events, including specialist markets, to generate surplus for investment.

- 4.14 Maintain an up-to-date, comprehensive and publicly accessible overall list of events happening across York.

- 4.15 Provide a toolkit to allow event organisers to self-serve including guidance on event management and highlighting where permissions would be required.

- 4.16 Manage all enquiries from any individual or organisation requiring support / guidance with regard to putting on an event in York in the first instance

- 4.17 If a proposed event falls within the Footstreets, Tower Gardens or the Eye of York:

- (a) recommend whether to permit the event;
- (b) take responsibility for ensuring that the event organiser complies with all safety and other legal requirements in the planning and delivery of the event, including referring the event to the Council's Safety Advisory Group.
- (c) provide any appropriate management or other support to the event organiser

- 4.18 If the proposed event is on land other than the Footstreets, Tower Gardens or the Eye of York determine whether the event falls within Make It York's remit and objectives, and if so:

- (a) seek relevant Council approvals to proceed;
- (b) provide appropriate management or other support to the event organiser; and
- (c) if not, sign post the event organiser to web-based and other information resources as appropriate.

- 4.19 Work within relevant laws and regulations that exist and ensure compliance with all licenses and permissions associated with particular sites at all times.

5 **Culture**

5.1 *Key Deliverables:*

- *Culture Strategy* – An ambitious and cohesive programme of cultural development for the city covering the arts, heritage and creative industries.
- *Events Framework* – A city wide Events Framework consistent with the aims of the cultural strategy that enables the city proactively to identify the events that it wishes to host and attract and also enables the Council to respond in an informed way when opportunities are brought forward.
- *UNESCO designation* – Ensure the people of York understand and appreciate the importance of York’s UNESCO Creative City of Media Arts status and maximise its impact.

5.2 **Outcomes:**

- (a) *Culture Strategy* – By end of Year 1: Cultural Leaders Group (“**CLG**”) Executive structure in place (timing to be subject to the views of and input from the CLG Strategy Steering Group) . Action and funding plans for the strategy established and agreed.
- (b) *Events Framework* – By end of Year 1: Research undertaken on cost/benefit analysis as well as relevant infrastructure issues. By end of Year 2: Strategy in place following stakeholder consultation and adoption by the Council.
- (c) *UNESCO Designation* – By end of Year 1: Stakeholder arrangements in place for i) helping to steer the designation, and ii) to involve wider city stakeholders in maximising the benefit of the designation. Year 2: submission of 2022 report meeting UNESCO requirements and widely owned plan with ambitious objectives for the next 4 years.

Detailed delivery: Culture Strategy

- 5.3 Drive an ambitious and cohesive programme of cultural development for the city covering the arts, heritage and creative industries
- 5.4 Work with the CLG to lead on the development and evaluation of the Culture Strategy, ensuring full engagement with other city strategies and plans, including the Local Plan, Skills, Tourism, Events, and Economic Strategy.
- 5.5 Deliver/commission events both for the creative sector and for others, e.g. Culture Awards, Business Week that are profile raising, increase collaboration and

demonstrate best practice.

- 5.6 Convene and support the CLG as the strategy “owners”, providing the secretariat and driving the agenda, resourcing the partnership and co-chairing alongside an elected cultural leader.
- 5.7 Develop a sustainable independent executive structure and constitution for the CLG.
- 5.8 Receive regular strategic advice from the both the cultural and creative sectors maintaining appropriate liaison arrangements to inform the Make It York board of directors and to steer the company’s plans.
- 5.9 Maintain positive and comprehensive relationships with national and regional strategic support bodies.
- 5.10 Put together the necessary partnerships to make funding bids to deliver the Culture Strategy.
- 5.11 Advise and support cultural providers with regard to new initiatives liaising with the council as appropriate.

Detailed delivery: Events Framework

- 5.12 Work with business, visitor economy and cultural sectors in developing the Framework to ensure its fit with wider city strategies / objectives.
- 5.13 Bring the Framework to the Council for approval, and put in place systems to evaluate the success of the Framework.
- 5.14 Take the initiative in building coalitions and partnerships for specific initiatives to fill identified gaps in product e.g. to deliver the York Mystery Plays.
- 5.15 Engage businesses and visitors in mass participation sporting events commissioned by the Council.
- 5.16 When the need arises, take a lead in supporting cultural events of strategic significance e.g. Rugby League World Cup 2021.

Detailed delivery: UNESCO designation

- 5.17 Support the Guild of Media Arts as the focal point for UNESCO City of Media Arts designation by facilitating and undertaking activities that maximise the potential benefits of York’s UNESCO designation and ensure sustained development in line with the Four Year Monitoring Report and Plan of 2018.

- 5.18 Work with UNESCO Focal Point – the Guild of Media Arts – and the Council to deliver 2018-22 UNESCO Creative City objectives.
- 5.19 Support the focal point to convene wider stakeholder groups in the city to maximise the impact of the designation to the city.
- 5.20 Communicate regularly with the creative sector e.g. through mailings and social media.
- 5.21 Promote the creative sector through media channels highlighting York’s profile as a creative city.
- 5.22 Monitor and evaluate progress leading to the 2022 Report to UNESCO.
- 5.23 Support the Focal Point to collaborate with UK Creative Cities and other designations, UK UNESCO Commission, Media Arts Network, and Creative Cities Network.
- 5.24 Promote the designation within the city, e.g. through the BID, Retail and Hospitality Forums.

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Report on the Findings of Stakeholder and Public Consultation, February and March 2021

1 Introduction

To support the development of the new Make It York Service Level Agreement (“**SLA**”) and Service Contract, the City of York Council (“the **Council**”) committed to consult with key stakeholder groups including:

- York and North Yorkshire Chamber of Commerce (“**YNYCC**”);
- Federation of Small Business (“**FSB**”);
- York Business Improvement District (“**BID**”);
- universities and colleges;
- Institute of Directors (“**IOD**”) and other business networks;
- Local Enterprise Partnerships (“**LEPs**”);
- visitor economy sector;
- retail sector;
- cultural Sector;
- York Science Park; and
- key sector representatives for our growth priorities: Rail, Financial Services & Insurance, Biotech and Life Sciences, Digital and Creative Industries.

In the report to Executive on 11 February 2021 a commitment was made to consult more broadly with businesses and residents over the outline SLA set out in that report.

