

## **Agenda**

- Meeting: Executive Consultation with Chief Executive**
- Venue: Consultation session held via Skype**
- Date: Tuesday, 14 April 2020 at 10.00 am**

Following Government guidance issued on 23 March 2020 regarding public gatherings and social distancing, the Council agreed to invoke the emergency decision making process that is identified in the Council's Constitution to allow the Chief Executive to make all appropriate decisions and to allow for appropriate consultation. This decision will be reviewed should revised guidance on Local Government Decision Making be issued that enables virtual meetings.

The role of the Executive at this informal session is to consider the reports and give a view to the Chief Executive. This is not a formal decision making meeting and that the Chief Executive will use his own discretion after considering the views of the Executive.

### **Business**

- 1. Welcome by the Leader**
- 2. Minutes of the session held on 7 April 2020**  
**(Pages 5 to 10)**
- 3. Any Declarations of Interest**

<b>MATTERS FOR INFORMATION / DISCUSSION ONLY</b>
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- 4. Shielding and Supporting Communities Update** – Presentation of the Corporate Director for Strategic Resources  
**(Pages 11 to 20)**

**DECISIONS TO BE MADE BY THE CHIEF EXECUTIVE IN CONSULTATION WITH THE EXECUTIVE**

- 5. Proposed Extension of Loan Facility to Welcome to Yorkshire** - Report of the Corporate Director for Strategic Resources

**(Pages 21 to 25)**

Recommendations:

- (i) To consider whether to extend the secured loan facility of up to £500k to Welcome to Yorkshire to 30 November 2021 and
- (ii) If an extension is agreed, to delegate authority to the Corporate Director, Strategic Resources and the Assistant Chief Executive (Legal & Democratic Services) to complete the necessary loan funding arrangements with Welcome to Yorkshire.

- 6. Other business which the Chief Executive agrees should be considered as a matter of urgency because of special circumstances**

Barry Khan  
Assistant Chief Executive  
(Legal and Democratic Services)  
County Hall  
Northallerton

Date: 10 April 2020

## Executive Members

Name	Electoral Division	Areas of Responsibility
LES, Carl	Richmondshire Catterick Bridge	<b>Leader of the Council</b> Communications, safer communities and emergency planning
DADD, Gareth	Hambleton Thirsk	<b>Deputy Leader of the Council</b> Finance and Assets and Special Projects inc finance and HR performance management
CHANCE, David	Whitby/Mayfield cum Mulgrave	Stronger Communities - inc Legal and Democratic Services, Corporate Development, Overview and Scrutiny Committees, Area Committees, performance management
DICKINSON, Caroline	Northallerton	Public Health, Prevention and Supported Housing - inc STP issues regarding the Friarage and Darlington Hospitals
HARRISON, Michael	Lower Nidderdale and Bishop Monkton	Health and Adult Services - inc Health and Wellbeing Board, health integration and Extra Care
LEE, Andrew	Cawood and Saxton	Open to Business - inc growth, economic development, planning, waste management, trading standards and business relations
MACKENZIE, Don	Harrogate Saltergate	Access - inc highways, road and rail transport, broadband and mobile phones; and to act as the Council's Digital Infrastructure Champion
MULLIGAN, Patrick	Airedale	Education and Skills - inc early years, schools, apprenticeships, FE colleges and UTC's and engagement with the skills part of the LEP
SANDERSON, Janet	Thornton Dale and the Wold	Children and Young People's Services with responsibility for foster and adoption, children's social care and prevention
WHITE, Greg	Pickering	Customer Engagement inc Contact Centre, web site, libraries, digital and performance management (complaints and compliments)

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# North Yorkshire County Council

## Chief Executive Decision Session Consultation with the Executive

Minutes of the virtual meeting held on Tuesday, 7 April 2020 commencing at 10.00 am.

County Councillors present via Skype and phone: Carl Les, David Chance, Gareth Dadd, Caroline Dickinson, Michael Harrison, Andrew Lee, Don Mackenzie, Patrick Mulligan, Janet Sanderson and Greg White.

Officers present via Skype: Richard Flinton, Stuart Carlton, Barry Khan, David Bowe, Richard Webb, Gary Fielding, Howard Emmett, Chris Jones King, Daniel Harry, and Melanie Carr.

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**Copies of all documents considered are in the Minute Book**

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### **14. Welcome by the Leader**

The session was chaired by County Councillor Carl Les, who confirmed that the role of the Executive at this informal session was to consider the reports and give a view to the Chief Executive. It was noted that this was not a formal decision making meeting and that where a decision was required, the Chief Executive would use his own discretion after considering the views of the Executive.

### **15. Minutes**

County Councillor Andrew Lee drew attention to an amendment required to the draft Minutes. In regard to his recorded declaration of interest, he confirmed his declaration was made in relation to agenda item 11, and not agenda item 9 as recorded.

#### **Resolved –**

That the Minutes of the decision session held on 31 March 2020, be noted, subject to the amendment detailed above.

### **16. Declarations of Interest**

Councillor Michael Harrison declared an interest in Item 7 on the Agenda (Minute No. 20 below), as a relative of his works in Health and Adult Services. He had been granted a dispensation by the Standards Committee on 3 January 2019 to fully take part.

### **17. Shielding and Supporting Communities**

Considered – a presentation from the Corporate Director for Strategic Resources providing data on the number of North Yorkshire residents identified as vulnerable and therefore shielding, and

an update on the work of the 23 Community Support Organisations set up across the county to give support to those residents

As the presentation was for information only, Members were pleased to note the update and passed on their thanks to NYCC officers and to those partner organisations involved in the work for the speed at which the arrangements had been designed and implemented. It was agreed that further information would be brought back to the next consultation session so that Members could be kept updated on developments

## 18. Decision to Give Grants

Barry Khan, Assistant Chief Executive (Legal and Democratic Services), provided a verbal update on the arrangements being put in place to provide grants to support businesses across the region, to ensure they are able to pay and retain their staff during the crisis period.

Members noted this would include variable cost adjustments to ensure the grants covered only appropriate costs. They also agreed that a recognised methodology would be needed in order to carry out an assessment before a grant was awarded

As the update was for information only, Members agreed to note the information provided at this stage, and agreed that Barry Khan, Assistant Chief Executive (Legal and Democratic Services) would provide a formal report to a future consultation session

## 19. Financial support for Early Years providers for Covid-19

Considered – a report of the Corporate Director for Strategic Resources outlining the Government support available for Early Years providers as a result of COVID-19 and further proposals from the local authority to provide additional financial support to Early Years Providers within North Yorkshire as a direct result of the COVID-19 pandemic.

