

Budget Monitoring Sub-Committee – 22 January 2015

Transcript of Item 5 – London & Partners - Update

John Biggs AM (Chairman): Can we welcome our guests from London & Partners who have come mob-handed, I think is the technical term, about 27 of them wanted to come, we have four of you, we have your Chief Executive -- do you want to introduce yourselves; we will start with Kit Malthouse.

Kit Malthouse AM (Board Chairman, London & Partners): Yes, I am Kit Malthouse. I am the Chairman of London & Partners, or Chair, sorry.

John Biggs AM (Chairman): OK, Chairman, good, Chairperson, 'Chairbod'.

Gordon Innes (Chief Executive Officer, London & Partners): I am Gordon Innes. I am Chief Executive of London & Partners.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Andrew Cooke, I am the Chief Operating Officer and Deputy Chief Executive.

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): I am Alex Kinchin-Smith, Director for Dot London.

John Biggs AM (Chairman): OK, excellent. Thanks very much for all coming today. We have a few questions to ask you. We want to start by talking about Dot London, which is going to be one of your new profit centres I guess, so if I could start the ball rolling by handing over to Tom who is going to ask the questions.

Tom Copley AM: Thank you very much, Chair. Yes, hello, this is one for Alex [Kinchin-Smith] in particular. Could you tell us what the latest number of registrations is and when you are projected to hit the 200,000 target?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): I can tell you the latest number, which is just over 55,000 registrations, which we think is excellent news and already tens of thousands of London businesses are benefitting from the opportunity to use a Dot London web address.

Tom Copley AM: How many registrations, sorry, I missed it?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): 55,000.

Tom Copley AM: I should declare that I have registered three.

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): Fantastic.

John Biggs AM (Chairman): I have registered a couple too, I should declare that as well.

Roger Evans AM: "Copley for Mayor"?

Tom Copley AM: Yes, Copley for Mayor. No, “Biggs for Mayor”.

Kit Malthouse AM (Board Chairman, London & Partners): “Copley for Edmonton”.

Tom Copley AM: Sorry, 55,000, yes.

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): I do not recognise that number you quoted as a target, so we did not really set any public targets about registrations; that --

Tom Copley AM: Sorry, that is the 200,000 mark, sorry, I was misreading: when are you projected to hit 200,000? It says that YouGov, prior to the launch, suggested that 200,000 small businesses were likely to register. Is that your idea of what you might get to?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): That came out of the research that YouGov did in terms of an extrapolation based on businesses that suggested they were keen and likely to register, however it was not a target over any particular time period, as it were.

Tom Copley AM: How many of those were registered during the London priority phase?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): In the priority phase, we had 41,000 applications for around 30,000 names - because obviously we had some applications for more than one name- and we ran that as the London priority period, so where people were competing for domains we were able to prioritise London applications.

Tom Copley AM: Therefore presumably the rest were subsequently registered by people and businesses outside London, is that right?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): Yes, around 75% of registrations are clearly London registrations. Just over 95% are UK-based and quite a big amount of that difference is in the wider London area.

Tom Copley AM: How do you promote this? What sort of advertising methods? What worked and what did not?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): We ran an awareness campaign, both marketing and public relations (PR), and we were very pleased with the PR element, it is obviously difficult to guarantee.. We did appear on the *Evening Standard* front page, Dot London, twice, and on *BBC London News*. In fact, Kit, you were interviewed for the television (TV)?

Kit Malthouse AM (Board Chairman, London & Partners): I was.

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): Or was that the *Sky News*?

Tom Copley AM: I think I remember.

Kit Malthouse AM (Board Chairman, London & Partners): I was, that is why I think I remember. You would remember, there was quite a flurry at the start of media coverage.

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): We used a range of media: press and outdoor; digital search media; some TV; and direct email marketing through intermediaries. That generated around 100,000 visits to the campaign website and around 75,000 visits to the registry website, so we clearly think it had an effect and an impact on getting the word out there for those applications.

Did you ask me what worked more and what --

Tom Copley AM: Yes, what worked and what did not. Do you have any information on that?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): It is quite hard when you are running a multi-channel campaign to know exactly what is working more than others, however what we think worked more were media where you could get a little bit more of the message across. A 30-second television advertisement gives you the opportunity to explain a bit more than a poster just with a call to action on, so that certainly worked better. Working with the registrars, who are the direct sales of domain names, also worked very well because you can reach their customers and there is a direct point of sale, so those things worked better.

