

Report of Chief Officer Financial Services

Report to Strategy and Resources Scrutiny Board

Date: 16th November 2020

Subject: Leeds City Council contribution to Welcome to Yorkshire

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- In response to the news that Welcome to Yorkshire (WtY) are in receipt of grants from West Yorkshire authorities, including Leeds City Council, Strategy and Resources Scrutiny Board have requested further information on the decision making process followed.
- The North and West Yorkshire (NWY) Business Rates Pool commenced on 1st April 2019 and was dissolved on 31st March 2020. The Pool closed with a surplus which was notionally allocated to its member authorities.
- Following discussion with West Yorkshire authorities, Leeds made a decision to use part of the NWY Pool surplus allocated to this authority to provide funding to WtY in 2020/21. This same decision was also taken by Bradford Council, Calderdale Council and Kirklees Council.
- This report will inform Scrutiny Board of the situation with regards to business rates pools in the region and the grant funding provided to WtY.

2. Best Council Plan implications (see the [latest version of the Best Council Plan](#))

- The Best Council Plan is the Council's strategic plan which sets out its ambitions, outcomes and priorities for the City of Leeds and the Local Authority.

- This report will advise of the recent financial contribution made to Welcome to Yorkshire facilitating the Best City Ambition to have 'A Strong Economy and a Compassionate City'.

3. Resource implications

- This report deals with the financial contributions made by the Council to Welcome to Yorkshire.

Recommendations

- a) Strategy and Resources Scrutiny Board are asked to note the contents of this report.

1. Purpose of this report

1.1 Following a request submitted to Strategy and Resources Scrutiny Board this report has been prepared to advise on the following:

- A brief history of pooling in the region and the current pooling position;
- The 2019/20 NWY Business Rates Pool;
- Allocations of funding to Welcome to Yorkshire;
- Decision making requirements in Leeds;
- Further comment in response to previous Strategy and Resources Scrutiny Board questions.

2. Background information

2.1 Leeds City Council has been part of a business rates pooling regime since 2013/14. This is described in more detail at **Appendix 1**. However, in summary:

- 2013/14-2018/19 – Leeds City Region Pool, with a 100% BR Retention Pilot in the final year.
- 2019/20 – North and West Yorkshire Business Rates Pool with 75% BR Retention Pilot.
- 2020/21 – North and West Yorkshire Business Rates Pool based on 50% BR Retention with member authorities paying levies (if applicable) into the Pool, rather than to Government.

2.2 This report will focus on the 2019/20 NWY Business Rates Pool, as it was the surplus allocated from this Pool, that Leeds used in making the decision to fund WtY in 2020/21.

3. Main issues

North and West Yorkshire Business Rates Pool

3.1 The 2019/20 NWY Business Rates Pool commenced on 1st April 2019 and was dissolved on 31st March 2020.

- 3.2 The final financial position for the Pool will not be known until all member authorities have had their NNDR3 returns audited. Due to the Coronavirus pandemic, the Government have postponed the deadline for this until November 2020.
- 3.3 With this in mind, we are unable to confirm the final position for the Pool, but we are able to estimate it based on the unaudited NNDR3 returns from members. These have been used in the estimated income below.
- 3.4 As shown in **Table 1**, the estimated additional growth generated by the Pool is £26.7m. £4.2m is allocated to safety net payments and the remaining balance, £22.5m, is redistributed: two-thirds directly to member authorities (based on population and growth); and one-third to be retained by the Pool.

Table 1: Additional Growth, 2019/20 NWY Pool

<i>Reported in:</i>	July 2020
	£m
"Additional growth" generated by the 75% retention pool pilot	-26.7
Safety net payment from Pool to authorities in safety net	4.2
Balance to be shared between authorities and pool	-22.5
Balance redistributed to member authorities:	
Based on Population (1/3 of "balance to be shared")	7.5
Based on Growth (1/3 of "balance to be shared")	7.5
Balance retained by the Pool (1/3 of "balance to be shared")	7.5
	22.5

- 3.5 The additional growth and estimated balance retained by the Pool, £7.5m, is £0.3m higher than was reported in March 2020. This is due to higher than estimated additional growth in the region.
- 3.6 During 2019/20 the Joint Committee approved expenditure of £5.8m, this left a remaining balance to be allocated to member authorities of £2.1m, as shown in **Table 2** below.
- 3.7 It should be noted that this includes £0.68m committed to the 2020/21 Tour de Yorkshire which is currently postponed to next year. If the event is cancelled this funding will be added to the remaining balance to be allocated to member authorities