Howard Emmet, Assistant Director for Strategic Resources, introduced the report which detailed a recently agreed supplier relief process which had been created based on advice from the Cabinet Office.

He confirmed that generally Early Years providers had very thin margins and that those who had remained open faced a unique financial disincentive, and provided an overview of the rationale behind the proposed three options to be taken forward to support those providing childcare for key workers during COVID-19.

Members agreed that Early Years providers were a strategic asset to the local economy through the provision of childcare, and noted the intention to bring forward the deployment of the ring-fenced underspend from 2018-19 and the projected ring-fenced underspend from 2019-20.

In regard to the first stage of collecting data, Members agreed the App based financial support process needed to be made as simple as possible in order to progress to the distribution of payments quickly.

Individual Executive Members expressed their support for the proposals and **the Executive agreed to recommend to the Chief Executive that -**

- (i) NYCC proceed with Options 1, 3 & 5

- (ii) That NYCC not proceed with Options 2 and 4 although Option 4 might be revisited in due course.
- (ii) The Assistant Director Strategic Resources be authorised to take all steps necessary to implement the recommendations set out above.

### **Resolved –**

The Chief Executive considered the report and the views of the Executive and decided to use his emergency powers to implement the recommendations of the Executive.

## **20. Exercise of Care Act Easements within Health and Adult Services**

Considered – a report of the Corporate Director for Health and Adult Services detailing the new emergency powers that could be acted upon by Health and Adult services, in line with the newly enacted Coronavirus Act 2020 which set out the four key changes to the Care Act 2014 and decision making process for Local Authorities.

Richard Webb, Corporate Director for Health & Adult Services drew Members attention to the data analysis which in the presentation showed a potential spike in Adult Social Care cases and provided some context to the future potential need to use the new emergency powers. He went on to highlight:

- The current national position
- How the Local Authority currently worked and its working arrangements with the NHS
- The new legislation and national Hospital Discharge Service Requirements and the steps that had been taken in preparation, in case the County Council reached a point where it needed to invoke them, which trends suggested that might be in late April/early May
- How implementation of the emergency powers would be tracked.

Members noted:

- The creation of three command centres and a number of community social care teams
- The changes to daycare and respite services
- The five residents of Springfield Care Home in Boroughbridge had been transferred to another care home, as part of the preparations for the provision of a step-down facility for those discharged from hospital who may have COVID 19 – it was confirmed they had all been moved to the same new care home
- The planned charging arrangements – the NHS to pay for all care provision for any patients discharged under COVID emergency measures
- The equalities impact assessment provided with the report

Concern was raised over changes to the charging arrangements and the potential financial implications for the Local Authority. It was confirmed that the assumption was that the NHS would pay for all care up until the Government formally declared the emergency over, at which time the Local Authority would need to commence charging for its services.

Finally, Richard Webb, Corporate Director for Health & Adult Services provided an overview of the new Nightingale Hospital near Harrogate, providing 500 acute beds for patients from across the Yorkshire, Humber, North East and east Cumbrian area.

County Councillor Andrew Lee left the meeting at 10:30am.

There was unanimous support for the proposals by the remaining members of the Executive and they therefore **recommended to the Chief Executive that –**

- (i) A new operating model for adult social care be implemented (as set out in section 3 and appendix 1 of the report), in response to the national Hospital Discharge Requirements, working with the NHS, using existing Care Act and other legislation, as is now, until such time as emergency powers under the Coronavirus Act 2020 need to be invoked
- (ii) A new model of delivery for adult social care be implemented, at such time as the situation requires during the Covid-19 pandemic, that will:
  - assist the NHS in freeing up North Yorkshire's share of 30,000 NHS beds nationally
  - enable urgent work to support people living in the community who have a Covid-19 diagnosis or symptoms (particularly where people are at the end stage of their lives)
  - ensure that, whilst taking account of the national legislation and guidance and the prioritisation necessitated by the Covid-19 response a) people requiring urgent social care assessment and/or support for non-Covid-19 issues continue to be offered an appropriate level of advice, information and support and that b) people with current and ongoing needs receive appropriate support which may include alternative arrangements to their normal service
- (iii) The power to invoke measures as set out in the Coronavirus Act 2020 and in the report, be delegated to the Corporate Director of Health and Adult Services (as the Council's statutory director of adult social services), and that the Chief Executive take that decision in consultation with the Executive Member for Adult Social Care and Health Integration, the Assistant Chief Executive (Legal and Democratic Services), and following advice from the Director of Public Health and the Assistant Directors with responsibility for adult social care.
- (iv) Any triage or case/review decisions as set out in sections 5 of the report and in Appendix 2, be documented.
- (v) If emergency powers are invoked as set out in the report, the situation be reviewed fortnightly by the Corporate Director for Health and Adult Services in consultation with the Assistant Director / Chief Social Care Practitioner (or in their absence, the Head of Practice), or their nominated representatives, as per Government guidance

**Resolved –**

The Chief Executive considered the report and the views of the Executive and decided to use his emergency powers to implement the recommendations of the Executive.

**21. The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020**

Considered – a report of the Assistant Chief Executive (Legal and Democratic Services) updating the Executive on the recently issued Government Regulations that enable local authority meetings to be held virtually and the removal of the requirement for an Annual General Meeting to be held.

Barry Khan, Assistant Chief Executive (Legal and Democratic Services) provided an overview of the new regulations, the technical issues that needed to be addressed in order for NYCC to proceed with virtual meetings, and the proposed range of meetings that might be delivered in that way.

Taking account of the officer work involved in preparing for committee meetings and the other



more important use of their time during the Covid-19 pandemic, Members agreed that formal Committee meetings should only be held when absolutely necessary where it either related to the work being done by the Council in response to the Coronavirus pandemic or where a decision could not be deferred for some compelling reason. Also, that the forthcoming Annual Council meeting in May should be postponed for the time being, including the appointment of a new Chairman and Vice Chairman. The Leader agreed to discuss it with the current Vice Chair before a decision was made as to whether, in light of the AGM being postponed, the existing Chair and Vice Chair should continue in their roles or whether a new Chair and Vice Chair could be appointed by the Chief Executive using his emergency powers in consultation with members. Members also agreed it was important to continue to seek the views of the Scrutiny Chairs to inform the decision making process during this period of change and the Leader agreed to inform other Group leaders of the agreed approach, subject to the Chief Executive resolution.

