



Report of Director of City Development

Report to Executive Board

Date: 27 June 2018

Subject: Leeds 2023 Update

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. Leeds new Culture Strategy sets an ambitious roadmap to celebrate the city's diverse cultures and creates an environment where they can thrive. Leeds 2023 is a flagship project of the Culture Strategy and this report gives an update on Leeds 2023 developments since the decision last October by the European Commission to cancel the European Capital of Culture competition for UK cities. Following the decision to proceed with Leeds 2023 at full Council in January, this report seeks approval to take forward operational and governance arrangements in the light of these new circumstances.
2. If Leeds 2023 is the show then the city is its stage. In the coming months and years the social and physical infrastructure of the city will change, with some of those changes such as the development of the creative industries, and transformation of our public spaces essential components of the year of celebration, and its legacy.

3. In terms of the show itself, officers have sought specialist legal and financial advice now that UK cities are no longer bound by the ECC competition regulations. After consideration, the 2023 Independent Steering Group recommends to continue with the proposal for Leeds Culture Trust (LCT) to be the most appropriate delivery vehicle for driving forward the planned new and transformational 5 year cultural investment programme, to culminate in a significant high profile international arts festival in 2023.
4. It is recommended to take forward the plans to establish LCT to raise funds for delivering a £35 million cultural programme over the next five years and culminating in 2023. The Trust will lead the artistic programme, handle all the national and international marketing and seek a permanent legacy from the 5 year cultural investment programme which will be of benefit to the whole city.

Recommendations

Executive Board is recommended to note overall progress and request officers to:

- i. Work alongside colleagues in legal and financial services to develop Leeds Culture Trust as the delivery vehicle for Leeds 2023, and to develop a Service Level Agreement between the Council and Leeds Culture Trust which reflects the Council as a major funder.
- ii. Support the Leeds Culture Trust to secure charitable status and commence search and recruitment of a Chair and full Board of Trustees to be in place by early 2019.
- iii. Return with a report on further progress at the appropriate time, when a new Chair and Trustees are appointed and when the work of the 2023 independent steering group reaches an end.
- iv. Note that the Chief Officer, Culture and Sport is responsible for the implementation of these recommendations.

1.0 Purpose of this report

- 1.1 This is a progress report outlining the steps the city has taken in response to the decision by the European Commission to cancel the UK competition for European Capital of Culture. The report summarises the work undertaken by officers to establish the appropriate vehicle for taking forward Leeds 2023 plans outside the framework of the European Commission regulations.

2.0 Background information

- 2.1 **18 October 2017** Executive Board agreed to adopt the Leeds European Capital of Culture bid as recommended to it by the Leeds 2023 Independent Steering Group.
- 2.2 **27 November 2017:** The European Commission cancelled the European Capital of Culture competition for the UK bidding cities. It came out of the blue and was a shock for all concerned, including the 12 European judges appointed by the European Commission and poised to travel to London to conduct the interviews. As well as the countless people involved in developing and promoting the bid, MPs, MEPs and DCMS expressed the UK's strong disappointment. The city received messages of support from cultural organisations and cities across Europe.
- 2.3 Leeds 2023 has truly been a partnership bid. Total investment up to the cancellation date had been £750,000, 80% of which had been contributed through the generosity of partners and sponsors including University of Leeds, Leeds Beckett University, Leeds Trinity University, Yorkshire Water, Yorkshire Bank, Yorkshire Building Society and many others. For every pound invested by Leeds City Council, £4 worth of investment had been generated from private sector and other partners to support the bid and culture in Leeds.
- 2.4 **10 January 2018:** Despite the setback which came as a consequence of difficult Brexit negotiations, Members expressed dismay followed by a strong renewal of their commitment to create and deliver a Plan B. On 10 January at a meeting of Full Council Members gave cross-party support to a White Paper proposing that Leeds 2023 plans for an international festival be continued, despite the cancellation of the competition by the European Commission.
- 2.5 **31 January 2018:** Wider public support for the Council's decision was tested at a public meeting later in the month when 700 people attended a meeting at Leeds Town Hall to hear about the Council's resolution to continue with Leeds 2023. The Leader of Council announced a commitment to invest fully in the plans for Leeds 2023 and invited Leeds 2023 Independent Steering Group members, and Chair Sharon Watson, to remain in place for an additional 12 months to oversee the implementation of revised plans for Leeds 2023.
- 2.6 To signify this continued ambition, announcements were made at this meeting of the first three, new, large scale projects to be supported through Leeds 2023:
- The proposal by Slung Low to create the epic, community-driven and innovative Leeds People's Theatre with major outdoor performances in south Leeds in 2020 and 2023;

- Investment in Yorkshire Sculpture International, a major new festival starting in 2019 to position Leeds and Yorkshire as the global centre of world class modern sculpture.
- The Leeds Lighthouse project which has caught public imagination and in-principle funding from a local business leader.