Table 2: Approved Expenditure, 2019/20 NWY Pool

North and West Yorkshire Pool		£m	£m
2019/20 Estimated Income			-7.501
Commitments agreed 27/06/19			
Welcome to Yorkshire subscriptions	2019/20	0.323	
Tour de Yorkshire	2019/20	0.550	
UCI Cycle Race	2019/20	0.600	
Secretariat Functions (NY)	2019/20	0.204	
Lead Authority Administration Costs	2019/20	0.030	
			1.707
Commitments agreed 27/06/19 requiring further information			
Welcome to Yorkshire draft business plan	2019/20	1.000	
Screen Yorkshire	2020/21	0.175	
			1.175
Commitments agreed 07/10/19			
Welcome to Yorkshire subscriptions	2020/21	0.323	
Secretariat Functions (NY+WY)	2020/21	0.820	
Combined Authority Transport Fund	2020/21	0.700	
Tour de Yorkshire starts/finishes	2020/21	0.675	
Tour de Yorkshire (NY CC)	2019/20	0.100	
			2.618
Commitments agreed 07/10/19 requiring further information			
Screen Yorkshire	2021/22	0.175	
Low Carbon	2019/20	0.100	
			0.275
Remaining Balance to be allocated to member authorities			-1.726

- 3.8 In October 2019 the Joint Committee agreed that the remaining balance, now £1.7m, would be allocated to member authorities based on population and growth and in accordance with the Pool's governance agreement. In order to access the funding member authorities completed a simple proforma application to identify how this share of the funding would be used to meet the Pool's Strategic Aims.
- 3.9 In October 2019 Leeds City Council's share of the estimated surplus was £0.67m. The Leeds City Council application submitted indicated this funding would be used to support the MIT REAP project in Economic Services.
- 3.10 As the year progressed the estimated additional growth decreased, and in March 2020 the Leeds share was estimated to be £0.42m. However, the increased additional growth that has been incorporated in the unaudited NNDR3 returns has led to an increase in the Leeds City Council share of the remaining balance, to £0.52m.
- 3.11 A summary table showing the allocation to all Pool members is shown at **Appendix 2**. As referred to above, we should be aware that this could be subject to change once all NNDR3 returns are audited.
- 3.12 The Joint Committee approved that the remaining balance would be allocated in this way. As referred to above, the Pool has now been dissolved and the Joint Committee is no longer in existence. As such, authorities must make any further decisions individually through their normal governance procedures.

Welcome to Yorkshire (WtY) contribution

- 3.13 Earlier in the 2020/21 financial year The Chief Executive at Kirklees Council was in discussions with authorities across the Yorkshire Region to agree contributions to WTY for the year 2020/21. It should be noted that not all regions have fully and formally approved these proposals, and we understand that there have been changes to the original proposal shown at **Paragraph 3.14** below.
- 3.14 The original proposal was as follows:

	£m
West Yorkshire	0.527
North Yorkshire	0.473
South Yorkshire, East Riding, Hull	0.400
Total projected contribution	<u>1.400</u>

- 3.15 Leeds City Council were not involved in the wider discussions across Yorkshire and can therefore only comment on the current position in West Yorkshire.
- 3.16 West Yorkshire authorities held discussions around using their share of the 2019/20 NWY Pool remaining balance to fund a contribution to WTY for 2020/21.
- 3.17 The initial proposal was that West Yorkshire would contribute £0.527m. Discussions were held over the method used to allocate the cost of the WTY contribution in West Yorkshire authorities. The proposal was that the contribution would be allocated by population. This results in a Leeds share of £0.180m.
- 3.18 Subsequent to these discussions, Wakefield Council made the decision not to fund WtY in 2020/21. As such, the total value of the contribution from West Yorkshire was reduced by £0.079m, and the total contribution was £0.448m. The contribution value from Leeds remained unchanged.
- 3.19 A delegated decision was taken by the director of City Development on the 5th August 2020 agreeing the payment of £179,658 to Welcome to Yorkshire. This decision making route meets the Authority's governance requirements for this value.
- 3.20 As lead authority for the NWY Pool, Leeds City Council were in possession of the remaining Pool balance. As such Leeds made payment to WtY on behalf of Bradford, Calderdale, Kirklees and Leeds. The full value of this payment was £0.448m. Payment was made following confirmation from each authority that their internal individual approvals were in place.
- 3.21 After making payment to WtY, the remaining Leeds share of the 2019/20 Pool surplus is £0.336m. As previously noted this will be used to support the MIT REAP project in Economic Services.

Welcome to Yorkshire (WtY) Further Information

- 3.22 Whilst this report looks at the WtY contribution from Leeds within the context of the business rates pools, further topics have been queried by members of Strategy and Resources Scrutiny Board. We are able to provide some clarity on the following, but suggest that further information could be sought from WtY where appropriate.
- 3.23 **Future Plans**

Leeds City Council's position on WtY was made clear in the Delegated Decision Report, referred to at **Paragraph 3.19** above, which states the following: "Welcome to Yorkshire (WTY) is the official tourism agency (DMO) for the traditional county of

Yorkshire, promoting Yorkshire tourism both nationally and internationally.” The report goes on to say: “Welcome to Yorkshire is playing a significant role in the economic recovery of the tourism sector across the region, and working in close partnership with Leeds City Council to ensure city level exposure as an integral part of its national campaign, which will be documented as part of a formal SLA”.