Tom Copley AM: In Berlin, I have got here the Dot Berlin domain name registrations plateaued at about 40,000, therefore obviously we have already exceeded that, although it [London] is a bigger city. How are you going to ensure that, after this initial interest, we do not see a similar plateauing?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): As part of our arrangements with our commercial partner, we do have ongoing marketing budgets, and therefore we are now planning a campaign for the spring, which will aim to raise awareness greater. Again we are going to try to run some of that with the key registrars whose customers are obviously interested, possibly target some direct sectors where we think growth will be stronger, and continue to build partnerships with the intermediaries. We do not have it all completely planned, however that will kick off again in the spring, and then there will be ongoing activity over the coming years. It is not a one-off effort.

Tom Copley AM: Do you have any projections going forward?

Kit Malthouse AM (Board Chairman, London & Partners): Just before Alex [Kinchin-Smith] answers that, I was just going to say, it is worth remembering of course that, once people have registered a domain, they are very highly likely to reregister it in the years to come. So effectively you bank, and KitMalthouse.com I have had for ten years now and I reregister it every two or three years and pay a fee. Therefore, once you have banked an element, they are in for time, and you are always building on that base. Although the graph of new registrations may flatten off, the population of registrations will always grow because you have those reregistrations locked in, so TomCopley.London, we hope you will register for the next 10 or 15 years.

Tom Copley AM: In terms of registrations, we are talking here about I presume new registrations, you will not be lumping in reregistrations going forward?

Kit Malthouse AM (Board Chairman, London & Partners): We will certainly, as a Board, be looking at new registrations and then the overall population, because of course you get people who do not renew. Therefore you will have newcomers, leavers, and that will give you an overall population, which is the book of names that will be yielding income into the future. That's right, isn't it?

Gordon Innes (Chief Executive Officer, London & Partners): It is quite important that we get a balance between just the pure number of registrations, the income that we generate back for the city, and then also

the usage of those registrations. Some other cities have put domains out into the marketplace at a very low price, but as a result they are not getting the usage, therefore people probably will not reregister at the end of the year. Getting that balance right between just a pure numbers game, getting the income back in, and then getting people to adopt and use the names, and we are very pleased that the usage rates are very high for Dot London compared to some other cities.

John Biggs AM (Chairman): Of the 55,000, have you done any monitoring of sectors they are in or whether some of them are simply bought defensively: because Kit Malthouse does not want to be ghosted by another Kit Malthouse. Do you have a sense of that?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): It is quite difficult to get a very good sense of that because we, as the registry, only have a limited amount of data. The registrar who sells it will have slightly richer data. We do not know, for example, whether someone is a business, what sector they are in, unless we go and try to have a look; however they might not even be using that domain quite yet. Therefore we do not have a very good sense. We have just commissioned a survey, so we are surveying some of those customers, so we will have some richer information because we do want to have some of that.

Tom Copley AM: Do you have projections or targets going forward? Obviously it is going to plateau off because there are a limited number of people, however do you have projections on that?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): We are not really making public statements about projections because it is very difficult to forecast. This is unprecedented - both city top-level domains, and so many new domains coming on to the market - and we still do not quite know how that is going to work with adoption. We are going to work to have it grow; we expect it to continue to grow, and for usage to grow. We are also mindful that we are in partnership with an Alternative Investment Market (AIM)-listed company and we need to respect the commerciality of our arrangements with them as well, so they have some duties about what projections they make as to the future.

John Biggs AM (Chairman): Sorry, this is becoming a double act, but in terms of marketing this and getting people to take it up, I would assume that you want to look at areas of success so that you could say, "Tom Copley Plumbers Ltd have done fantastically well because they use this domain name and the firm down the road went skint because they stole all their business". If you had a success story like that it would encourage other people to do it, which would suggest that you would be - everyone is nodding in agreement with this - and therefore you must be doing that sort of stuff otherwise you would not be doing a very good job.

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): We are talking to businesses that are using it, we have been using them in some PR activity. I think really at the moment it is about what they say they are doing and it is too early to have really clear results of their activity because people are still setting up domains and seeing how that works for them. However, yes, we absolutely expect to showcase success and there is success that is being showcased.