**The members of the Executive therefore recommended to the Chief Executive that –**

- i. The Annual General Meeting of the Council that was scheduled for 13 May 2020 be postponed. The situation to be kept under review, depending upon the progress of the pandemic and rescheduled for either 22 July 2020 or 18 November 2020.
- ii. All current appointments be rolled on until the Annual General Meeting is held
- iii. The appointment process for the Chairman and Vice Chairman to be reviewed and a decision to be made at a future meeting
- iv. Subject to the successful adoption of a technological solution that enables the requirements laid out in the Regulations to be complied with, virtual meetings to be introduced for the following committees (where the business either relates to the work being done by the Council in response to the Coronavirus pandemic or where a decision cannot be deferred for a compelling reason): Executive; Planning and Regulatory functions; Audit; and a sub-committee of the Pension Fund Committee. Only the Executive to meet as scheduled. The Planning and Regulatory Functions committee to meet as required to deal with urgent planning applications, Similarly, Audit to only meet if required to make an urgent decision and Pension Fund Committee to form a sub-group to make decisions relating to changes in investment performance. All other formal, public committee meetings to be postponed until September 2020.
- v. The Corporate Director Strategic Resources be authorised to take all steps necessary to establish a sub-committee of the Pension Fund Committee, to make appointments to it and to determine the terms of reference of that sub-committee.

**Resolved –**

The Chief Executive considered the report and the views of the Executive and decided to use his emergency powers to implement the recommendations of the Executive.

**22. Other Urgent Decisions – Changes to Procurement and Contract Procedure Rules (PCPRs) Delegation**

Considered – A report of the Corporate Director for Strategic Resources proposing delegation of authority to make amendments to the Procurement and Contract Procedure Rules, to ensure business continuity and appropriate approvals are implemented during the interim period of the COVID-19 pandemic.

The report highlighted that due to COVID-19 there was a requirement to amend some of the existing delegation and approval procedures within the PCPRs due to senior management taking on wider portfolios in response to the current crisis.

The Executive Members all agreed with the proposed changes detailed in the report and therefore **recommended to the Chief Executive that –**

- Delegated authority be transferred from the Chief Executive in consultation with the Executive, to the Corporate Director for Strategic Resources, in consultation with the Assistant Chief Executive (Legal and Democratic Services) to enable required amendments to the Procurement and Contract Procedure Rules, to ensure business continuity and appropriate approvals are implemented. This will be for an interim period and in response to COVID-19.

**Resolved –**

The Chief Executive considered the report and the views of the Executive and decided to use his emergency powers to implement the recommendation of the Executive.

**Please note that these decisions have been treated under the special urgency procedure in Access to Information Procedure Rule 16 and call-in has been exempted by the Chairman of the County Council under Overview and Scrutiny Procedure Rule 16. However timescales are now such that the ‘Exercise of Care Act Easements within Health and Adult Services’ decision can now be open to call in.**

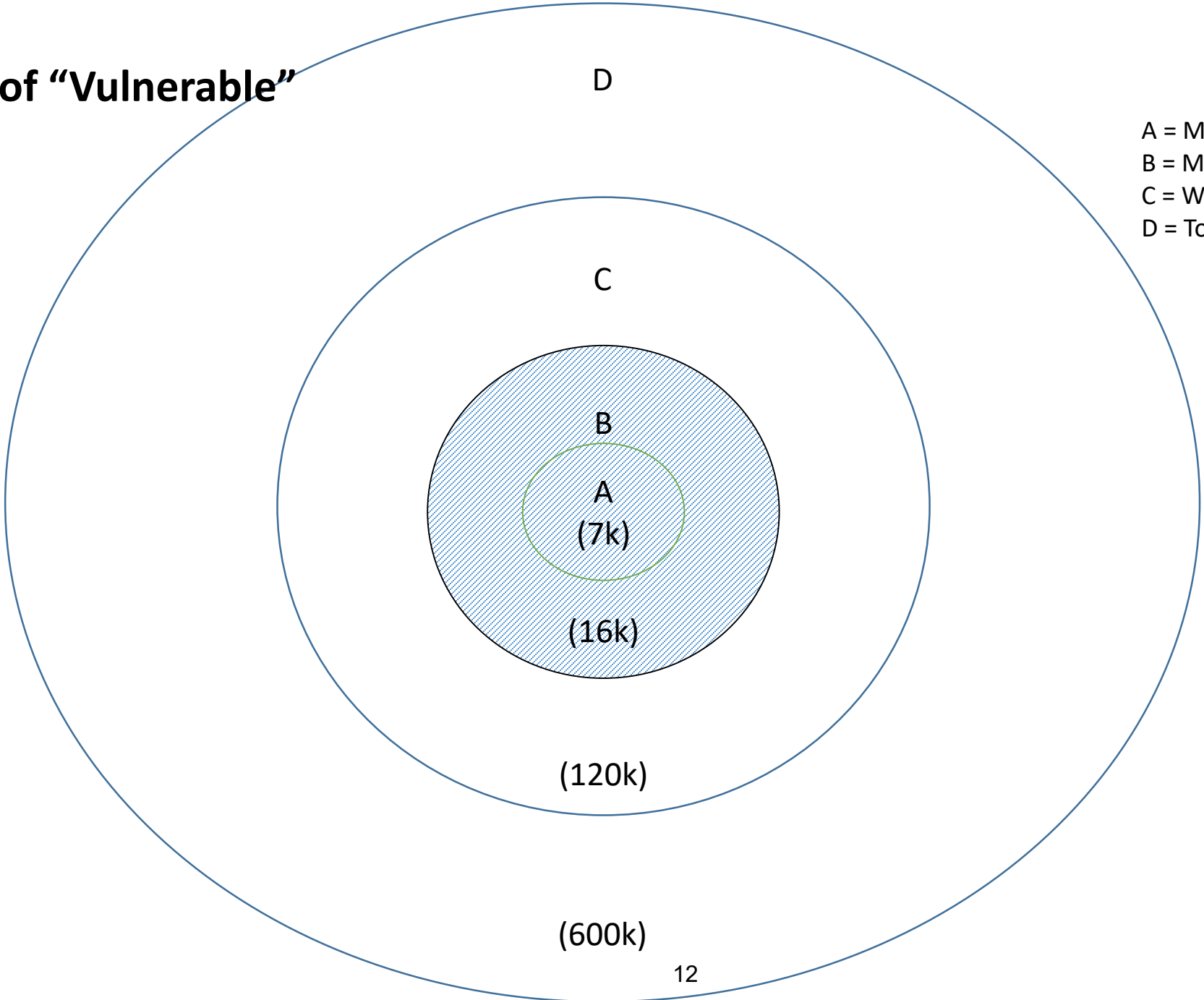
**13. Other business which the Chief Executive considered as a matter of urgency because of special circumstances**