WtY have worked with local authorities to produce Recovery Strategy for tourism in the region in the current COVID-19 situation. This document is in the public domain and linked here:

Recovery Plan: <https://industry.yorkshire.com/covid-19-business-support/yorkshire-s-recovery-plan-for-the-tourism-sector>

In addition to this, WtY are refreshing their longer term strategic plan. This is not yet in the public domain, but can be shared once it is complete. Leeds City Council have worked with WtY to produce a strategic services document for the authority (noted as the SLA in the DDN report). This document is awaiting sign off.

3.24 WtY Constitution

The Welcome to Yorkshire Board includes representatives from the Public Sector, and the Legal, Finance and Tourism industries.

The Public Sector representatives are:

Councillor Carl Les – North Yorkshire County Council

Mayor Ros Jones – Doncaster Council

In addition to this, at the North and West Yorkshire Business Rates Pool Joint Committee meeting on 7th October 2019 the following was agreed: *Recruitment to the Welcome Yorkshire Board be carried out immediately and the interim Chair arrangements cease with immediate effect, and for a period of 12 months, a public sector appointee becomes interim Chair and the new Board is in place no later than the end of the financial year.*

The public sector appointee was Peter Box who, at that time, was the Leader of Wakefield Council. A Welcome to Yorkshire Board meeting was held on the same day and at that meeting the interim Chair stood down and Peter Box was appointed Chair of the Board.

The code of conduct for the Board is available on the WtY website here: <https://industry.yorkshire.com/about/welcome-to-yorkshire-board/board-code-of-conduct>

WtY are currently undergoing a full governance review. The WtY Board are considering recommendations from the report on 12th November. After this time more information will be available.

3.25 Audited accounts for 2018/19

The statement attached at **Appendix 3** was given to the Yorkshire Post on 1st October and they reported on it the next day. This statement to the Yorkshire Post reflects the current position.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 At the Strategy and Resources Scrutiny Board on the 22nd July 2020, the Board was advised that it was the Council's intention to continue to support Welcome to Yorkshire, however, at that time no decision had been made.
- 4.1.2 Prior to authorising the report, the Director of City Development consulted the Leader of Council on the delegated decision taken on 5 August 2020. The Leader confirmed support for the Council making the payment using Leeds City Council's share of the Fy2019/20 BRP.
- 4.1.3 The Leaders of opposition parties on the Council's Executive Board were also consulted on this delegated decision and their views summarised in the published report.
- 4.1.4 This report has been brought to Scrutiny Board following questions raised by Board members in relation to Welcome to Yorkshire. The report responds to those questions and follows up on the request for this to be a future agenda item.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The Scrutiny Board Procedure Rules state that, where appropriate, all terms of reference for work undertaken by Scrutiny Boards will include 'to review how and to what effect consideration has been given to the impact of a service or policy on all equality areas, as set out in the Council's Equality and Diversity Scheme'.

4.3 Council policies and the Best Council Plan

- 4.3.1 This report advises of the recent financial contribution made to Welcome to Yorkshire facilitating the Best City Ambition to have 'A Strong Economy and a Compassionate City'.

Climate Emergency

- 4.3.2 There are no specific Climate Emergency implications linked to this report. However, when considering areas of work and future agenda items, the Board is reminded that influencing climate change and sustainability should be a key area of focus.

4.4 Resources, procurement and value for money

- 4.4.1 All resources, procurement and value for money implications are detailed in the main body of the report that deals with the financial contributions made by the Council to Welcome to Yorkshire.

4.5 Legal implications, access to information, and call-in

- 4.5.1 The report has no specific legal implications and is not subject to call-in.

4.6 Risk management

- 4.6.1 This report has no specific risk management implications.

5. Conclusions

- 5.1 Leeds City Council have provided grant funding of £179,658 to Welcome to Yorkshire. This was funded from the Authority's share of the 2019/20 North West Yorkshire Pool surplus following the Pool being revoked on 31st March 2020.
- 5.2 The purpose of this funding was to provide support to Welcome to Yorkshire in their role as DMO for the region, working in partnership with Leeds City Council and other authorities in the region.

6. Recommendations

- 6.1.1 The Scrutiny Board is asked to consider and comment on the information provided in this report as well as presented during the meeting; identifying any additional actions and/or matters that may require further scrutiny input or activity.

7. Background documents¹

- 7.1 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.