2.7 Sponsors and Stakeholders support

- 2.7.1 All the city's HE and FE partners remain firmly committed to developing Leeds 2023.
- 2.7.2 January 2018 marked the end of agreements with existing commercial sponsors. A new round of meetings have taken place to hear thoughts on moving forward with all but two business sponsors have expressed a wish to remain involved. Further discussions will aid the development of new business sponsorship packages appropriate to the new environment. Discussions have also started tentatively with potential new business partners including locally based businesses as well as global businesses with links in Leeds.
- 2.7.3 There has been extensive press coverage nationally and internationally since the cancellation of the competition. Analysis and evaluation of local and national coverage for Leeds 2023 for a six month period July to December 2017 reported 69 press articles reaching 270 million people. Most of this coverage has been overwhelmingly positive, particularly about the city's response to the Commission's decision. It is anticipated that the Leeds 2023 brand will be retained as it has a lot traction, recognition and goodwill behind it. E-bulletins and press releases have been the direct conduit for news and information from Leeds 2023 over the past 6 months and will continue to be so.

3.0 Main issues

3.1 A New Focus for Leeds 2023

The cancellation of the competition means there is no longer the prescriptive nature of a competition to consider and we have the opportunity to refocus. Leeds 2023 is now operating outside the framework of the European Capital of Culture competition and it is important to reiterate the nature of the project and how it will create value for the city and for the people of Leeds. Following discussions with stakeholders since January a new approach is evolving.

3.2 Vision Refresh

Leeds 2023 will be based on two principles which led to the city bidding in the first place, and as reported previously to Executive Board. The two principles in shorthand are 'whole city' and 'International' or alternatively 'local and global'. They are not mutually exclusive but will complement each other. It is also planned to continue specifically with the theme of 'Voice' from our bid book, which focussed on activity relevant and beneficial to young people.

- 3.3 **Whole City** will connect with our communities; culture will run through each community, celebrating our diverse population. Leeds 2023 will engage with citizens and parts of the

city which remain unengaged. Leeds 2023 will support activity in all communities and support projects which bring people together, breaking down barriers whilst increasing civic pride and accessibility to world-class culture. Leeds 2023 was and still is committed to being a project for the whole city. Everyone will benefit from Leeds 2023. The process for how communities are to be included will be discussed with elected members at the Community Committees.

- 3.4 **A key example of Whole City** is the innovative **Leeds 2023 Curriculum** an idea from Leeds Museums and Galleries Service which was referenced in our bid-book for European Capital of Culture and which launched in June. It is a curriculum resource telling 50 stories about Leeds and with an online teacher resource of images, films and activities all with direct links to the STEM curriculum.
- 3.5 The **International** ambition is for Leeds to be globally recognised as a home for world class culture. Leeds will be a global player with strong and constructive relationships with organisations and businesses in Europe and across the world, bringing jobs, skills and economic growth to the city and region and becoming an exemplar of a UK city beyond Brexit. Leeds will showcase world-class culture and events whilst remaining synonymous with innovation and creativity. Leeds 2023 will help transform Leeds' identity and how we operate in a new global context post-brexite.
- 3.6 It is proposed to retain and strengthen one of the original themes of our bid under **Voice**. There is a compelling case for Leeds2023 to provide a holistic approach to young people's engagement in culture to include addressing the crisis drop-off in arts subjects in schools and the lack of support for arts graduates to thrive in the city. It would also have an eye on the future jobs market where a creative education is increasingly seen as the way to the essential future skills such as networking, communication and flexibility alongside the technical skills of STEM subjects.

These principles will be further developed in the coming months with a view to providing strategic direction for the artistic and cultural programme of Leeds 2023.