This report sets out the process undertaken and the findings of those consultations. It then draws together key messages to inform the future SLA with Make It York and its contractual relationship with the Council.

2 Process

Three methods were used for the consultation.

Four of our key business networks have been central to our work over the past year through the COVID-19 pandemic. The Council’s Interim Director of Place held detailed interviews at the start of the consultation with YNYCC, IOD, BID and the FSB.

Between 26th February 2021 and 11th March 2021, a series of structured interviews with twenty representatives of the key stakeholder groups took place. Each interview covered the four areas set out in Appendix A of the February 2021 Executive Report, namely Economic Development, City Centre & Markets, Visitor Economy, and Culture. The interviews also explored more

general reflections on governance, accountability and the consultee's experiences in working with Make It York over the past six years.

An online survey was developed and publicised through newsletters and social media to enable businesses, residents and other interested parties to respond. The survey was open from 18th February to 17th March 2021, and attracted one hundred and eighty-six responses.

3 Results

3.1 General comments – governance, accountability, organisational culture

Interviewees were asked about their experiences of working with Make It York, and to reflect on its relationship with the Council and the city in general. The survey asked for any general comments that respondents had with regard to Make It York and its relationship with the Council.

Most agreed that Make It York has been a success from a commercial perspective, with the markets, events and festivals it has developed delivering for the bottom line of the company. More than half of interviewees suggested that too many of Make It York's staff team are in the Visit York part of the organisation, and that the past six years have seen a big decline in the level of staffing to support other sectors of the economy and services that support residents.

There is a very widespread view that Make It York could be more transparent in its decision making, that its purpose is not clear, and that the confusion over whether people should approach Make It York, the Council or the BID has led to a general disengagement by the wider business community.

Many interviewees had positive comments to make about individual staff members. The Make It York team is recognised as having some good people trying to do their best for the City of York. However there were concerns that the range and focus of services provided appear to prevent those people from delivering effectively.

Survey snapshot

“With any agreement - there needs to be very clear key performance indicators which are clearly defined and measurable to demonstrate the effect of the organisation. These need to be clearly communicated, and measured and reported back to the public in an annual report at least annually.”

The most common demands for the new SLA were that accountability and transparency are increased, that the organisation should be more representative of the full range of businesses in York, and that the balance, and possibly the range, of activities needs to be redressed.

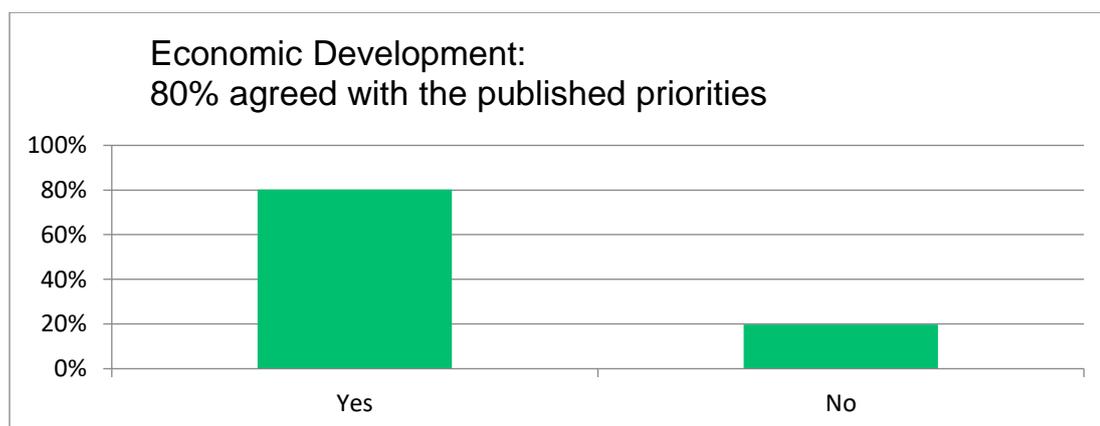
There are concerns that the Board of Make It York is not as in touch with the needs of the business community and the city as it needs to be at this critical time. Interviewees from the culture, visitor economy, bio-economy and retail sectors commented that there is no one with practical experience of running businesses in these sectors on the Board.

Respondents to the online survey produced a full range of views in the general comments section. There was a consistent message that people see value in Make It York, but it is not well understood, is involved in too broad a range of activity, and its quality of delivery is therefore inconsistent. Many highlighted the challenges of the night-time economy, citing the oft repeated view that York is not a family friendly location in the evenings.

There is a consistent message from the survey that the organisation needs to be more open in its decision making, more responsive to the people and businesses it serves, and to communicate its unique offer much more clearly. The annual Make It York conference was cited by many as an example of a good event which helped people to understand what the organisation does and provided good opportunities to meet others and network. This event has not been possible in the pandemic, but would be welcomed once restrictions are lifted. There is clearly a need to do something of a relaunch to reflect the new SLA and reach out to stakeholders.

3.2 Economic Development

Both the interviews and the online survey focussed on the four elements of economic development that we have set out for Make It York – Inward Investment, Sector Development, Business Support and Collaboration and Partnerships. In the survey we asked whether these were the right priorities, before going on to explore whether respondents felt there was anything missing from these priorities and what action taken by Make It York would have the biggest benefit.



For those interviewees involved in the detail of local economic development, there were consistent views on Make It York’s role in the four areas.

Inward Investment: More is needed to produce a joined-up approach both within York and beyond. Businesses and partners in York would like to be more

involved in all aspects of Inward Investment, and there is a consistent view that the Council needs to be leading the agenda. The LEPs pointed towards the future Combined Authority model, highlighting the need for close involvement of the local authority. Business networks feel they have much to contribute in the field but feel they are currently excluded from doing so and wish the Council to be honest brokers. Businesses would like to share their experience of operating in York with others, but do not currently get the opportunity to do that.

There is a lack of openly available material to make the case for investment in York, and no inward investment portal on the Make It York website. Having access to this kind of collateral would benefit many businesses, organisations and other partners.

A broader view of inward investment, encompassing retail and hospitality businesses and the city centre offer, would also be welcomed by many in those sectors. Such work is currently not in Make It York's remit as they have been asked to focus exclusively on high growth sectors.