Kit Malthouse AM (Board Chairman, London & Partners): You may remember, Chair, that as part of the initial marketing, we did have a number of iconic large and small companies who were granted their domain early so we could then use them for publicity purposes: My Dot London. Meantime brewery [Meantime Brewing Company] produced a Dot London beer, a ceremonial bottle of which I have in my office. So we did do a lot of that, however I think the idea is to do more of it in the future.

Tom Copley AM: Was it a limited run of Meantime beer?

Kit Malthouse AM (Board Chairman, London & Partners): I think it was, yes, a limited run.

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): If you are very interested, we will see whether we can find a bottle or two.

Tom Copley AM: I don't think that's appropriate actually!

John Biggs AM (Chairman): You'll have to declare that for the rest of your life!

Tom Copley AM: I was going over to the next of the questions - unless anyone wants to come in now? This is more about the financing. How much have you spent on setting up and running the Dot London scheme?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): We have not spent any public funding setting up Dot London, which we think is a fantastic achievement. If you consider the infrastructure that is needed to run a registry - the learning, the policies, the legal framework - to achieve that we think is a great thing for London. We entered a commercial partnership, which we procured, and that has enabled us not to rely on public funds, both for the setup and the ongoing arrangements of Dot London.

Kit Malthouse AM (Board Chairman, London & Partners): We are effectively in for nothing, and in return for that our partners are spending the capital required on the marketing and all those kind of bits and pieces, and then we have an agreed return, a split on the income as it comes in.

Tom Copley AM: Can you say what percentage that split is, or is it confidential?

Kit Malthouse AM (Board Chairman, London & Partners): It is slightly complicated by the fact that our partner is an AIM-listed company, and therefore information like that I guess would be price-sensitive, which would mean I would have the Financial Conduct Authority --

John Biggs AM (Chairman): Why would it be price-sensitive?

Tom Copley AM: Yes, that is a good point.

John Biggs AM (Chairman): Yes, I mean if we simply said, for every Mars Bar we get 40%, you get 60%, then that is not particular price-sensitive if that is out there.

Gordon Innes (Chief Executive Officer, London & Partners): You would be able to assess from that the income that they are generating and as this is probably their largest domain within their business it would have a material impact in terms of their forecasts. They will obviously release that data to the market at certain times and you can deduce from that, but I would not want to get in ahead of that.

Kit Malthouse AM (Board Chairman, London & Partners): It will become clear in time as they produce their results, but I think we can say it is significant.

John Biggs AM (Chairman): "Significant" being more than a pound?

Kit Malthouse AM (Board Chairman, London & Partners): It is significant.

Tom Copley AM: Significant to them or presumably --

Kit Malthouse AM (Board Chairman, London & Partners): To us.

Gordon Innes (Chief Executive Officer, London & Partners): It is a very good arrangement for London and we have seen some similar arrangements with other cities and ours is a better arrangement for London than some other cities.

John Biggs AM (Chairman): Is it a six-figure annual sum or a seven-figure annual sum?

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): I have talked to Minds + Machines, we have a commercial contract and they would like us to respect the confidentiality of that contract.

John Biggs AM (Chairman): It could even be a one-figure [sum].

Kit Malthouse AM (Board Chairman, London & Partners): In the end though, the income that comes in will I guess become publicly available because Dot London is in a separate company that is owned by London & Partners and that will be filing its accounts in the normal way at Companies House. In time the income will become clear, but for the moment we cannot front-run the market by giving you that information I am afraid.

Tom Copley AM: For the number of sales and the income.

Kit Malthouse AM (Board Chairman, London & Partners): There might be somebody out there who is trading in Minds + Machines shares who is busy calculating away, but I am afraid we cannot go any further than that albeit there is a slight lag, I am afraid it will be jam tomorrow on this, we can tell you --

Tom Copley AM: A very roundabout way of finding out something.

John Biggs AM (Chairman): Let us forget our witnesses for a minute then, and so how much did you pay for your domains?

Tom Copley AM: I think it was £35 each, I think.

John Biggs AM (Chairman): £35 each and they sold 55,000 of them, so you will have to get the calculator out, Gareth [Bacon AM].

Gordon Innes (Chief Executive Officer, London & Partners): We can say that the gross sales are more than £2 million.

Tom Copley AM: The gross sales are more than £2 million? Excellent, I think that was one of the questions on the sheet. Can you tell us what profit you have made on those sales?