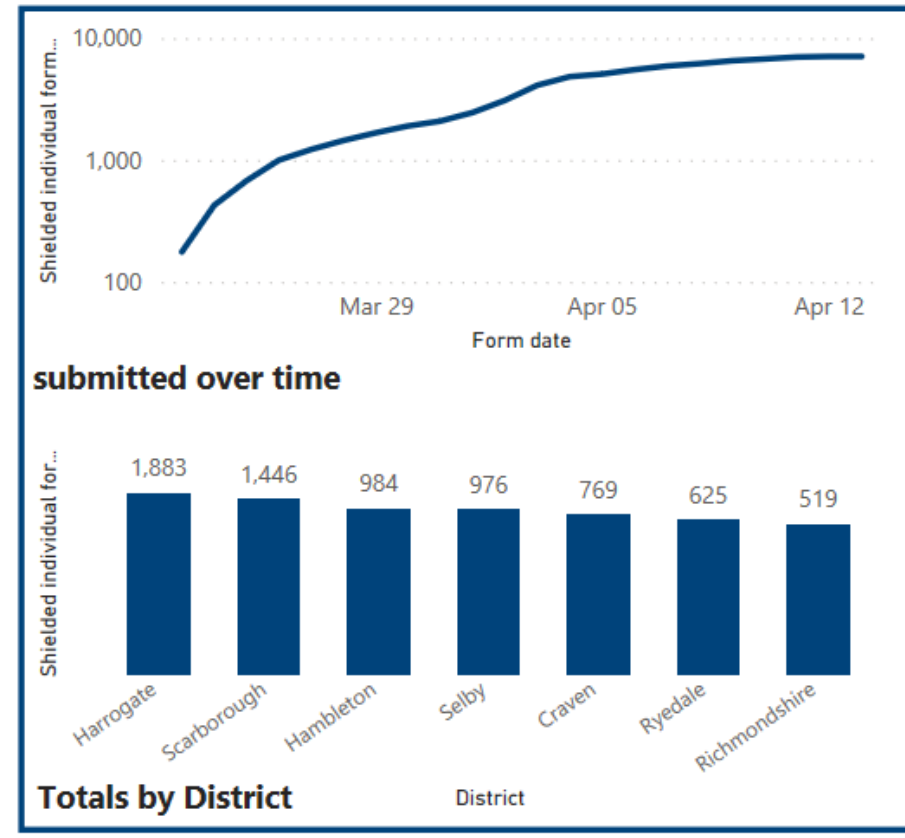
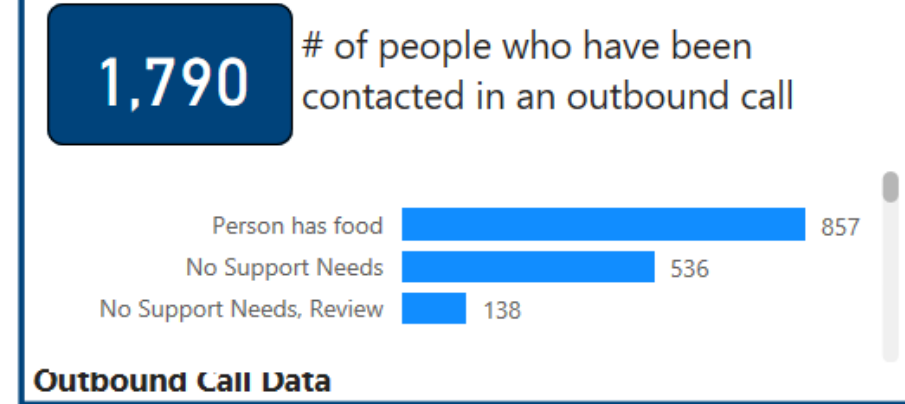
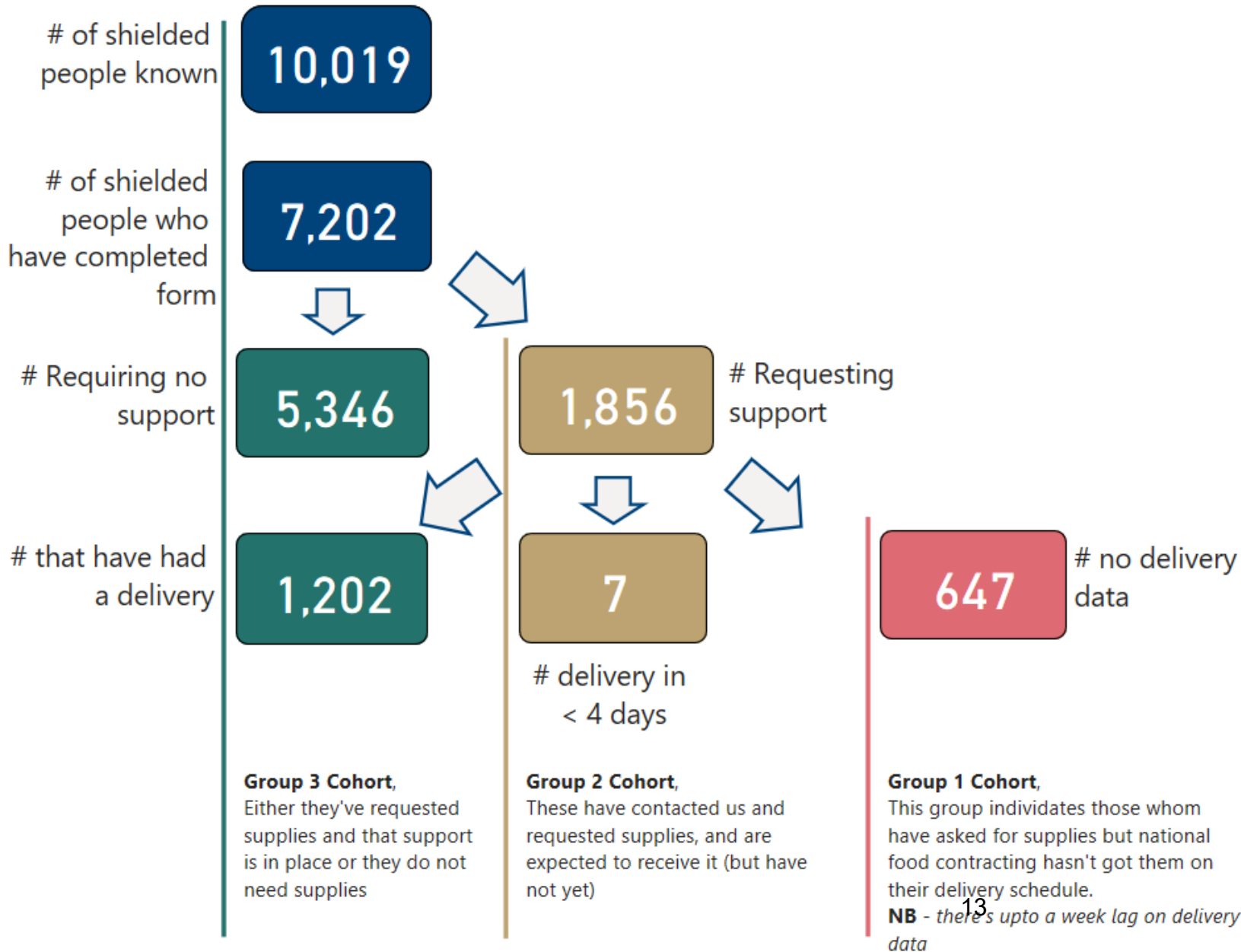
There was none.