Sector Development: The demise of Science City York following its merger into Make It York was remarked on by many interviewees. That brand, which had become just a small team rather than the force it had been in previous years, was recognised as a focal point for the digital and biotech sectors, and it performed a strong role in supporting informal networking and collaboration. It has not been replaced by a credible sector development offer.

Sector development was agreed as a priority, but is not currently resourced in Make It York. The sector round tables that were run across the city last summer were cited as an example of the kind of work that should be continued. There was also a desire expressed to support more general business networking across the sectors. Business Week, which could play a role in this, was reported to be something of a missed opportunity. There is a lot of goodwill for such events, but they have been seen as focussing too much on income generation rather than an opportunity to bring people together.

Business Support: Make It York has developed a strong reputation with some partners and businesses around the support it has offered through the Leeds City Region Growth Hub. Those who have had advice have valued it, and those who work with other businesses, such as the Science Park, have welcomed the ability to refer their clients to Growth Hub support. Other businesses have struggled to get support from the Growth Hub and have concluded that Make It York is not interested in helping them. It is this kind of experience which has led to accusations that Make It York is cliquey and only supports a small set of businesses.

Interviewees with a more detailed relationship with Make It York – for example the LEPs that fund its business support offer and those involved in inward investment – saw the moving of these functions from the Council to Make It York in 2015 as a negative step. While the same team of people are delivering a similar service at Make It York, they are less effective as they are distant from

other key functions such as planning, rates and economic policy. There was a strong view expressed by these interviewees that the full range of economic development functions of Make It York should return to the Council.

The lack of start-up advice at Make It York was touched on in several interviews. At times, there have been members of staff able to respond to start-up queries, but this has not been consistent, and has never been a clear priority in delivery. A similar picture has emerged on skills and training, which is not currently part of Make It York's offer. Businesses would like a coherent offer promoted through a single front door, but are still not finding that at Make It York after six years of delivery.

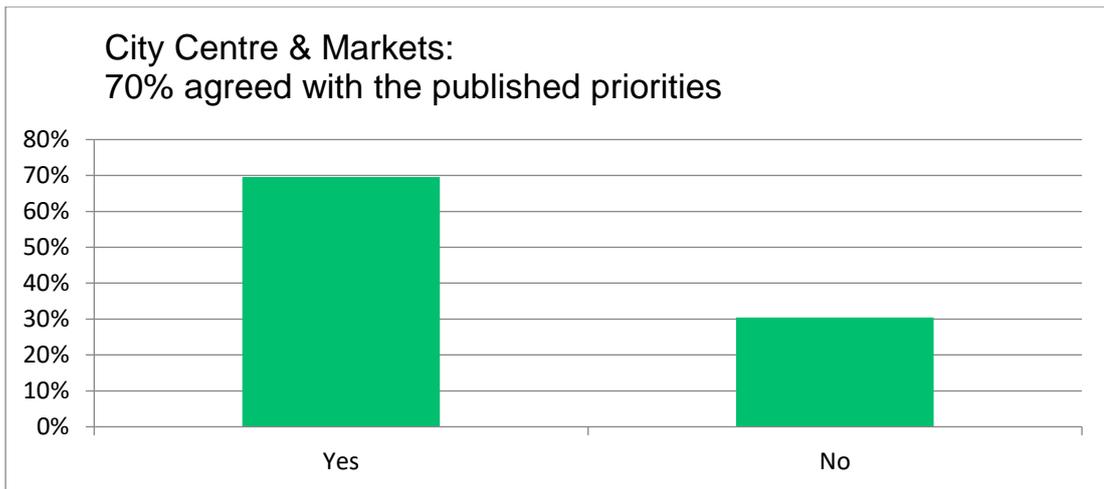
Survey
snapshot

"I think there is a massive opportunity within the Business Support role. If we can focus on creating an innovative start up offer this will encourage more business to set up here which in turn will lead to more successful SME's which will lead to more beneficial collaborations and partnerships which will develop into inward investment allowing sector development."

Inward investment, support for start-ups and work with sectors beyond tourism and hospitality were all commonly cited as key priorities. Strengthening collaboration and building on the sector networks established through the COVID-19 pandemic were highlighted as the main priorities for development, both in interviews and through the online survey.

3.3 City Centre & Markets

For City Centre and Markets, the SLA framework presented three areas: Outdoor Markets, City Centre Vibrancy, and Commercial Events. The survey asked about whether these were the right priorities, whether anything was missing, and what action, taken by Make It York, would have the biggest benefit. The interviews discussed stakeholders' experiences of Make It York's delivery against these three aspects and sought suggestions for how delivery could be improved.



In the online survey, many of the respondents highlighted the inherent tension in running commercial events to generate income for Make It York while trying to make the City Centre a more vibrant and attractive place for residents and for the existing business base. There was recognition that the MIY business model depends on such income to make the organisation viable, but a widespread concern that the balance is not right at present.

The global decline in high streets was cited by many as a key factor affecting vibrancy in York, and an area where Make It York should be more active, seeking to bring new uses to empty spaces. Some would like to see pop-up spaces for new entrepreneurs, others a focus on bringing new high-end brands to York. There is expectation that Make It York will be central in supporting the rejuvenation of our City Centre, with the needs and wishes of residents more strongly understood and incorporated in any changes.

Shambles Market was seen by many respondents as a key part of the city centre, providing a great start for new traders, a key element of the vibrancy aspects of City Centre management, and a distinctive offer for residents and visitors alike. Some respondents pointed to locations outside the city centre where they would like more markets – Acomb most frequently mentioned – and the vibrancy element was also highlighted as something that needs to be considered beyond the City Centre.

A further theme from the survey responses was the development of community events and the expansion of the resident's festival. Numerous respondents highlighted a desire for a new focus on York residents as a key audience for Make It York. The Ice Trail was often given as an example of an event which is well received.