Gordon Innes (Chief Executive Officer, London & Partners): Again, that goes back to what the arrangement is and what the profit share split is, so that --

Tom Copley AM: You cannot tell me, just in your bit of Dot London, what profit you have made on it?

Gordon Innes (Chief Executive Officer, London & Partners): Apart from this, we have not been trading yet for a full year, therefore we do not have any profit at this stage because we do not have a full year of trading.

Tom Copley AM: Do you not have quarterly or projected [figures]?

Kit Malthouse AM (Board Chairman, London & Partners): Chairman: it is not that we are obviously withholding the figure. In time, we will be able to tell you: it is a timing issue for us. Once the year is done and our accounts are audited and our accounts are filed, we are more than happy to send you a copy, and then you will see exactly. Unfortunately, that means we cannot tell you today, just because we are in a price-sensitive situation.

Tom Copley AM: OK, can you tell us the wholesale price for each registration, or is this also --

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): Again, I discussed that with Minds + Machines, their view is that the wholesale price is confidential between the registry and the registrars. What I can give you is an indication of what a typical registrar mark-up might be, so you might assume a typical registrar mark-up to be around say 50% for example.

John Biggs AM (Chairman): OK.

Kit Malthouse AM (Board Chairman, London & Partners): Do not forget, there is a variety of prices on the domains.

Tom Copley AM: That is terribly unenlightening.

John Biggs AM (Chairman): You bought yours from a wholesaler?

Tom Copley AM: No, I bought mine from a reseller.

Alex Kinchin-Smith (Programme Director, Dot London Domains Ltd): We don't sell them.

Tom Copley AM: The reseller buys them wholesale and then they sell on to us [the customer], so I paid £35, I think each, from a reseller.

John Biggs AM (Chairman): They maybe got them for £18 or something.

Tom Copley AM: If there is a 50% mark-up then yes. If, I stress: if --

Kit Malthouse AM (Board Chairman, London & Partners): But it could be higher because of course TomCopley.London will be quite a premium name.

Tom Copley AM: How much was KitMalthouse.London?

Kit Malthouse AM (Board Chairman, London & Partners): Slightly less than that.

John Biggs AM (Chairman): OK, I would like to say we are a lot clearer now --

Tom Copley AM: We are not.

John Biggs AM (Chairman): -- but I think around the houses we are talking about a six-figure sum each year then, possibly, if you have been very astute, then a seven-figure sum. A high six-figure sum would be

reasonable; disappointing if it was less than that I would have thought. We are going to see a run on shares now having said that.

Kit Malthouse AM (Board Chairman, London & Partners): The return has to be seen especially in light of the fact that we are in for nothing. It is essentially a free hit for us.

Tom Copley AM: There is a final question, which I do not think will be covered by commercial confidentiality, which is how is the money going to be used, the profits?

Gordon Innes (Chief Executive Officer, London & Partners): The profits will be fed back into London & Partners for our promotional activities for the city.

Tom Copley AM: It is all going into London & Partners for promotion?

Gordon Innes (Chief Executive Officer, London & Partners): Yes.

John Biggs AM (Chairman): Any more questions from Members? That was the warm-up then, so we now want to talk to you about your business plan, of which this [the business plan document sent to the Sub-Committee] is a mere anecdote I think.¹ There are other bits of profit generation in London & Partners: TV channels apparently generate some revenue for you, is that right?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Not TV channels. We have a TV studio in our office, which is a legacy from Visit London when they used to run a TV channel: so we rent that TV studio out.

John Biggs AM (Chairman): OK, so we asked for your business plan and you sent us a few-page newsletter basically, I would call it, which tells us about some of the things you do. I do not want to be too rude, but I cannot help myself. I do not want to be too rude, but it is not exactly a business plan. Do you have an opening statement on why you cannot share any information with us?

Kit Malthouse AM (Board Chairman, London & Partners): Sorry about this, but it is again a timing issue, which is our business plan has yet to go through our own board of directors, it is yet to go through the Investment and Performance Board (IPB), and officers here, but as soon as those are done then we are I think happy to let you have it. We took a view that it would be wrong to give it to you now when it might be changed significantly, plus also that would be bypassing our standard and existing governance system.

