
Report to: North and West Yorkshire Business Rates Joint Committee

Date: 7TH October 2019

Subject: Welcome to Yorkshire

Author: Jacqui Gedman, Chief Executive, Kirklees Council

SUMMARY

This report sets out:

- a) The background to North and West Yorkshire Business Rates Pool Joint Committee funding of Welcome to Yorkshire (WtY).
- b) The current position of WtY and the key issues
- c) A report from the interim Chair of the Board of WtY
- d) A recommendation for future funding of WtY

1. Introduction

1.1 Background

Welcome to Yorkshire was established in 2009 and is the strategic Destination Marketing Organisation for the region which aims to promote Yorkshire as the best tourist destination in the UK. It is a not for profit membership organisation, funded through income from membership, corporate membership, specific projects, sponsorship and public sector income through LA agreements. Currently WtY's funding consists of a 50:50 split of public and private sector funding.

Prior to the issues leading up to the resignation of the Chief Executive there was a strong commitment to support WtY from both the public and private sectors due to WtY's achievements in driving the Yorkshire visitor economy and the jobs that created.

The North and West Yorkshire Business Rates Pool Joint Committee previously agreed to fund subscription and activity costs to WtY for the financial year 2019/20 and this decision informed the WtY budget strategy for 2019/20.

WtY has delivered high profile, successful events across Yorkshire which has helped increase the value of tourism to Yorkshire from £6 billion in 2011 to £9 billion in 2017, and continues to maximise the Yorkshire brand.

Following the publicity surrounding the resignation of the Chief Executive, and subsequent investigations, Leaders of the North and West Yorkshire Business Rates Pool Member Authorities paused the release of funds to WtY pending assurances about clear progress on implementing recommendations from the investigations.

Since July a group of chief executives from across the Yorkshire and Humber region have worked with the WtY Board and Senior Leadership Team and provided advice, support and resources to accelerate change in key areas such as finance, recruitment, development of the business plan and overall improvements.

2. Issues

2.1 Finance

The financial position of WtY is challenging and there are cash flow issues due to a number of factors, including the one off costs associated with the investigations and the pause of and/or reprofiling of public sector funding.

As WtY is a not for profit company and does not have large cash reserves in place it was necessary for WtY to draw down from the loan facility it has had in place with North Yorkshire County Council for the past four years. The loan is repayable at a commercial market rate of interest and is secured on a property owned by WtY.

A report was commissioned on behalf of local authorities in the North and West Yorkshire Business Rate Pool to undertake a brief independent review of the financial position of WtY in order to help inform funding decisions. The report is attached as Appendix 1. ¹

Indications are that WtY can recover from the current financial situation. The contribution from the BRP is a commitment made before the resignation of the previous Chief Executive and as such has been built in to the WtY budget; consequently the organisation is reliant on this funding. Continued funding from the BRP would bring stability to the organisation and enable WtY to continue to deliver events and the boost to the local economy they bring.

The current cash flow issues have caused a delay in the increase of capacity within WtY and therefore the recommendations and improvements from the investigation reports have not been progressed at the pace required.

¹ Appendix 1 This part of the report is classified as Exempt under Schedule 12A Local Government Act 1972 and Access to Information Procedure Rule 10.4 (3) because it contains Information relating to the financial or business affairs of any particular person (including the authority holding that information)

2.2 Board Governance and Culture

The recent investigations identified significant gaps in the current governance arrangements. WtY need to strengthen governance arrangements in the organisation with particular attention to financial governance.

A review of governance arrangements is a key priority within the Improvement Plan. A plan is in place to recruit new Non-Executive Directors to the WtY board with the expectation that the recruitment will be complete no later than the end of the financial year.

2.3 Capacity

WtY has a lack of capacity in areas including Governance, Finance and HR. An increase in capacity across those functions is a key priority within the Improvement Plan. Since July local authorities across the region have offered support and some capacity in those areas, however more permanent resources are required to enable WtY to progress at the required pace.

3. Progress

The WtY Board has considered a number of options and the interim chair of WtY Keith Stewart has provided a report that outlines a range of scenarios based on different combinations of funding (Appendix 2).²

4. Recommendations

4.1. Members are recommended:

To agree to the release of the Business Rates Pool funding of £1m in 3 tranches in October, December and February conditional on:

- Recruitment to the WtY Board is carried out immediately and the new Board is in place no later than the end of the financial year
- A chief executive is recruited as soon as possible through a clear and transparent process
- Until the recruitment of the chief executive is complete Jacqui Gedman, Chief Executive, Kirklees Council is asked to provide strategic support to WtY, including authority to draw down the approved BRP funding as required
- Implementation of the recommendations in the investigation reports (Improvement Plan)
- A progress to the North and West Yorkshire Business Rates Pool Committee in December/January

² Appendix 2 This part of the report is classified as Exempt under Schedule 12A Local Government Act 1972 and Access to Information Procedure Rule 10.4 (3) because it contains Information relating to the financial or business affairs of any particular person (including the authority holding that information)