The meeting concluded at 11:01am

# Community Support / Social Isolation

# Numbers of "Vulnerable"





# Community Support Organisations (CSOs)

23 CSOs across County will:

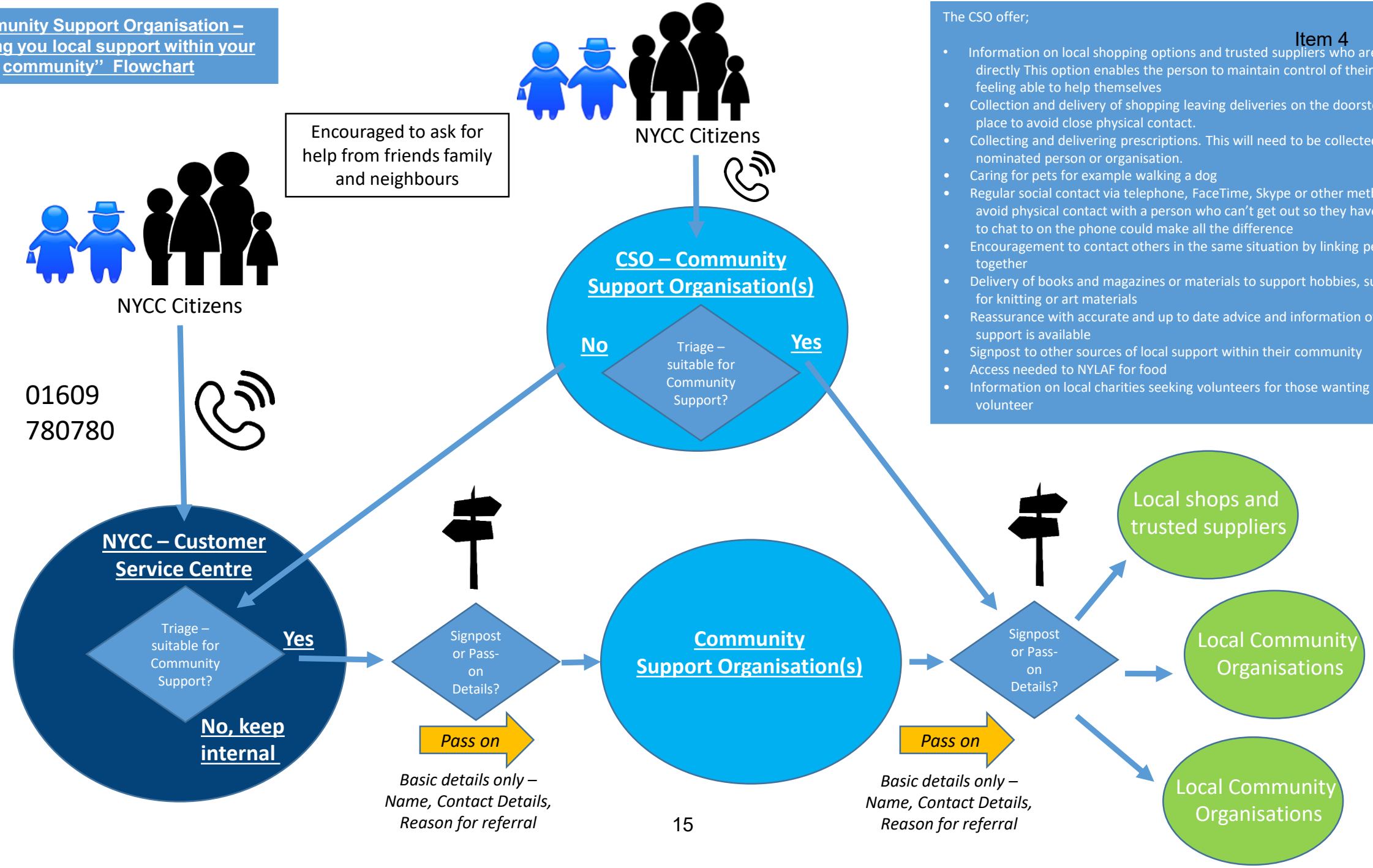
- Be the single point of contact for those who are alone and isolated.
- Signpost to local support available in the community.
- Act as local contact point for individuals and groups wishing to volunteer.
- Provide information on local shopping options and trusted suppliers who are delivering directly to those who are self-isolating.
- Administer the Covid 19 Support Grant Scheme.

