

APPENDIX 2 – REDACTED VERSION

CONFIDENTIAL: Welcome to Yorkshire proposal to West and North Yorkshire Leaders

Purpose

The purpose of this report is to provide West and North Yorkshire Leaders with information to enable them to make a decision on the future funding of Welcome to Yorkshire. The report contains two proposals; the first outlining the requirements for the future of Welcome to Yorkshire and the financial ask of the Leaders and the North and West Yorkshire Business Rates Pool Committee. The second outlines the financial ask of the Leaders and North and West Yorkshire Business Rates Pool Committee the event of a managed close down of Welcome to Yorkshire.

Background

Welcome to Yorkshire has established Yorkshire as a world class destination. It has developed a strong and successful brand, extending beyond tourism, to accelerate the county's profile and position regionally, nationally and internationally. Yorkshire is now seen as a major player on the global stage as well as an inspirational destination for UK visitors on 'staycations.'

It has helped grow the Yorkshire tourism economy from £5.9 billion (2011) to £9 billion (2017) and helped generate 4,000 new jobs. The Yorkshire brand has never been higher, with record breaking numbers of international visitors coming to Yorkshire, outperforming any other region in England.

Welcome to Yorkshire was established in 2009 and receives a 50:50 mix of public and private sector funding. However, in the last six months, the company has suffered reputational damage due to recent events which has affected the trust in the organisation both externally and internally. As a consequence, the company has seen a reduction in private membership and a partial suspension of funds from the public sector.

Added to this, the one-off costs associated with the well-publicised independent investigations into the organisation and subsequent cash flow issues, now means the organisation is requesting financial support from the North and West Yorkshire Business Rates Pool Committee.

Immediate Financial Situation

Please see attached the most up to date cash flow scenarios (Appendix 3a) which show the impact the reduction, suspension and one-off costs have had on the organisation.

- Investigations and XXX termination costs to WtY £475k
- Budget shortfall of the cost of funding for 2019 Chelsea Flower Show-Budgeted at £80K, reality was £250K
- NYMNP is unwilling to release the Section 106 XXXX (XXXX value to WtY) until they are satisfied Welcome to Yorkshire is in a financially stable position.

A loan agreement is in place between NYCC and Welcome to Yorkshire for £500k secured

against a property it owns in York valued at £1m. The Welcome to Yorkshire Board will sign off the loan from NYCC if the BRP indicates it will support Welcome to Yorkshire with £1m in funding. The loan can then be accessed quickly and put in place so avoiding Welcome to Yorkshire running out of cash in September. The scenarios show that without either the support of the BRP or the loan from NYCC then Welcome to Yorkshire runs out of cash in XXXXXXXXX.

With no £500k NYCC loan and no BRP funding WTY would run out of cash in XXXXXXXXX. It would mean some of the staff would not be paid.

If the BRP only releases £333k in XXXXXXXXX WTY would run out of cash in XXXXXXXX without the NYCC loan.

Future Plan

Welcome to Yorkshire's core business is to grow the county's visitor economy and profile by using creative and ambitious marketing campaigns backed up with strong and engaging PR and digital activity. WTY wants to continue to build on its huge successes using the co-operation and collaboration of all its partners and the wider tourism industry in Yorkshire.

The team has identified savings and efficiencies within the business which enables it to refresh the vision of Welcome to Yorkshire, deliver its core activities and make sure it has the right people in the right place. The organisation will strive to ensure that all activity will break even, if not make a small profit, which can be re-invested into the business. Showcase activities which require additional funding will each be subject to pre-approval based on a robust business case.

Over the next three years, Welcome to Yorkshire wants to rely less on public funding turning the current 50:50 public: private ratio to 40:60.

The Welcome to Yorkshire Board fully accepts the findings of the two independent investigations and is working through the attached Improvement Plan (Appendix 2) to make sure the correct leadership and governance is in place to ensure the future of the organisation and once again make it the ambassador for Yorkshire that the whole county can be proud of.

A Board refresh will be completed by April 2020 with new board members recruited using a robust recruitment and induction process. This will be aided by new board members Cllr Box and Mayor Jones. The Board's watchwords are discipline, governance and transparency.

The recruitment of a new CEO will take place when the time is right for Welcome to Yorkshire. Currently an interim Senior Leadership Team is in place backed up the help of four LA CEOs. There may be the opportunity to recruit an interim CEO to help guide the company through the next six months until a permanent CEO can be recruited.

A robust Business Development Plan is being produced with the Local Authority Partners which will later be updated following a county-wide tourism consultation. This will identify what Yorkshire's vision for tourism is over the next 10 years and make sure everyone, right across the industry, is working in collaboration to the same vision and aims for Yorkshire.

Funding Options

Welcome to Yorkshire has considered a number of financial options for the continuation of

- **Recognition.** As mentioned, Yorkshire has a valuable brand with many associated assets such as the domain name and digital content. This would be lost in the event of a closedown.
- **Economic effect.** It is likely that there would be negative economic impact on the county. The latest figures show the value of tourism in Yorkshire grew at a rate of more than £1bn a year between 2016 and 2017 (2019 Sheffield Hallam Research). The county is currently achieving record breaking international visitor figures (2018) and is outperforming every other region in England. It is likely there would be a slow-down or even reversal in the growth of Yorkshire tourism, a reduction in visitors to the county and a consequential loss of jobs within the industry. It has helped grow the Yorkshire visitor economy by 50% since 2011 and will continue to do so if it continues. Many members have mentioned the focus, big ideas and ambition of the organisation which would be hard to recreate.
- **Tour de Yorkshire.** The Tour de Yorkshire which over the last 5 years has brought more than £330m to the Yorkshire economy could not continue. With a managed closure of Welcome to Yorkshire it would have a dire impact on 2020 sponsorship targets making the race no longer viable. This race would be lost along with the chance of delivering another Grand Depart of the Tour de France.
- **CSR.** The Yorkshire Bank Bike Libraries initiative which was set up as a legacy to Yorkshire hosting the Grand Depart of the Tour de France would no longer continue. Over the last 4 years, 68 Bike Libraries have been set up across Yorkshire giving 75,000 opportunities for children to ride a bike.

Conclusion

The Welcome to Yorkshire Board and staff are fully committed to continuing to raise the profile of Yorkshire and to grow the Yorkshire visitor economy. They recognise the improvements and changes that need to be made within the organisation and hope that with the continued support from the North and West Yorkshire leaders the organisation can be front and centre in delivering the Yorkshire tourism strategy long into the future. This county has huge ambitions and even more potential to grow the visitor economy to new heights and continue its record-breaking success.

For the reasons contained within this report we ask that leaders consider and support Option1 or Option 2 as the way forward for Welcome to Yorkshire.