



Report of Director of City Development

Report to Executive Board

Date: 26 June 2019

Subject: Grant to Leeds Culture Trust (Leeds 2023)

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 Culture Strategy sets an ambitious roadmap to celebrate the city's diverse cultures and creates an environment where they can thrive. Leeds 2023 is the flagship project of the Culture Strategy and this report gives an update on Leeds 2023. Specifically it details the work to develop a grant agreement between the Council and Leeds Culture Trust. The Trust will lead on delivering the Leeds 2023 project, raise additional sponsorship and develop the creative programme over the next four years.
2. The grant agreement will give the Trust the ability to raise the remaining funds of a proposed £35m budget, which it then will use to bring together a programme of cultural activity in line with the priorities and values of Leeds 2023 which have been developed over the last five years and have been built up following extensive consultation across the city.

3. Funds will pass to the Trust in managed instalments over the next 5 years. Members will recall that funds have already been allocated as part of the Council's 2019/20 budget, and future instalments included within the Medium Term Financial Plan.

Recommendations

Executive Board is recommended to note overall progress and:

- i. To note further progress on establishing Leeds Culture Trust
- ii. To delegate authority to the Chief Officer, Culture and Sport to enter into the final grant agreement in line with the draft included at Appendix 1, with variations made subject to consultation with the Leader of the Council.

1.0 Purpose of this report

- 1.1 To update Executive Board on progress with 2023 and to delegate to officers the authority to enter into a grant agreement with Leeds Culture Trust to deliver a programme of activity.

2.0 Background information

- 2.1 On 18th October 2017 Executive Board agreed to adopt Leeds' European Capital of Culture bid as recommended to it by the Leeds 2023 Independent Steering Group and with the support of partners and sponsors including University of Leeds, Leeds Beckett University, Leeds Trinity University, Yorkshire Water, Yorkshire Bank, Yorkshire Building Society and many others. The report included a funding commitment from the Council of £12m to the project. 6 weeks later the European Commission cancelled the European Capital of Culture competition for the UK bidding cities, as a consequence of Brexit negotiations.
- 2.2 Following this setback Members expressed dismay followed by a strong renewal of their commitment to the project. On 10 January 2018, 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 unwelcome cancellation of the competition by the European Commission.
- 2.3 Wider public support for the Council's decision was tested at a public meeting at the end of January 2018 when, with relatively short notice, 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.
- 2.4 At a further report to Executive Board in June 2018 it was agreed to establish Leeds Culture Trust and to support it to secure charitable status. Officers were requested to commence search and recruitment of a Chair and Trustees, and to work alongside colleagues in legal and financial services to develop a grant agreement between the Council and the Trust which reflects the Council's role as a major funder.
- 2.5 The same Executive Board reiterated the nature of the project and how it would create value for the city and for the people of Leeds. It emphasised the key aspirations for the project, to be for and with the whole city, to maintain a strong international focus, and to have a strong commitment to children and young people throughout (as had been originally articulated as the theme of 'Voice' within the bid book).
- 2.6 Since Council decided to bid for the European Capital of Culture award, through the extensive consultation period, the publication of the 'bid book', and the response to the competition's cancellation, officers have been instrumental in driving forward the work. This relationship between the Council and the project is now in a period of change as the delivery of the project passes to the Trust. The development of a grant agreement between the Council and the Trust will formalise this change and fully establish the Trust as the primary delivery body for Leeds 2023, while also ensuring that previous work is both honoured and developed.