The community support organisations will work with local 'trusted' voluntary sector groups to arrange:

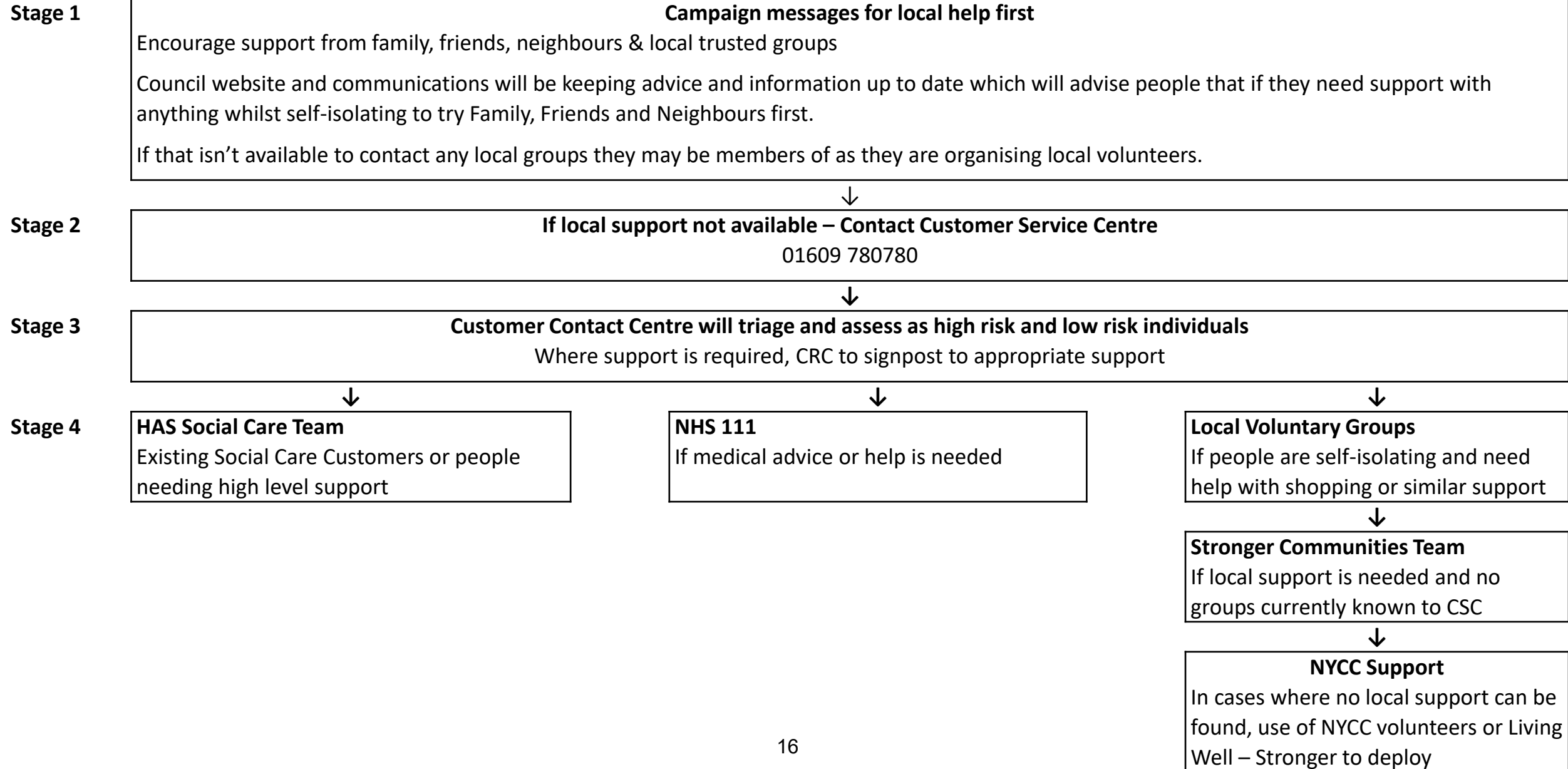
- Collection and delivery of shopping using local volunteering resources. Shopping will be delivered in line with the safety guidelines and left on the doorstep or in a safe place, in order to avoid close physical contact.
- Collection and delivery of prescriptions using local volunteers.
- Caring for pets, for example walking a dog.
- Regular social contact via telephone, FaceTime, Skype or other methods that avoid physical contact.
- Delivery of books and magazines or materials to support hobbies.

**Community Support Organisation –  
“Finding you local support within your  
community” Flowchart**

- The CSO offer;
- Item 4**
- Information on local shopping options and trusted suppliers who are delivering directly This option enables the person to maintain control of their life, by feeling able to help themselves
  - Collection and delivery of shopping leaving deliveries on the doorstep or safe place to avoid close physical contact.
  - Collecting and delivering prescriptions. This will need to be collected by a nominated person or organisation.
  - Caring for pets for example walking a dog
  - Regular social contact via telephone, FaceTime, Skype or other methods that avoid physical contact with a person who can't get out so they have someone to chat to on the phone could make all the difference
  - Encouragement to contact others in the same situation by linking people together
  - Delivery of books and magazines or materials to support hobbies, such as wool for knitting or art materials
  - Reassurance with accurate and up to date advice and information of what local support is available
  - Signpost to other sources of local support within their community
  - Access needed to NYLAF for food
  - Information on local charities seeking volunteers for those wanting to volunteer