John Biggs AM (Chairman): OK, we have a governance system as well, which is fundamental to our existence, which is the annual budget planning process and scrutiny. Next Wednesday is the first big meeting of that. It seems I think to all of us - this is not a party political issue - that for us not to have the business plan information about an organisation, which is almost a subsidiary of the Greater London Authority (GLA) in terms of the volume of funding that you receive from us, is pretty outrageous. We are being asked to endorse a budget at City Hall in which the Mayor is giving you millions of pounds each year and we are not clear about what it is being spent on. We have a general idea, but there is an opacity. So I put it to you that the kind thing for you to have done would have been to have at the very least a budget-planning process, which meant that you were able to publish it in advance of our annual budget meeting.

¹ The London & Partners Draft Summary Business Plan (2015-16) is attached at Appendix 2

Kit Malthouse AM (Board Chairman, London & Partners): To be fair, Chair, we are slightly at the mercy of City Hall timing in terms of when IPB wants to have a look at our budget and when officers are able to look at it. Andrew, what is the current timing on when we will be able to get the business plan out?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): It is going to our board on 18 February and IPB on 20 February.

Kit Malthouse AM (Board Chairman, London & Partners): All right, that is the schedule that we are on.

John Biggs AM (Chairman): Published before the final budget meeting?

Kit Malthouse AM (Board Chairman, London & Partners): It will be.

Gordon Innes (Chief Executive Officer, London & Partners): Chair, it is worth noting, we have asked City Hall if next year the decision-making process could be brought forward, which means that we would have a business plan to share with you during the sign-off period of the Mayor's budget.

John Biggs AM (Chairman): You are sort of passing the buck back to City Hall. You could presumably have given us some notional business-planning information about what would happen if you received last year's grant funding, what would happen if you received everything you bid for, presumably. Can we talk a bit about how you -- you could have done that. Why did you not do that?

Gordon Innes (Chief Executive Officer, London & Partners): Two things. As my Chairman said, firstly we have to go through our governance process, but the Board's sign-off is the key governance decision-maker. However, in addition to the Mayor's funding, we have other funders for our programmes, so we are also talking to them about their priorities and making sure they will continue to fund us next year in our business plan. There are a number of steps that we need to go through but we are very happy to try to answer any questions today that you have, or any concerns, or any points, and we will do our best to do so.

John Biggs AM (Chairman): OK. The overall budget of London & Partners is what?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): For this year, we are forecasting a budget of around £19 million.

John Biggs AM (Chairman): Last year it was £18.832 million I think, so it is of similar magnitude to last year, and the year before that it was £18.281 million.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Yes.

John Biggs AM (Chairman): Therefore it is in a sort of steady state.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Next year's will look very similar as well.

John Biggs AM (Chairman): OK. The apportionment of that is that roughly £16 million to £16.5 million of that comes from -- how much comes from City Hall?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Just under £12 million.

Kit Malthouse AM (Board Chairman, London & Partners): Just under £12 million.

John Biggs AM (Chairman): Just under £12 million, so you generate something like £6 million from other sources, subscriptions or --

Gordon Innes (Chief Executive Officer, London & Partners): The City Hall element has been slightly declining and the private element has been going up.

John Biggs AM (Chairman): OK. I remember from previous meetings that the optimism about the rate at which that would decline was a little bit unfounded, was it not, so it did not quite work out as planned. The things like the TV channels, which we all tuned into, but no one watched at the same time, I think. I am just being ironic at that point. However, can you tell us a bit about -- let us start at the beginning then, how was your business plan developed? Is it a steady state thing or how do you decide outcomes and how best to achieve them?

Gordon Innes (Chief Executive Officer, London & Partners): We have agreed a three-year strategy with the Mayor, which this is the second year of that three-year strategy, and that is published, it is on our website. The key elements of that are: delivering the maximum number of jobs and growth for the city now - so that is through attracting investors, businesses, students, visitors, into London - and then also focusing on a number of areas about London's international reputation, particularly around London's cultural assets; that is the main driver for visitors - but also London's reputation as a technology centre and London's reputation as a life sciences centre. This year's plan will be very much focused on those priorities, which are the second year of our three-year strategy.

John Biggs AM (Chairman): Some of these are the ghosts of the predecessor organisations, which you inherited when you were created out of London --

Gordon Innes (Chief Executive Officer, London & Partners): No, the strategy was developed by London & Partners last year and agreed with the Mayor last year.