3.0 Main issues

- 3.1 Since June 2018 significant work has taken place to set up and develop Leeds Culture Trust (known publically as Leeds 2023) - the independent organisation that will deliver the Leeds 2023 festival.
- 3.2 As the project moved into the delivery phase the work of the Leeds 2023 Independent Steering Group (ISG), chaired by Sharon Watson, came to an end. Formed in 2014, the ISG had worked tirelessly on developing a compelling bid for the European Capital of Culture competition. Officers and the city are indebted to the ISG members for all their great work and dedication to the project which could have not been achieved without the passion, energy and commitment of the steering group. The ISG has led the city to significantly increase its cultural profile and, as a result, the city has already seen significant changes in how it is perceived – perhaps most obviously in the decision of Channel 4 to relocate its HQ here.
- 3.3 Leeds Culture Trust, a Limited Company by Guarantee (company number 10674601) was incorporated on 16 March 2017. From March 2017 to November 2018 the Trust operated in a largely shell capacity and had four founding Trustees. The founding Trustees, supported by Council officers from the Culture and Sport Service, started work on setting up governance and financial structures for the Trust and progressed the company's application to become a charity. The founding Trustees are now in the process of standing down as new members are recruited to Board.
- 3.4 In July 2018, Leeds Culture Trust, supported by the Council started open recruitment process to appoint a Chair, at the end of which Ruth Pitt was appointed to the position. Ruth formally joined the board in January 2019 and has taken a more public role since April 2019. Ruth has a wealth of experience across the media and cultural landscape and as a consultant she recently helped to shape Leeds' successful campaign to become the home of Channel 4's new National HQ. Ruth runs mentoring networks that help develop next generation talent for Channel 4 and is also currently the Director of the Creative Cities Convention, and is a Trustee of Leeds Playhouse.
- 3.5 Originally a journalist and news presenter at Yorkshire Television, Ruth has previously run documentary departments for the BBC, Granada Television and Tiger Aspect Productions as well as her own independent TV production company Real Life. She was previously Advisory Chair of Edinburgh International Television Festival, Chair of the Nations and Regions Media Conference and Executive Director of Screen England.
- 3.6 A maximum of 12 Trustees can serve on the Trust's board, the open process of recruiting to these positions is ongoing. The right of the Council to appoint two trustees was determined by Executive Board in June 2018 and this will also be enshrined in the proposed grant agreement. It has was agreed that the Leader of the Council and Cllr Daniel Cohen (both former members of the Leeds 2023 ISG) joined the Board from March 2019. The Council appointees will thereafter be determined by Members Management Committee on an annual basis in the normal way. (The role of Cllr Blake and Cllr Cohen, or their successors, will be to act in the best interests of the Trust, rather than directly representing the Council's

interests as such. It is the grant agreement which provides the formal legal protection of the Council's interests.)

- 3.7 Following the open recruitment process a number of other Trustees have also been appointed and this process is ongoing. It is anticipated that a full Board will be in place at the end of 2019.
- 3.8 The Culture and Sport team is still supporting the Trust as it establishes itself, as part of the managed handover of responsibilities. In a similar manner to the extensive search for a Chair, this has included an international search for a suitable Creative Director – the key artistic position within the Trust's paid staff. Recruitment followed a similar pattern to that of the Chair, with extensive consultation, discussions with key individuals to help with the search and widely advertising the role. Applications for the role closed at the end of February 2019. 45 applications were received including a number of international candidates including Directors of international festivals, theatre companies and previous European Capitals of Culture. The first round of interviews took place in late March and a second round of interviews in May.
- 3.9 On June 14th 2019 it was announced that Kully Thiarai had been appointed as Creative Director, and CEO, of Leeds Culture Trust. Kully is currently the Artistic Director of National Theatre of Wales. Having worked with prestigious arts institutions across the UK and renowned in for her bold work exploring themes of diversity and community, Kully's 30 year career has included stints with much-loved Leeds companies Red Ladder and Leeds Playhouse. Kully will take up her appointment towards the end of the year after fulfilling commitments in her current role. In the next few months other posts are expected to be recruited including staff with expertise in fundraising and communications.
- 3.10 An initial grant payment of £80k from the Council has been agreed through a delegated decision to enable the Trust to secure professional services to set up the necessary background systems including recruitment and HR, payroll, office space and equipment etc. The Trust has appointed temporary p/t accountancy and HR professional as its Company Secretary to support the Chair, and is seeking support to assist with IT and office set-up. The Trust is also taking its own independent professional advice on matters relating to finance, law and governance from a firm which specialises in giving advice on such matters to cultural, educational and creative organisations.

An extensive and comprehensive grant agreement is now being drawn up to cover the Council's relationship with, and funding of, the Trust for the next 5 years – as referred to in more detail in section 4 below

- 3.11 Whilst the Trust does not yet have a financial director or fundraiser in place it has nevertheless benefitted from the Council's funding application to the Business Rate Pool, and will benefit from additional funds of £350k in both 2019/20 and 2020/21 through this route. The University of Leeds has also confirmed its intention for an ongoing financial commitment to the Trust.