# Process to Access Support





## Universal Plus = supplement the CSO offer

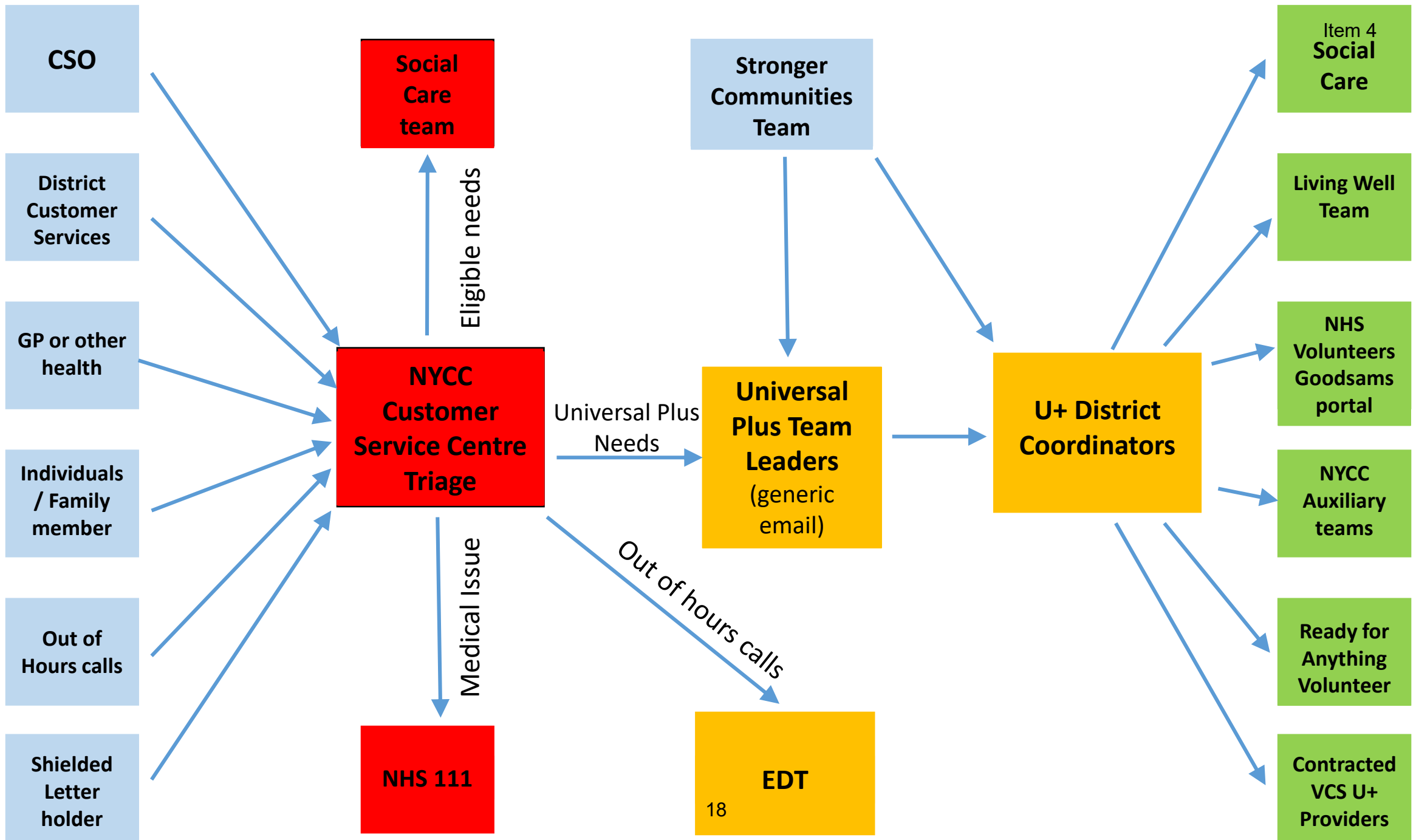
### In scope:

- Universal plus will resolve issues for people with additional needs over and above that they are self-isolating
  - Examples – hearing/vision impairment, mobility, trust of volunteer, low level mental health issues
- **Out of Hours calls for support** - being used as basis for when CSOs not “working” = supplemented by CSC / RFA / staff if needed
- Non eligible care needs but not considered universal

### Out of scope:

- Medically shielded specialist help
- Eligible social care / Breakdown of Care Package
- Crisis resolution
- Eligible mental health
- Childrens Early Help Support
- Housing needs

**Service Request entry points**



**Universal Plus Offer – Resolution Options**

# Issues being addressed

- National food distribution secure? (Assumed so for now)
- CSOs and out of hours support. (Plans for Easter plus)
- Cash access for volunteers etc. (Advice and tips given)
- Food availability – access for volunteers / foodbanks
- Health input to shielding through GPs / CCGs
- DC resources and best collective deployment (Outbound calling)
- Access to NHS Volunteers network = far from straightforward!
- All very fluid so need to respond / contingency plan

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**NORTH YORKSHIRE COUNTY COUNCIL****EXECUTIVE****14 April 2020****Proposed Extension of Loan Facility to Welcome to Yorkshire****1.0 PURPOSE OF THE REPORT**

- 1.1 To consider a request from Welcome to Yorkshire to extend the existing secured loan facility of up to £500k for a further year.

**2.0 BACKGROUND**

- 2.1 On 16 June 2015 the Executive approved a call-off loan facility for Welcome to Yorkshire of up to £500k (**Appendix A**). This was initially based upon cashflow needs following financial difficulties encountered following the Grand Depart.
- 2.2 The loan was activated by Welcome to Yorkshire in 2019 and is secured on a property owned by Welcome to Yorkshire at Tadcaster Road, York (its previous headquarters) which was valued at £710k with its current sitting tenant (or £875k if vacant possession).

**3.0 EXTENSION REQUEST**

- 3.1 Welcome to Yorkshire are now approaching the end of the term of the loan under the approval of the Executive in June 2015. Whilst the loan facility was for a 5 year period, the 5 year period was triggered following agreement of the terms of the loan (ie shortly after the Executive decision). Whilst the loan will only have run for a single year there is therefore a need to redeem the loan or grant an extension of the loan facility when the existing loan arrangement expires in November 2020.
- 3.2 Welcome to Yorkshire have requested an extension and following discussions with officers a request for a single year extension has been made by Welcome to Yorkshire.

**4.0 TECHNICAL CONSIDERATIONS**

- 4.1 The legal and financial considerations with this request are set out in Appendix A and remain pertinent. The loan was provided on commercial terms and it is proposed that the existing arrangements are merely rolled forward by a year to expire on 30 November 2021.
- 4.2 It is not considered appropriate to consider an extension of the loan facility beyond 30 November 2021 as this would require a further formal valuation of the asset upon which the loan is secured and further administrative work would be required by financial, property and legal colleagues which it is believed would be unhelpful in the current Covid19 situation.

**5.0 RISKS ASSOCIATED WITH LOAN**

- 5.1 The risks relating to the loan remain largely as set out in June 2015. The loan is secured on an asset that is within the ownership of Welcome to Yorkshire and was valued at between £710k and £875k, well in excess of the maximum loan value. Welcome to Yorkshire have revalued the asset and believe it is worth in excess of our highest valuation. So long as the value is above the loan value then the County Council has financial security.
- 5.3 In the event of loan default then the County Council will step in to secure the asset. Whilst this provides financial security, it will have associated reputational issues. It is regarded as an unlikely scenario but it has been made clear to Welcome to Yorkshire that the County Council's priority in such a circumstance would be to protect the principal value of the loan.

## **6.0 RECOMMENDATION**

- 6.1 That the Executive:
- (i) Considers whether to extend the secured loan facility of up to £500k to Welcome to Yorkshire to 30 November 2021 and
  - (ii) If an extension is agreed, to delegate authority to the Corporate Director, Strategic Resources and the Assistant Chief Executive (Legal & Democratic Services) to complete the necessary loan funding arrangements with Welcome to Yorkshire.