**Survey
snapshot**

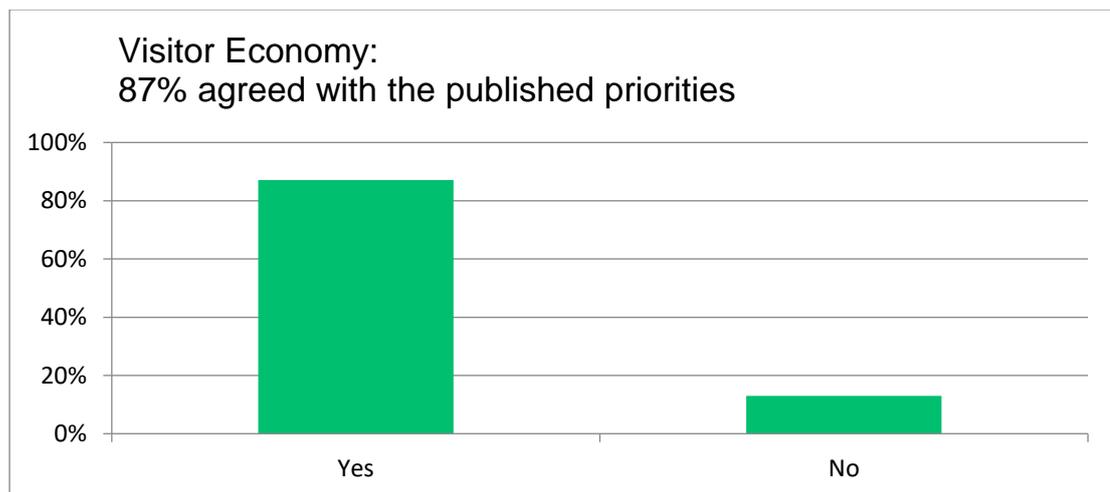
“MIY must see ultimate success in the context of meeting the needs of the local population and doing that by a positive and supportive relationship with local traders and service providers

In the interviews, while all had views on city centre vibrancy and the importance of markets, detailed comments came predominantly from retailers, the cultural sector and those involved in events. There was acceptance that commercial events such as the Christmas Market are an important part of Make It York's funding. However this was balanced by some frustration at the lack of any clearly expressed benefit to those shops and visitor attractions that face disruption from these events. It was also noted that these sectors do not currently have a voice on the Make It York Board.

The Market Trader's Federation made detailed comments on many aspects of their relationship with Make It York and how that is covered in the SLA. Market Traders would like to be involved in developing the new Outdoor Markets Strategy, and in general seek consultation with them being a clear part of the SLA with respect to Shambles Market. They would also like to work with Make It York and the Council on developing future plans for the Christmas Market, providing their expertise to support the development of a truly sustainable event which gets the balance right between commercialism and providing an enjoyable environment to support trading.

3.4 Visitor Economy

For the Visitor Economy, we asked for comments under the three headings of Destination Management Organisation ("**DMO**"), Tourism Sector Development, and Tourism Advisory Board. Again, we asked for survey respondents to comment on that mix of activities, identify anything which had been omitted, and to highlight the one key action for Make It York which would make the biggest difference.



The highest level of support in the survey for the published priorities was for the visitor economy. Many drew attention to the second priority of Tourism Sector development and the objective to improve the tourism sector's performance as an employer, but the most frequent reference in responses was to widespread concerns that too many stag and hen parties have made residents question whether the city centre is safe at the weekend.

For many, there were concerns that York is already very well known as a tourist destination and that any further work to attract visitors would only add to the negative impacts that they bring. These views were not shared by tourism businesses, who expressed views that more effort should be put into promoting York to regional and national visitors, and that more should be done to promote individual businesses and attractions.

Survey
snapshot

“Many residents don’t feel welcome in the City Centre at a weekend. It’s all stag and hen groups/tourists. Something needs to be done beyond the Residents Weekend, which is a once a year event in damp January to make us feel more included and not marginalised.”

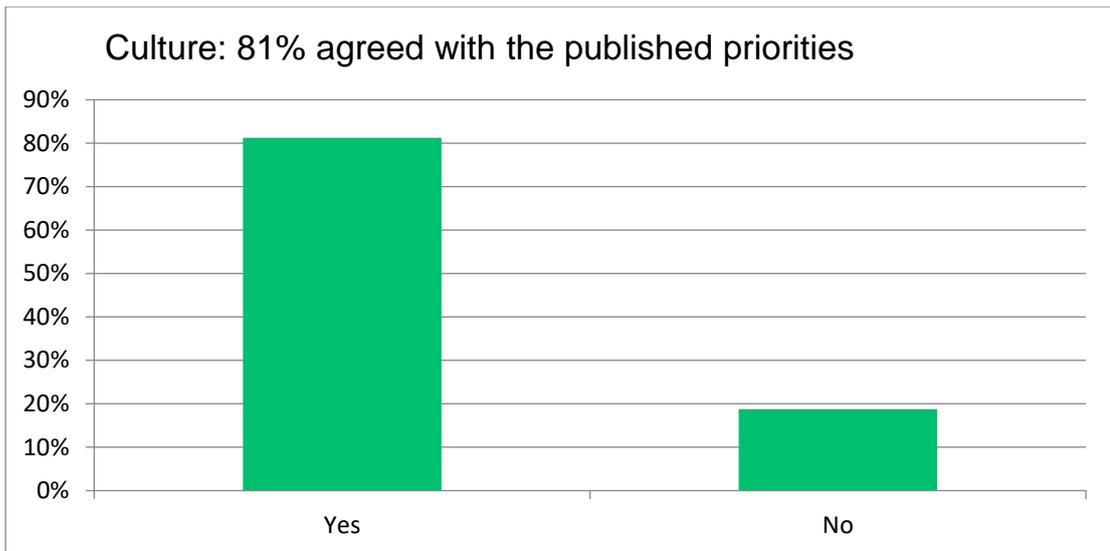
The stags and hens issue, together with drinking culture and rowdy behaviour were contrasted with what would be required to make York more family friendly and safe from Saturday lunchtime onwards at the weekends. This remains a live issue in the minds of the local population and must be addressed over the period of the next SLA.

Among interviewees, opinions were split. For some, Visit York’s inclusion in Make It York was a positive step, helping secure the future of the organisation at a time when it was struggling. For others, Tourism was seen as a sector which did not need further public support. Among retailers, the role of Visit York in attracting more potential customers to the city centre was mentioned several times. Driving up the quality of York’s offer, with an implied increase in the affluence and spending of visitors, was highlighted as a key role for Make It York.

It was noted by several interviewees that, despite the scale of the Visit York team within Make It York and the importance of Tourism to the York economy, there is no representation from the visitor economy, hospitality or tourism on the Make It York Board. It was hoped that this might be addressed in filling any vacancies.