4.0 Grant agreement between the Council and the Trust

- 4.1 In simple terms the grant agreement between the Trust and the Council is a document describing the roles and responsibilities of both parties in legal terms alongside an appendix ('Schedule 1') which serves to describe the purposes for which the grant is awarded, and how its use and impact will be measured. The general delineation between the role of the Council and the independent Trust was set out in the Executive Board report in June 2018.
- 4.2 The grant agreement is based on an established Council template which is regularly updated as appropriate – for instance incorporating the new GDPR requirements. It is the same template as that used for the arts@leeds grant agreements for instance. It has been developed in consultation with colleagues from Legal Services.
- 4.3 Schedule 1 of the grant agreement marks out the specific expectations for delivery of Leeds 2023 and a draft of it is included as an Appendix 1 to this report. In summary it outlines the background to the project and how it is placed within the wider Leeds Culture Strategy. It goes on to describe the headline outputs to be delivered from the Council's investment, including the requirement to raise further funds to reach the target budget of £35m, and for the project to reach at least 75% of Leeds residents as audience or participants. A further sub-set of Key Performance Indicators will be agreed annually with the Trust as a condition of individual grant payments from the Council.
- 4.4 Whilst the Council has a budgeted investment of £12m to support Leeds 2023 the actual amount which is transferred via the grant agreement will be subject to a number of adjustments from this figure. The final amounts will need to take account of: monies which the Council has already received as additional match (such as from the Business Rate Pool); reasonable client costs for the Council; and any 2023 programme activity which is actually delivered by the Council. Annual funding schedules and amounts will be therefore be agreed alongside the agreements on KPI's as noted above, and taking into account these adjustments. Council investment is reflected in its Medium Term Financial Plan.
- 4.5 Taken together, the grant agreement and its schedules will aim to reflect the principles of establishing an independent organisation to deliver 2023 as agreed at Executive Board in July 2018. This means the Trust having a similar level of artistic independence as its counterparts in other global cities. By doing so it replicates the same well-established 'arms-length' principle which, for instance, distinguishes the artistic decisions of Arts Council England from Government: Government sets a broad artistic and cultural policy, - as has the Council through establishing the overall direction of the Trust. The Arts Council then makes individual artistic and programming decisions to deliver that strategy - and the same artistic independence would apply to Leeds Culture Trust.
- 4.6 If the recommendations in this report are agreed, the responsibility for monitoring the grant agreement will lie with the Chief Officer, Culture and Sport. The right of an officer to attend the Trust's Board in an observer capacity to fulfil this function will itself be established as part of the grant agreement.

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 was charged by the Authority to oversee implementation of the plans going forward up to December 2018 following the surprise decision by the European Commission to cancel the competition for all the UK cities.
- 5.1.2 The ISG was chaired by Sharon Watson, Artistic Director of Phoenix Dance Theatre with, Leader of Leeds City Council as the Deputy Chair. The group included 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. Assuming Members accept the recommendations in this report, the majority of these funds would be channelled through Leeds Culture Trust, with the Council's interests managed through a comprehensive grant agreement with the Trust with appropriate levels of regular monitoring in place.
- 5.1.4 On 1st April 2019 the Strategy and Resources Scrutiny Board considered a report which included discussion on the developments regarding the set-up of the Trust.

5.2. Equality and Diversity / Cohesion and Integration

- 5.2.1 There has been an open recruitment process for new appointments to Leeds Culture Trust with a balance of skills. It is following best practice public appointments procedures and aims 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 and integration has been at the core of the project ever since. That the diversity of the city's population is a real strength has been a constant theme.
- 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 this. Leeds 2023 will seek to bring a lasting social legacy and benefit to all our

communities. It will also be international in 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.

Climate Emergency

- 5.3.3 The Council has recently announced a climate change emergency. Previous research by Arts Council England concluded that the most significant impact on climate change from cultural activities was in people travelling to those activities. Whilst by its nature Leeds 2023 will produce more activity and will attract people to attend, by committing to seeing activity across the city it will enable local people to attend activity without having to travel significant distances. As per Appendix 1 of this report (Schedule 1 of the proposed grant agreement) Leeds Culture Trust is required to be at the forefront of best practice in environmental policies and practices and make a demonstrable contribution towards the United Nations Sustainable Development Goals.
- 5.3.4 The UN's Sustainable Development Goals <https://www.un.org/sustainabledevelopment/> are a call for action by all countries – poor, rich and middle-income – to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection. Of the 17 Goals it is particularly Goals 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production), and 13 (Climate Action) that will provide a focus for the Trust's work in this area.
- 5.3.5 This Trust's adherence to these commitments will be monitored by officers as part of the overall reporting schedule of the grant agreement over its lifetime. It is anticipated that the setting of KPIs and monitoring will be assessed by officers with the Culture and Sport service working alongside colleagues with expertise from the Sustainable Energy and Air Quality team, as the Council's own approach to the Climate Emergency develops.