4. **Delivery Model**

- 4.1 In determining the delivery model for 'new' Leeds 2023 the starting point was the model which Executive Board had already recommended in its meeting of 18 October 2017 within the framework of the European Capital of Culture competition. This model was the establishment of Leeds Culture Trust. The model was adopted by Executive Board when it agreed to submit the Leeds bid, and was proposed in the knowledge that the judging panel was very sceptical of any models where activity was delivered direct by a local authority. The scepticism was particularly influenced by the experience of other cities where the 'winning' bid proposal would not then be implemented as proposed, should there be a change in political leadership of the winning city.
- 4.2 The current constitution of Leeds Culture Trust (company number 10674601) and incorporated on 16 March 2017 has four founding trustees. An officer from Leeds City

Council holds the position as Company Secretary. The other three members have a track record in their fields and long experience of having already been company Board members. They are:

- Karen Sewell, the General Counsel and Head of UK Legal at WSP and a member of Leeds 2023 Independent Steering Group;
- Kate Hainsworth, Development Director and CEO of Leeds Community Foundation and a member of the Leeds 2023 fundraising advisory group;
- Barbara Woroncow, OBE, a Trustee of Welcome to Yorkshire Charitable Trust and a trustee for the Captain Cook Memorial Museum in Whitby and former Deputy Chair of the Leeds Cultural Partnership.

It is agreed that existing Trust members would stand down as soon as the renewed charitable company is quorate.

It is planned for the Leader of the Council to be appointed as a trustee of the company as one of two nominated representatives of Leeds City Council.

- 4.3 Following the cancellation of the competition officers re-evaluated this model and procured further research on potential delivery models including analysis of how other cities had approached similar issues. The considerations of this work was on how to best balance a number of factors including artistic credibility and independence, the ability to attract a range of other funders, the legal framework around charitable trusts, and tax efficiency.

There are pros and cons attached to different delivery models and a number of these remain unchanged even though the competition rules and guidance no longer apply. The options are discussed in more detail in the Appendix to this report. They are summarised below.

- 4.4 The most potentially significant 'risk' of an external delivery is the Trust's tax efficiency compared to an internal delivery and some additional governance related costs. It is not possible to fully estimate the tax position of the Trust in advance of further work however, other major city projects of a similar nature have taken the route of independent delivery including Hull2017 and Coventry2021 (Coventry will be the next UK City of Culture). Should Members agree to the proposal of a Trust, then a mitigation strategy would be needed to limit the VAT exposure by managing any VAT-able expenditure through the Trust and also to maximise the greater income generation potential of a Trust compared to an internal council delivery. One example of a mitigating action would be to set up a trading subsidiary as per 9.3 of Appendix 1.
- 4.5 There are also advantages to independent delivery:
- 4.6 Continuing with plans to realise the city's ambition to be recognized as an international city of culture provides a unique opportunity to secure significant business and wider economic benefits. For Leeds to become an equally respected player in our wider cultural context, it would be beneficial for the project to have the same level of artistic independence as its

counterparts in other cities. By doing so it would replicate the same well-established 'arms-length' principle that distances the artistic decisions of Arts Council England from Government: Government sets a broad artistic and cultural policy (as would the Council through establishing the overall direction of the Trust as per section three of this report). The Arts Council then makes individual artistic and programming decisions to deliver that strategy, and the same would apply to Leeds Culture Trust.

- 4.7 It is of course in the very nature of artistic work that it generates differing views and debate. For instance, Stravinsky's Rites of Spring led to a riot when first performed in 1913 and Picasso's Guernica received a very luke-warm reception when first displayed. Both pieces are now considered some of the foremost examples of artistic expression of the 20th century. The Angel of the North was certainly not a universally popular choice when proposed and courted its own controversy. Having the confidence to deliver the project through an independent company and to actively encourage debate also allows the Council to not become as directly embroiled and (whilst controversy is certainly not courted) allows for the artistic programme to be curated independently.
- 4.8 Similarly, international and national artists and arts organisations will be very comfortable with developing work alongside an organisation such as the Trust which has a single focus and clear artistic leadership. The Council's role is much wider than arts and culture of course and with that comes as a necessity a far more complex operating environment. It is also worth noting that the Council does not currently have staff who have the skills, experience and networks to deliver a major annual programme of international cultural activity at the scale proposed.
- 4.9 The Council will likely remain a significant funder of Leeds 2023 although the ambition remains that it will become a minority funder of a £35m programme of activity. The establishment of an independent delivery organisation would allow clarity for the Council in its role of funder, and for the establishment of a funding agreement with the Trust which will protect Council interests and ensure the overall direction of Leeds 2023 remains in line with the extensive community consultations which have taken place over the last four years.
- 4.10 On balance of the issues and having taken advice, and discussed the subject with the 2023 Independent Steering Group, it is recommended to continue to develop Leeds Culture Trust (LCT) as an independent company with charitable status to deliver Leeds 2023. This is in line with the advice in Appendix 1 which concludes that *"it is highly likely that the advantages of the project being managed outside by LCT outweigh the advantages of the project being managed in house by Leeds City Council"*
- 4.11 The next steps, should Members agree, would be to commence a public and open recruitment process to the Trust, including the role of Chair. The final appointments will be confirmed by the current Founding Trustees as listed in 4.2, on the basis of a recommendation from a selection panel. It is anticipated that this selection panel will include the Leader of the Council and representatives of the Trust and of the current Leeds 2023 Independent Steering group.