3.5 Culture

Under the heading of Culture, the survey and interviews explored the five priorities of Culture Strategy, Collaboration/Partnerships, Events Strategy, UNESCO designation, and Curate a city centre events programme. The survey asked whether these were the right priorities, what might be missing, and what single action from Make It York would make the biggest difference. Interviews explored these same headings, together with experiences of working with Make It York on Cultural issues over the past six years.



Survey respondents focussed on two main themes:

- Promoting and developing Culture is seen as a counterbalance to the stags and hens issue in the city centre, helping to make York city centre more in tune with York residents.
- There are many creative people and businesses in York who would like to feel more involved in the Cultural aspects of Make It York.

The first of these themes also came through strongly in the City Centre and Visitor Economy strands of the survey, however the response under Culture was more positive, highlighting where Make It York might make a difference in this area. Respondee also remarked on opportunities under the Culture banner to build stronger links with communities across York, and to appeal to a wider demographic in the city.

Survey
snapshot

“Improve social inclusion and wellbeing through the cultural offer; connect residents (through all ages) to the cultural offer”

There were many responses from people involved in the creative economy suggesting that stronger collaboration is essential to creating a vibrant cultural offer in the city.

Survey
snapshot

“Collaboration with the creatives around York is crucial. There are a lot of people ... who are heavily invested in culture and the arts and wish to play a role in its future for the city”

In interviews most stakeholders had views on the cultural work of Make It York. The existing small staff team working in this area is highly-thought-of and recognised as bringing a sense of drive and delivery to the work.

Two of the interviewees were involved in cultural activity which is currently beyond the scope of the Make It York offer – namely the York music and food scenes. In both cases, the question of whether we are taking too narrow and high-brow an approach was raised. If culture is to encompass all, perhaps the scope of Make It York's work should be expanded? With regard to the UNESCO designation, those interviewees who were involved in the Guild of Media Arts felt that more needed to be done to support this important work. The Guild itself has had a mixed experience of support from Make It York, while other members of the Cultural sector questioned how well their organisations were represented on the Make It York Board and in the designation. Many strong, world leading organisations are based in York, but involvement in some of the international aspects of cultural work seems to always rely on a handful of people who are not necessarily best placed to promote the city and its institutions.

4 Summary of Key Findings

4.1 Board, Governance, Organisational Culture

There is a widespread sense that Make It York is too insular in its outlook, beginning to lose touch with the communities it was established to support, and an organisational culture which is not as transparent as might be expected for a Company wholly owned by the Council.

There needs to be a much greater sense of accountability at Make It York, with regular reports to residents and businesses, greater collaboration with partners and stakeholders, and many more opportunities for a broader range of people to get involved in the full range of activities that Make It York covers.

There were a number of calls for greater representation from the key sectors of the economy on the Make It York Board. This was specifically raised by retail, tourism, Bio-economy and cultural sector interviewees.

4.2 Range of Activity

Make It York brought together a range of disparate organisations and teams, covering a very broad range of topics. There is a sense that it has struggled to cover this full range adequately, and has prioritised commercial success and Tourism promotion. This has never been the explicit strategy of the organisation, and needs to be reviewed and rebalanced.

4.2.1 Economic Development

Inward Investment and Business Support activities have suffered from being remote from the Council, where close links with Planning, Rates, economic policy and Elected Members are much more straightforward. All of these are

vital to the work of economic development, and there were calls to bring this work back into the Local Authority.

4.2.2 City Centre and Markets

The commercial success of Make It York in delivering events such as the Christmas Market is widely recognised as its main achievement. This brings a creative tension in balancing the needs of the organisation with those of the city.

Shambles Market is also seen as a success, but more care needs to be taken in working with the Traders to involve them in decision making and show that their experience is valued and respected.

The City Centre must become again a destination for the people of York, and the challenges of a perception of a growing culture of drinking and rowdiness have to be addressed. That is not a role uniquely for Make It York, but one where a new spirit of collaboration is fully expressed. Council initiatives including Purple Flag and MyCityCentre have a role to play, and the BID is a key stakeholder. Make It York needs to act as the glue that holds all of this together.

4.2.3 Visitor Economy

Visit York has been funded by the surplus generated by the Christmas Market, and has, until the deep impacts of the Covid pandemic, been insulated against the changes that the internet has brought to tourism. There are many gifted and experienced people in York's Tourism sector who have a vested interest in helping Visit York find a new, more sustainable business model.

4.2.4 Culture

Make It York needs to embrace its role in Culture from the top of the organisation. It has a strong team in this field, with much goodwill from key sector players, but needs to strengthen its Board with more direct representation of the institutions that are so important to the cultural life of the city.

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Annex C

Schedule 1

Matters reserved for the Shareholder

Without the prior written consent of the Shareholder, the Company shall not:

- 1.1 alter its objects or Articles or adopt any Articles or pass any resolutions inconsistent with them;
- 1.2 grant any interest or other rights to any party in relation to the Company;
- 1.3 issue debentures;
- 1.4 create or acquire a subsidiary or dispose of shares in a subsidiary;
- 1.5 appoint or dismiss a Director;
- 1.6 permit an issue, transfer, or transmission of shares to anyone other than the Shareholder;
- 1.7 unless required to do so by law, do or permit to be done anything as a result of which it may be wound up (whether voluntarily or compulsorily), except as provided for in this agreement;
- 1.8 enter into a scheme of arrangement within the meaning of s895 and Part 26 of Companies Act 2006;
- 1.9 create a fixed or floating charge, lien (other than a lien arising by operation of law) or other encumbrance over all or part of its undertaking or assets, except to secure its indebtedness for sums borrowed in the normal course of the business;
- 1.10 borrow amounts in excess of a maximum aggregate sum outstanding at any time of £10,000;
- 1.11 except where a matter is included in the budget, make a loan or advance or give credit;