5.4 Resources and value for money

- 5.4.1 This is a significant level of investment for the Council. Leeds Culture Trust is targeted to use the investment as leverage to at least triple the Council's contribution through other fundraising - with some inroads already having been made. Targets for the Trust to reach the full amount will be subject to regular monitoring of its performance by officers, based on an annually agreed set of KPIs and other indicators.

- 5.4.2 The evidence from other cities, including Glasgow, Liverpool and Hull is that celebrations of this type can have transformative effects on cities. The value is derived not only from the extensive economic impacts but also from social impacts such as the inspiration it gives to young people, and the opportunity for everyone to take part.
- 5.4.3 Council officers will continue to work alongside the trust to seek external funding. For instance, in autumn 2018 an application was made to the Culture Development Fund which was launched as part of the Government's National Industrial Strategy. The Leeds bid to this fund included significant investment into Leeds 2023 alongside other initiatives. The fund received nearly 100 expressions of interest of which 19, including ours, were asked to submit a full proposal. Under assessment by Arts Council England the Leeds proposal was one of the three highest scoring of those 19. Unfortunately was ultimately unsuccessful as part of the decisions resulting from the independent panel and Ministerial deliberations.

5.5 Legal Implications, Access to Information and Call In

- 5.5.1 The grant agreement between the Council and the Trust has been developed in consultation with legal colleagues from Procurement and Commercial Services.

A grant is a gift of funds for a specific purpose – the specific purpose is set out in the grant agreement. As it is a grant there is no obligation on the Trust to deliver the services and likewise there is no obligation on the Council to give the funds to the Trust. However, if the Trust does not deliver the services or does not deliver them as set out in the grant agreement the Council may claw back monies not used or used incorrectly.

There is a risk of challenge from third parties, who may be interested in delivering the services arguing that it is a lost opportunity, alleging that the grant is in fact a contract and that the services should have been procured through a tender process.

Public subsidies by way of grant funding may constitute state aid and are subject to EU state aid regulations. However, the funding of cultural infrastructure not meant to be commercially exploited is in principle excluded from the application of State aid rules. It is likely that all or most of the Leeds Culture Trust's activities funded by the Council will not constitute state aid because the cultural activity is not economic or because trade between Member States is not affected or does not give rise to any significant distortion of competition. In the event that any activities funded by the Council may give rise to potential state aid, Article 53 of the General Block Exemption Regulations permits aid for a wide range of cultural purposes, provided that the conditions set out in the Regulations are complied with. For example, the Council will need to comply with transparency and notification requirements.

The grant agreement will include monitoring and clawback provisions to ensure that the use of funding is monitored and state aid compliance ensured.

Executive Board is asked to note these risks.

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

5.6 Risk Management

- 5.6.1 There is a risk that Leeds Culture Trust will not achieve the ambitious goals set for it by the Council. A robust grant agreement alongside a consistent monitoring to the grant agreement are in place to best reduce this risk.
- 5.6.2 It is anticipated that the Trust will proactively manage its own risk profile and this itself will be subject to the scrutiny of its Trustees, including the local authority representatives, as part of their role.

6.0 Conclusions

- 6.1 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 aims to 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.
- 6.2 The establishment of Leeds Culture Trust and the grant agreement between the Council and the Trust is a step in that journey.

7.0 Recommendations

Executive Board is recommended to note overall progress and:

- i. To note further progress on establishing Leeds Culture Trust
- ii. To delegate authority to the Chief Officer, Culture and Sport to enter into the final grant agreement in line with the draft included at Appendix 1, with variations made subject to consultation with the Leader of the Council.

8.0 Appendices

- 8.1 Appendix 1: Schedule 1 of the draft funding agreement between Leeds City Council and Leeds Culture Trust.

9.0 Background Papers¹

- 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.