It will be important to ensure the Trust includes people with the relevant skills to oversee an organisation and project of this type. In addition to open advertisement it may be necessary

to make direct approaches to individuals. To this end other members of the Independent Steering Group, including the cross-party representatives, will be asked for recommendations.

5.0 Corporate Considerations

5.1 Consultation and Engagement

5.1.1 An Independent Steering Group (ISG) set up by Leeds City Council has steered the city's bid for European Capital of Culture since September 2015. The ISG has been charged by the Authority to oversee implementation of the plans going forward over the next twelve months, since the surprise decision by the European Commission to cancel the competition for all the UK cities.

5.1.2 The ISG is chaired by Sharon Watson, Artistic Director of Phoenix Dance Theatre with Councillor Judith Blake, Leader of Leeds City Council as the Deputy Chair. The group includes representatives from the arts and cultural sector, higher education, private business and the three largest political parties in the Council.

5.1.3 The Council has committed to fund Leeds 2023 project at the level of £12m over 6 years (including 2018/19). Assuming Members accept the recommendation in this report, the majority of these funds would be channelled through LCT, it is proposed that the Council's interests will then be protected and managed through a comprehensive Service Level Agreement with LCT with appropriate levels of regular monitoring in place.

5.2. Equality and Diversity / Cohesion and Integration

5.2.1 There will be an open recruitment process for new appointments to Leeds Culture Trust with a balance of skills. We will follow best practice public appointments procedures and aim for diversity considerations to be at the heart of the recruitment process.

5.2.2 Leeds started a conversation about bidding for European Capital of Culture in 2013. As the conversation took hold in the following four years, other compelling issues emerged:

- That Leeds needed to reconnect – to itself as a city, to people right across the city and to partners further afield;
- That currently there are major inequalities in access to culture;
- That the diversity of the city's population is a real strength.

5.2.3 This is borne out by research Leeds 2023 carried out involving 3,000 people at local festivals and with young people such as the Think Leeds 2023 Group established by the Engagement Advisory Group. At the public meeting on 7 January 2018 to test public support for continuing with the plans for Leeds 2023, community leaders and young people from the city spoke passionately in favour of continuing, with particular regard for creating a greater voice and influence by the city's young people who will be the leaders of tomorrow.

Leeds 2023 activities and research unleashed an ambition to tackle inequalities using culture as the tool.

5.3 Council policies and Best Council Plan

5.3.1 The vision of the Best Council Plan is for Leeds to be a compassionate, caring city that helps all its residents to benefit from the city's economic growth and success. Leeds 2023 will reflect these two principals. Leeds 2023 will be based on two pillars of Whole City; it will seek to bring a lasting social legacy and benefit to all our communities. The second pillar will be International; Leeds 2023 will have a strong international focus with which to secure positive worldwide attention and profile for the city in a post Brexit era.

5.3.2 Leeds 2023 is rooted in the values, aims and objectives of the new Culture Strategy for Leeds 2017-2030. Outcomes will include: raising access and participation levels in the lowest areas of the city, creating new jobs in our creative industries, particularly for our city's young people; supporting community cohesion and cementing our reputation as a welcoming outward facing city; and creating greater knowledge and civic pride of residents in all that our city offers.

5.4 Resources and value for money

5.4.1 The initial set up of Leeds Culture Trust has incurred a minimal cost to the Council. Detailed governance and funding structures were scheduled for establishment only when the competition results were known.