- 1.12 give a guarantee or indemnity to secure the liabilities or obligations of any person;
- 1.13 factor or assign any of its book debts;
- 1.14 sell, lease, create an interest in or otherwise dispose of the whole or a material part of its undertaking or assets, or contract to do so;
- 1.15 enter into a contract or arrangement, or amend and/or terminate and/or suspend any contract or arrangement, which creates a potential liability for the company in excess of £500,000, or makes any material change in the nature of the business;
- 1.16 enter into or vary a contract or arrangement (whether legally binding or not) with a Shareholder or director of the Company or with any person as nominee for any of them other than as permitted under the Service Agreement (including any ancillary agreements);
- 1.17 take or agree to take or dispose or agree to dispose of an interest in, or licence over, land;
- 1.18 enter into a partnership, profit-sharing or joint venture agreement;
- 1.19 adopt a pension scheme or similar arrangement;
- 1.20 permit the registration (upon subscription or transfer) of any person as a member of the Company;
- 1.21 apply for the listing or trading of any shares or debt securities on any stock exchange or market;
- 1.22 pass any resolution for its winding up or presenting any petition for its administration;
- 1.23 alter the name of the Company or its registered office;
- 1.24 alter the Area in which the Company is to operate;
- 1.25 adopt or amend the strategic business plan in respect of each financial year;

- 1.26 change the nature of the Company's business or commencing any new business by the Company which is not ancillary or incidental to the business;
- 1.27 form any subsidiary or acquire shares in any other company or participating in any partnership or joint venture (incorporated or not);
- 1.28 amalgamate or merge with any other company or business undertaking;
- 1.29 make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity;
- 1.30 grant any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company;
- 1.31 establish or amend any profit-sharing, option, bonus or other incentive scheme of any nature for Directors or the Managing Director or the Senior Management Team of the Company, or to establish or amend such a scheme for other employees other than one which is self-financing or dependent on the annual budget being achieved;
- 1.32 agree to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any officer of or consultant to the Company at a rate in excess of £50,000 per annum or increasing the remuneration of any such person by a rate in excess of £2,000 per annum; or
- 1.33 determining and approving all matters relating to terms and conditions of the service contract for the Managing Director, including any remuneration or variation to the remuneration of the Managing Director;
- 1.34 approve any early retirements or ill-health retirements;

- 1.35 permit any dividends or other distributions to be paid;
- 1.36 agree any remuneration of any Directors of the Company;
- 1.37 appoint or remove the Chair of the Company;
- 1.38 permit a transfer of shares (under Article **Error! Reference source not found.**), a transmission of shares (under Article **Error! Reference source not found.**), calculate or pay dividends (under Article **Error! Reference source not found.**) or capitalise profits (under Article **Error! Reference source not found.**);
- 1.39 approve any scheme of delegation or any amendments to said scheme of delegation under Article 13;
- 1.40 approve a decision which could otherwise be taken by a Council Director, but which would, if being taken by the Council, amount to a key decision (see here); or
- 1.41 exercise any powers to issue instructions to company Directors.

Schedule 2

Matters reserved for the Shareholder

Without the prior written consent of the Shareholder, the Company shall not:

- 1.1 alter its objects or Articles or adopt any Articles or pass any resolutions inconsistent with them;
- 1.2 grant any interest or other rights to any party in relation to the Company;
- 1.3 issue debentures;
- 1.4 create or acquire a subsidiary or dispose of shares in a subsidiary;
- 1.5 appoint or dismiss a Director;
- 1.6 permit an issue, transfer, or transmission of shares to anyone other than the Shareholder;
- 1.7 unless required to do so by law, do or permit to be done anything as a result of which it may be wound up (whether voluntarily or compulsorily), except as provided for in this agreement;
- 1.8 enter into a scheme of arrangement within the meaning of s895 and Part 26 of Companies Act 2006;
- 1.9 create a fixed or floating charge, lien (other than a lien arising by operation of law) or other encumbrance over all or part of its undertaking or assets, except to secure its indebtedness for sums borrowed in the normal course of the business;
- 1.10 borrow amounts in excess of a maximum aggregate sum outstanding at any time of £10,000,;
- 1.11 except where a matter is included in the budget, make a loan or advance or give credit ;

- 1.12 give a guarantee or indemnity to secure the liabilities or obligations of any person;
- 1.13 factor or assign any of its book debts;
- 1.14 sell, lease, create an interest in or otherwise dispose of the whole or a material part of its undertaking or assets, or contract to do so;
- 1.15 enter into a contract or arrangement, or amend and/or terminate and/or suspend any contract or arrangement, which creates a potential liability for the company in excess of £500,000, or makes any material change in the nature of the business;
- 1.16 enter into or vary a contract or arrangement (whether legally binding or not) with a Shareholder or director of the Company or with any person as nominee for any of them other than as permitted under the Service Agreement (including any ancillary agreements);
- 1.17 take or agree to take or dispose or agree to dispose of an interest in, or licence over, land;
- 1.18 enter into a partnership, profit-sharing or joint venture agreement;
- 1.19 adopt a pension scheme or similar arrangement;
- 1.20 permit the registration (upon subscription or transfer) of any person as an additional shareholder of the Company;
- 1.21 apply for the listing or trading of any shares or debt securities on any stock exchange or market;
- 1.22 pass any resolution for its winding up or presenting any petition for its administration;
- 1.23 alter the name of the Company or its registered office;
- 1.24 alter the Area in which the Company is to operate;
- 1.25 adopt or amend the strategic business plan in respect of each financial year;

- 1.26 change the nature of the Company's business or commencing any new business by the Company which is not ancillary or incidental to the business;
- 1.27 form any subsidiary or acquire shares in any other company or participating in any partnership or joint venture (incorporated or not);
- 1.28 amalgamate or merge with any other company or business undertaking;
- 1.29 make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity;
- 1.30 grant any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company;
- 1.31 establish or amend any profit-sharing, option, bonus or other incentive scheme of any nature for Directors or the Managing Director or Senior Management Team of the Company or to establish or amend such a scheme for other employees other than one which is self-financing or dependent on the annual budget being achieved;
- 1.32 agree to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any officer of or consultant to the Company at a rate in excess of £65,000 per annum or increasing the remuneration of any such person by a rate in excess of £2,500 per annum; or
- 1.33 determining and approving any matters relating to terms and conditions of the service contract for the Managing Director, including any remuneration or variation to the remuneration of the Managing Director;

- 1.34 approve any early retirements or ill-health retirements;
- 1.35 permit any dividends or other distributions to be paid;
- 1.36 agree any remuneration of any Directors of the Company;
- 1.37 appoint or remove the Chair of the Company;
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- 1.39 approve any scheme of delegation or any amendments to said scheme of delegation under Article 13;
- 1.40 a decision which could otherwise be taken by the company, but which would, if being taken by the Council, amount to a key decision; or
- 1.41 exercise any powers to issue instructions to company Directors.