John Biggs AM (Chairman): OK, so who sets the targets then? You have gone some way to answering this.

Gordon Innes (Chief Executive Officer, London & Partners): We agree, as part of the business-planning process, at IPB in February we will agree a set of key performance indicators (KPI) with City Hall, which relate to the GLA grant income, and those, the primary targets are around jobs and growth. We measure obviously jobs, jobs supported, jobs created, and then we measure growth in terms of additional gross value added brought into the economy.

John Biggs AM (Chairman): All right. Therefore we are in this slightly topsy-turvy position where you know roughly how much money you are going to get and, having found out what it is, and having agreed your budget, you then agree the targets later on?

Gordon Innes (Chief Executive Officer, London & Partners): It is an iterative process, but I can say, for this year, in exchange for the grant that we received, we are forecasting to support or attract just over 8,000 new jobs - sorry, that is two years, just over 7,000 jobs, that is right.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): And about £246 million of gross value added (GVA).

Gordon Innes (Chief Executive Officer, London & Partners): GVA, thank you.

John Biggs AM (Chairman): OK. I know we have been around the houses on this before, I am not criticising you on this, but in your sector of our economy there is what many people would see as a fairly novel way of calculating the value added, which is a delegation goes to China, a Chinese company agrees to invest, and you bank the scale of that investment as a return. No?

Gordon Innes (Chief Executive Officer, London & Partners): No, that is what some of our predecessor organisations did, and that is what some national Government organisations do. The methodology, which is published on the GLA Economics website, measures our additionality: so it is what would have not otherwise happened. Therefore, for example, when a visitor comes to London there are multiple reasons why they do so. If they use the Visit London website to inspire them to purchase things in London, we look at what the contribution was from that website, and it ranges from 8% to 12% depending on the visitor and where they came from. We simply bank our contribution to the additional value that has come into the economy.

John Biggs AM (Chairman): OK. If we look at what I call your newsletter, information about London & Partners current plans, which I think is published on the website and it is about the information for this meeting, if it is not it can be. Hopefully it can be, it can be in the public domain. You say in this document you sent us:

“This year we are on track to attract and support 7,186 jobs, contributing £246 million additional GVA, while inspiring more than 15,000 media articles worth £35 million. The return on the GLA grant is expected therefore to be 21:1.”

You are saying that is additionality; so you are saying those 7,186 jobs, contributing £246 million, would not have happened were it not for you? Or they are a microcosm of 78,000 jobs, which would have happened?

Gordon Innes (Chief Executive Officer, London & Partners): That is our contribution to the overall investment and visitors, etc, that came in.

John Biggs AM (Chairman): You have helped to create -- if we are talking about overseas investment or something, or we are talking about job creation in London, then however many hundreds of thousands of jobs have been created, and you are claiming that your work has --

Kit Malthouse AM (Board Chairman, London & Partners): A percentage.

John Biggs AM (Chairman): OK, and the methodology is on the GLA website.

Kit Malthouse AM (Board Chairman, London & Partners): Yes, and the same with the capital, so of the £246 million GVA that is a percentage of the overall capital, or the overall GVA of London that has happened over the previous 12 months.

Gordon Innes (Chief Executive Officer, London & Partners): It is worth noting, all of the claims are independently audited. They are done through survey work or they are done through GLA Economics, and they have also been recognised as best in class in terms of that methodology, so it is probably the most rigorous that I am aware of.

Kit Malthouse AM (Board Chairman, London & Partners): My understanding is, say for instance if an investor comes in and they invest a capital sum, they will be asked their estimate of the percentage of involvement of London & Partners, was it to get them over the line, was it 8%, 10%, 12%, and they are physically asked what the percentage is, and then we use that to calculate the contribution.

John Biggs AM (Chairman): What if it is negative?

Kit Malthouse AM (Board Chairman, London & Partners): Then we would knock it off.

John Biggs AM (Chairman): Do you? Have you ever done that?

Gordon Innes (Chief Executive Officer, London & Partners): If, for example, a company tells us they were coming to London anyway, even if we assist them and facilitate their arrival, we will not count that because they were coming anyway. Our contribution therefore is zero.