Gary Fielding  
Corporate Director, Strategic Resources  
26 May 2015

Background Documents - none

**NORTH YORKSHIRE COUNTY COUNCIL****EXECUTIVE****16 June 2015****Loan Facility to Welcome to Yorkshire****1.0 PURPOSE OF THE REPORT**

- 1.1 To consider a request from Welcome to Yorkshire to provide a secured loan facility of up to £500k for a 5 year period.

**2.0 BACKGROUND**

- 2.1 Welcome to Yorkshire has requested a call-off loan facility to assist with its cashflow arrangements. Welcome to Yorkshire seeks to grow the visitor economy and to promote the Yorkshire brand. It has had notable successes recently in bringing the Tour de France Grand Depart to Yorkshire and then with the subsequent Tour de Yorkshire.
- 2.2 Arrangements are currently being finalised to strengthen the future financial position of Welcome to Yorkshire with a five year financial plan which sees additional investments from a range of partners, including local councils (including business rates pools).
- 2.3 The call-off loan facility is to be secured on a property owned by Welcome to Yorkshire at Tadcaster Road, York (its previous headquarters) which has been valued at £710k with its current sitting tenant (or £875k if vacant possession).

**3.0 LOAN REQUEST**

- 3.1 The request from Welcome to Yorkshire is to provide a loan facility for up to £500k over a five year period. In exchange the County Council will hold a legal charge on the Tadcaster Road property.
- 3.2 The loan arrangement is to be designed to be relatively flexible so that Welcome to Yorkshire only call-off an amount they need to manage their cashflow needs and when they require it. Repayment would also be relatively flexible so that Welcome to Yorkshire can minimise interest payments.

**4.0 TECHNICAL CONSIDERATIONS**Legal Powers to make the Loan

- 4.1 The Local Government Act 2000 introduced general powers for a local authority to do anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental well-being of its area.
- 4.2 The well-being power enables a local authority to incur expenditure, give financial assistance to any person and to enter into arrangements with any person. A secured loan to Welcome to Yorkshire would therefore be made under these well-being powers.

- 4.3 Section 1 of the Localism Act 2011 gives the Council a general power of competence which gives a statutory power to grant loans to external organisations. Therefore a secured loan to Welcome to Yorkshire would be made under this general power of competence. The loan will be subject to a written contractual loan agreement and the Council will be in the position of a secured lender for the total amount of the loan.
- 4.4 In providing the loan it is also necessary to consider whether there are State Aid implications. Where a loan is provided at a commercial rate of interest the position is generally that there is no Aid. The European Commission provides guidance on how the rate is calculated, having regard to the credit rating and collateral offered by the Company and the Council will calculate the appropriate market rate using this guidance. We will also ask Welcome to Yorkshire to seek their own independent State aid assessment to confirm that any funding provided by the Council is either not State Aid or is covered by an exemption. In addition we would also want them to warrant that their financial status (credit rating/collateral) is such that the interest rate we are offering is appropriate.
- 4.5 In the event of a State Aid complaint and a finding of unlawful aid there could be reputational issues for the Council, but it would be protected financially as it is Welcome to Yorkshire who would have to repay the Aid to the Council or we could exercise our rights in relation to the charge on the property.

#### Financial Powers

- 4.6 The County Council's general investment powers reflected in the Annual Treasury Management and Investment Strategy derive from the Local Government Act 2003 (Section 12). Under this Act a Local Authority has the power to invest for any purpose relevant to its functions or for the purpose of the prudent management of its financial affairs. Given the primary purpose of the loan to Welcome to Yorkshire it should not be regarded as an investment, so Treasury Management issues do not need to be considered.
- 4.7 Such a loan will however constitute expenditure for capital purposes under the Government's capital controls regime. The loan would therefore have to be classed as capital expenditure by the County Council under the Local Authorities (Capital Finance and Accounting) Regulations 2003 and need to be financed and accounted for accordingly.
- 4.8 In practical terms the loan would be financed internally from cash balances and included in the County Council's Balance Sheet as a Long Term debtor.
- 4.9 It should also be noted that the County Council is currently only receiving an average interest rate of circa 0.65% on cash loans for up to 12 months. This proposed arrangement would therefore be an improved return although the sums involved are not expected to be significant.
- 4.10 It is proposed that the loan interest rate is variable and will be reviewed at least annually. Welcome to Yorkshire will be entitled to redeem any debt outstanding as and when they wish. At the end of the five year period the arrangement will terminate and the value of the loan outstanding will be repayable. Any proposed extension of the loan arrangement beyond the 5 year period will require further approvals.



## 5.0 RISKS ASSOCIATED WITH LOAN

- 5.1 The loan is to be secured on an asset that is within the ownership of Welcome to Yorkshire and has been valued at between £710k and £875k, well in excess of the maximum loan value. In addition, a review of Welcome to Yorkshire's creditors has been carried out and this totals circa £100k at the time of the loan consideration. As a result, there is high confidence that the County Council has the ability to achieve full security on the loan.
- 5.2 Clearly there is a possibility that the asset will reduce markedly but this is felt extremely unlikely and valuation reports have been carried out. It should also be noted that the loan arrangement has a ceiling of £500k but it is expected to be much lower in reality as the loan will provide flexibility for Welcome to Yorkshire.
- 5.3 In the event of loan default then the County Council will step in to secure the asset. Whilst this provides financial security, it will have associated reputational issues. It is regarded as an unlikely scenario but it has been made clear to Welcome to Yorkshire that the County Council's priority in such a circumstance would be to protect the principal value of the loan.
- 5.4 Welcome to Yorkshire has been in discussion with councils across Yorkshire and has secured additional contributions in 2015/16 from the Leeds City Region Business Rates Pool and from the North Yorkshire Business Rates Pool (circa £850k in total). It has also produced a 4 year business plan which seeks to reduce expenditure and further increase commercial income to ensure that its finances are on a sustainable footing. A credit rating has been carried out on Welcome to Yorkshire and that determines the relevant interest rate premium payable. The credit rating carried out indicates that Welcome to Yorkshire is "below average risk" and, as identified in **paragraph 4.4**, we will be carrying out further checks before completing any loan agreement.

## 6.0 RECOMMENDATION

- 6.1 That the Executive:
- (i) Considers whether to approve a secured loan of up to £500k for a 5 year period and
  - (ii) If a loan is agreed, to delegate authority to the Corporate Director, Strategic Resources and the Assistant Chief Executive (Legal & Democratic Services) to register the legal charge and finalise suitable funding arrangements with Welcome to Yorkshire.

Gary Fielding  
Corporate Director, Strategic Resources  
26 May 2015

Background Documents - none