Shareholder Committee**22 November 2021**

Report of the Head of HR

City of York Trading Update**Purpose of Report**

1. To consider the City of York Trading Ltd's performance update November 2021 as provided in the confidential annex.
2. The performance update is private due to the commercial sensitives.

Recommendations

3. Note the reports from City of York's Trading Ltd attached at annexe A to this report.

Reason: To ensure the Council is updated on the performance of City of York Trading Ltd.

Background and analysis

4. City of York Trading Ltd (trading as WorkwithYork, WorkwithSchools and WorkwithYorkshire) was formed in 2011 with the intention of supplying temporary staff to CYC, to schools (in and around the York area) and to other outside organisations.
5. Through City of York Trading Ltd, CYC makes a saving compared to the cost of agency staff on the open market.
6. In addition the payment of an annual dividend from the Company's profits is designed to assist CYC's financial position.

Key Company Matters 2021/22:-

7. The Company's Board of Directors currently comprises :-
 - Karen Bull (Managing Director)
with Non-Executive Directors
 - Cllr Andrew Waller (Chair)
 - Cllr Kallum Taylor

- Cllr Simon Daubeney
- John Dobson
- Oliver Wright

- The Company's Management Accountant prepares financial reports and the Managing Director prepares Performance Reports on a monthly basis. The Board Meetings are held monthly to coincide with this reporting.
- The Company's accounts for 2021/22 are currently being audited. The Company's financial performance 2021/22 year-to-date is positive with both turnover and profit above budget. Further information is provided to the Shareholder Committee within the Performance Update November 2021 (Annex A).
- Key Performance Indicators are monitored on weekly and monthly basis.
- Marketing activities continue, including utilisation of the Company's websites and social media channels.

Risk Management

- There are no specific risk issues arising from this report.

Implications

- There are no financial, legal, HR, equalities, crime and disorder, information technology, property or other implications arising from this report.

Author:	Chief Officer responsible for the report:		
Claire Waind , Acting Head of HR & OD Tel: 01904 554519 E: claire.waind@york.gov.uk	Debbie Mitchell Chief Finance Officer		
Karen Bull, MD CYT Ltd	Report Approved	x	Date 12/11/2021
Wards Affected: All			
For further information please contact the author of the report			

Annexes

Annex A – CYT Performance Update November 2021

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of the Local Government Act 1972.

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22 November 2021

Shareholder Committee

Veritau Limited Business Update

Introduction

1. Veritau Limited is a local authority shared service company jointly owned by the City of York Council and North Yorkshire County Council. The company was established in 2009. The company has two subsidiary companies, Veritau North Yorkshire Limited and Veritau Tees Valley Limited, which are part owned by other councils. Together the companies form the Veritau Group.
2. The wider Veritau Group has 9 member councils but also provides services to a large number of multi-academy trusts and schools, housing associations and other public sector organisations. The group employs approximately 70 professional staff and offers a range of assurance services, including internal audit, counter fraud, risk management, and information governance. The majority of these services are delivered to organisations in the Yorkshire region although the group has clients across the United Kingdom.
3. Veritau delivers shareholder value to its member councils through:
 - Economies of scale resulting in lower unit costs
 - Increased efficiencies and flexibility – standard working practices ensure there is less duplication of effort and best practice is more easily shared
 - Improved access to specialist resources (for example data analytics, risk management and counter fraud specialists) that would otherwise not be available to a small in-house team
 - Increased resilience and the ability to accommodate changes in workload because of the larger pool of staff available
 - Improved service continuity and less reliance on key members of staff for service delivery
 - The ability to invest in new technologies and working practices

2021/22 Finance and Performance Update

4. The Group is on track to achieve its target profit for 2021/22. There are also no significant variances compared to the approved budget at this stage in the year.
5. Since the last meeting of the Shareholder Committee on 6 September 2021, the Group has gained contracts to provide internal audit services to a number of public authorities and has started providing data protection services to another council.
6. Two new specialist service offerings covering risk management and whistleblowing have also been developed for schools.
7. A copy of the 2021/22 Group management accounts (for the 6 months to 30/9/21) is attached as **appendix 1**. A copy of the balance sheet for Veritau Limited is attached as **appendix 2** for information. Details of variances against budget are included in **appendix 3**. The management accounts are confidential because they contain commercially sensitive information.
8. Following an external review, the Group has retained its Investors in People IIP accreditation for another year.

Recommendations

9. That the Shareholder Committee notes the Group's performance to date in 2021/22.

Implications

Financial

10. None directly arising from this report.

Human Resources (HR)

11. None directly arising from this report.

Equalities

12. None directly arising from this report.

Legal

13. None directly arising from this report.

Crime and Disorder, Information Technology and Property

14. None directly arising from this report.

Author responsible for the report:

Max Thomas
Veritau Chief Executive
max.thomas@veritau.co.uk

Report Date 09.11.21
Approved

Wards Affected: All

For further information please contact the author of the report

Appendices (Confidential)

- Appendix 1 – 2021/22 (quarter 2) Veritau Group management accounts
- Appendix 2 – Veritau Limited balance sheet at 30/9/21
- Appendix 3 – Variances against budget (quarter 2)

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Shareholder Committee**22 November 2021**

Report of the Chief Finance Officer

YPO and YPO Procurement Holdings Ltd Finance Update**Purpose of Report**

1. To consider a report from YPO outlining the latest financial performance.

Recommendations

2. Note the reports from YPO and YPO Procurement Holdings Ltd attached as annexes to this report.

Reason: To ensure the Council is updated on the financial performance of both YPO and YPO Procurement Holdings Ltd.

Background and analysis

3. YPO (formerly known as the Yorkshire Purchasing Organisation) was established as a joint committee of Local Authorities in 1974 and the Council is one of 13 founder member authorities.
4. YPO Procurement Holdings Ltd was incorporated in 2014 as a subsidiary of YPO and was formed so that YPO would be able to transact with the private sector for the first time and to open up new markets, but also to enable it to act in a more commercial fashion, with a governance structure more aligned to a commercial business than a local authority.
5. The activity of both companies is regularly reported to officers through the Strategic Officers Group which is attended by the Chief Finance Officer on behalf of the Council. There are also elected member representatives from the Council on the YPO Management Committee and the YPO Procurement Holdings Ltd Board.
6. The Council is one of 13 founder members and therefore does not have sole control over the company, but works in partnership with YPO and the other 12 Councils.