5.4.2 Officers set up Leeds Culture Trust as a company limited by guarantee to direct, fundraise and administer the projects attached to Leeds 2023 through its own programme and legal governance and funding structures.

5.4.3 During 2017-2018 officers worked with colleagues in Legal, HR and Finance to consider the development of an effective governance and funding structure. Work was in train in consideration of tax efficient arrangements for the Trust when the competition was cancelled.

5.4.4 Leeds Culture Trust would be contracted by Leeds City Council and enter into a Service Level Agreement.

5.5 Legal Implications, Access to Information and Call In

5.5.1 The report is a key decision and therefore is subject to call-in.

5.6 Risk Management

5.6.1 Additional external professional advice has been taken to mitigate risk and advise on the right legally constituted vehicle for delivering the revised plans for Leeds 2023.

- 5.6.2 The benefits of setting up an independent company with charitable status has been assessed as the best model for leveraging support and commitment from a number of partners for a high profile cultural project of benefit to the entire city, whilst maintaining artistic independence.
- 5.6.3 The additional external advice includes the following recommendations:
- 5.6.4 That all voting members should be trustees, and all trustees are voting members;
- 5.6.5 The current trustee retirement provisions (three yearly retirement by rotation, no maximum term), should be changed to fixed term to support better succession planning, which can be achieved with fixed terms of typically three or four years renewable once or twice;
- 5.6.6 Given the charity's focus on events in 2023 the initial board should be in place until at least that date and it will be beneficial to make sure that the whole board does not retire at the same time. The initial trustees should serve under a mix of fixed terms, of three, four and five years to stagger their retirement;
- 5.6.7 The board should consist of between 8 – 12 persons. In order to reach the ideal board size, but remain independent, it will be necessary for the number of nominations from Leeds City Council to reduce to two. In view of the major investment by the Council in Leeds Culture Trust, the founding Trustees of Leeds Culture Trust recommend having two nominees from Leeds City Council enshrined in the charity's articles.
- 5.6.8 The possibility of a paid Chair for Leeds Culture Trust was considered. It is relatively unusual and only possible if it is allowed by the charity's governing document, by the Charity Commission or by the courts. If the view were to be taken that there should be a paid Chair, there would be some risk in a Council-nominated trustee who is an elected member taking up this role because of Section 80 of the Local Government Act 1972. Therefore this is not recommended.
- 5.6.9 The possibility of managing the project in house was covered and the further advice given was that the advantages of the project being managed by Leeds Culture Trust outweigh the advantages of the project being managed in house at Leeds City Council.

6.0 Conclusions

- 6.1 Leeds has got to a point quickly to capture the work and energy and achievements of the last four years to be harnessed into something really significant for our stakeholders. The challenges for Leeds 2023 during this forthcoming interim year is the ability to sustain interest and momentum in 2018 and early 2019 and in finding a suitable Chair.
- 6.2 Fundamental to moving forwards is the leverage of the Council's investment to secure backing of other funding partners, including potentially Arts Council and DCMS.
- 6.3 Our focus is to continue to move the city forward under the guidance of the new Culture Strategy, using creativity, arts and culture to shape our future. Leeds 2023 will show Leeds

as an international city of culture that breaks down barriers, brings communities together and creates access to new thinking and ideas across the world.

- 6.4 Leeds 2023 will be for the whole city. Everyone must have the chance to be involved. Leeds 2023 will be international and outward facing and it will focus on the future.

7.0 Recommendations

Executive Board is recommended to note overall progress and request officers to:

- 7.1 Work alongside colleagues in legal and financial services to develop Leeds Culture Trust as the delivery vehicle for Leeds 2023, and to develop a Service Level Agreement between the Council and Leeds Culture Trust which reflects the Council as a major funder.
- 7.2 Support the Leeds Culture Trust to secure charitable status and commence search and recruitment of a Chair and full Board of Trustees to be in place by early 2019.
- 7.3 Return with a report on further progress at the appropriate time, when a new Chair and Trustees are appointed and when the work of the 2023 independent steering group reaches an end.
- 7.4 Note that the Chief Officer, Culture and Sport is responsible for the implementation of these recommendations.

8.0 Appendices

- 8.1 Appendix 1: Additional professional advice on an operating model for Leeds 2023.

9.0 Background documents ⁱ

- 9.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.