7. The latest YPO financial performance review is attached at Annex A and provides an update on the organisations performance in 2021. It reviews the year to date results and forecasted outturn position against the budget.
8. The YPO Procurement Holdings Ltd Business and Trading Report is attached at Annex B to the report and provides an overview of the limited company's financial performance and highlights areas of under / over performance against the budget.
9. At the last meeting of this committee further updates were requested on the Ed-Tech investment and the schools market. These are attached at annexes C and D respectively.

Risk Management

10. There are no specific risk issues arising from this report.

Implications

11. There are no financial, legal, HR, equalities, crime and disorder, information technology, property or other implications arising from this report.

Author:	Chief Officer responsible for the report:			
Debbie Mitchell Chief Finance Officer debbie.mitchell@york.gov.uk	Debbie Mitchell Chief Finance Officer			
	Report Approved	x	Date	11/11/21
Wards Affected: <i>All</i>				
<i>For further information please contact the author of the report</i>				

Annexes

Confidential Annex A – YPO Financial Performance Review

Confidential Annex B – YPO Procurement Holdings Ltd Business & Trading Report

Confidential Annex C – Update on Ed-Tech

Confidential Annex D – Schools update

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Shareholder Committee

22 November 2021

Report of the Chief Finance Officer

Municipal Bonds Agency**Summary**

1. This paper presents an overview of the Municipal Bonds Agency.

Recommendation

2. Members are asked to note the report.

Reason: To provide the Committee with information on the Municipal Bonds Agency.

Background and analysis

3. The UK Municipal Bonds Agency (UKMBA) was created, with the support of the Local Government Association, to provide Councils with an alternative source of borrowing other than the Public Works Loan Board (PWLB) that has historically been the main route to secure borrowing.
4. The Council contributed £40k to the agency in 2014, as approved by the then Cabinet on 9 September 2014, and is one of 56 Councils to have done so. It was noted in this report that the MBA was a start up proposal and that there was a risk this investment might be abortive if the Agency did not succeed.
5. The UKMBA borrows money, primarily in the capital markets, to lend to local authorities. It is not a bank and will only borrow to fund loans it has already agreed to provide. There are three lending programmes:
 - Proportionally guaranteed, pooled loans of £1 million or more for maturities greater than one year.
 - Standalone loans to a single local authority for £250 million or more for maturities greater than one year. These loans are outside of the proportional guarantee and are guaranteed solely

by the borrower, who must obtain an external credit rating from one or more of the major credit rating agencies.

- Short term, pooled loans, outside of the proportional guarantee for maturities of less than one year.
6. Except for standalone loans, local authorities do not need to obtain a credit rating from one of the three major credit rating agencies, Moody's, Standard & Poor's or Fitch.
 7. The majority of loans provided by the UKMBA are expected to be pooled and guaranteed collectively by borrowers. The guarantee is proportional and several:
 - A guarantor is liable for a share of any default, which is proportional to its share of the total pool of loans allowing for the default e.g. if an authority's borrowing totals 1 per cent of the pool following a default, it will be liable for 1 per cent of the default.
 - "Several" means an authority can only be held liable for its specific obligations, not those of others. This prevents bondholders using the guarantee to single out a council or small group of councils to cover a default by another council.
 - An authority that has no outstanding loans to the UKMBA is not liable under the proportional guarantee.
 8. In March 2020, the agency issued its inaugural £350 million bond on behalf of Lancashire County Council and it has announced that Westminster City Council and Barnsley MBC will take part in its first pooled bonds issue.
 9. As at 8 November, the rates for borrowing from the UKMBA are marginally lower than PWLB. However, the Council has not yet undertaken any borrowing through the UKMBA. This is an area that is kept under review through the Treasury Management Strategy.

Implications

10. As this report is for information only there are no implications.

Contact Details

Author: **Chief Officer Responsible for the report:**

Debbie Mitchell
Chief Finance Officer
debbie.mitchell@york.gov.uk

Debbie Mitchell
Chief Finance Officer

**Report
Approved**

Date

Specialist Implications Officers

None

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers:

None

Annex:

None

Abbreviations

MBC – Metropolitan Borough Council
PWLB - Public Works Loan Board
UKMBA - UK Municipal Bonds Agency

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Shareholder Committee Draft Work Plan to March 2022

Training/briefing events will be held at appropriate points in the year to support members in their role on the Committee.

Item	Lead officers	Other contributing Organisations	Scope
6 September 2021			
Veritau business plan	Max Thomas	Veritau	To receive an update on performance of the company
Make it York business plan	Charlie Croft	Make it York	To receive an update on performance of the company
Yorwaste / SJB Recycling business plan	Neil Ferris	Yorwaste	To receive an update on performance of the company
City of York Trading Ltd business plan	Trudy Forster	CYT Ltd	To receive an update on performance of the company
YPO business plan	Debbie Mitchell	YPO	To receive an update on performance of the company
22 November 2021			
Yorwaste Update	Patrick Looker	Yorwaste	To receive an update on performance of the company
Make it York Finance Update	Charlie Croft	Make it York	To receive an update on performance of the company

Amendment to Articles of Association of Make it York Limited	Charlie Croft	Make it York	To receive a report that provides background and information on the proposed amendment to the Articles of Association of Make it York Limited to increase the authorised rate of remuneration for officers of or consultants to the company.
City of York Trading Update	Claire Waind	CYT Ltd	To receive an update on performance of the company
Veritau Ltd Business Update	Max Thomas	Veritau	To receive an update on performance of the company
YPO and YPO Procurement Holdings Ltd Finance Update	Debbie Mitchell	YPO	To receive an update on performance of the company
Update on the Municipal Bonds Agency	Debbie Mitchell	Municipal Bonds Agency	To receive an update on the Municipal Bonds Agency
28 March 2022			
Veritau business plan	Max Thomas	Veritau	To receive an update on performance of the company
Make it York business plan	Charlie Croft	Make it York	To receive an update on performance of the company
Yorwaste Update	Patrick Looker	Yorwaste	To receive an update on performance of the company
City of York Trading Ltd business plan	Claire Waind	CYT Ltd	To receive an update on performance of the company
YPO business plan	Debbie Mitchell	YPO	To receive an update on performance of the company