John Biggs AM (Chairman): OK. If other Members want to come in on this, this is fine, but I am happy to thunder away on this, if “thundering” is the right term. Your targets, how stretching are they and who stretches them for you? Yourself? The Mayor? The Mayor’s advisor, who just happens to be sitting there and is also your Chair?

Gordon Innes (Chief Executive Officer, London & Partners): No, they are stretched by IPB, but the targets have been increased every year since we were created, so we are being asked to do more for the same amount or less each year. Each year also we have managed to exceed those targets, so I think we are doing a very strong job for the city.

John Biggs AM (Chairman): OK, and of course we do all love you, Kit, however you are both a member of the IPB and the Chair of the Board, which is accountable to IPB for setting its targets. How do you reconcile that?

Kit Malthouse AM (Board Chairman, London & Partners): The same way everybody else does, I declare an interest and I guess I sit on the other side of the table in IPB. However, there are enough forensically-minded members on IPB that it is never an easy ride.

Roger Evans AM: I have just been thinking about the statement that you made that you ask the companies you are involved in what sort of a percentage contribution you guys made to getting them here. How do you do that? Is this a one-to-one interview or is it a form they fill in?

Gordon Innes (Chief Executive Officer, London & Partners): It varies depending on the audience, but in some cases there are forms, in some cases it is direct contact. The questionnaires are developed and drafted by economists and they have been signed off by the GLA Economics team here that they are robust and therefore they are not misleading or leading questions.

Roger Evans AM: Yes, that reminds me of my experience with customer satisfaction forms that the single best way of improving your response was to take them around and sit there while they filled them in, in front of you, rather than just sending them to them to complete them.

Gordon Innes (Chief Executive Officer, London & Partners): Again, I would have to defer to my economist, who unfortunately is not here today, but he manages the methodology. It is audited by GLA Economics; it has been found to be robust.

John Biggs AM (Chairman): OK, so let us take this year as an example. Your 2014/15 targets: how have you performed against those and were they too gentle on you?

Gordon Innes (Chief Executive Officer, London & Partners): 2014/15, the targets were higher than they have ever been in previous years. We are forecasting to meet or exceed all of our economic targets this year, so again it will be a very strong year in terms of performance.

John Biggs AM (Chairman): There is always a dilemma in the public world, or indeed in the private sector, where you set a target and you set it deliberately stretching in the knowledge you might not achieve it, and then everything is a failure if you do not.

Gordon Innes (Chief Executive Officer, London & Partners): There are two measures that are potentially quite useful then, one is the return on investment (ROI), so, as we said, on the grant alone the ROI is 21:1. That compares very favourably with a number of programmes funded through the London Enterprise Panel (LEP), some national Government marketing programmes, etc. The other one, if you look at it, is a cost-per-job figure, and again the cost-per-job figure, our cost-per-job figure this year will be just around £1,500 per job that we have supported or created. Again, that is a very low figure compared to other programmes that are funded through the public sector.

John Biggs AM (Chairman): You calculate that by looking at your entire budget and dividing that by the number of jobs created?

Gordon Innes (Chief Executive Officer, London & Partners): That is GLA grant only, so that does not take into account the private sector money, so it is the cost per job to the GLA by providing public funding for us.

John Biggs AM (Chairman): You have a unique methodology in London, yes? We have a nod from Mr Malthouse, for evaluating results.

Kit Malthouse AM (Board Chairman, London & Partners): I do not think there is anybody else who uses our --

Gordon Innes (Chief Executive Officer, London & Partners): We have had discussions with our national counterparts, who are increasingly adopting elements of our methodology, and recognised as best practice.

John Biggs AM (Chairman): Most of your national counterparts are public bodies, are they not, rather than companies, which was chosen in London? Let us move on to the question of transparency then. You are going to publish your business plan to the Assembly and to the wider world after 20 February. I think, for the record, this is the first time you have published the full business plan. Last year you published a summary.

Gordon Innes (Chief Executive Officer, London & Partners): We publish something every year on our website.

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): It was a summary of a longer document.

John Biggs AM (Chairman): We are going to get it all, warts and all, this year, yes?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): Although we have written a shorter business plan this year anyway. We are trying to be more concise and clearer in terms of describing what we are doing.

John Biggs AM (Chairman): I am sure myself and others will be looking forward to seeing that. The road towards transparency: the Mayor has ever so helpfully made a number of statements about wanting you to be translucent in future, and obviously you have the right to say, "No, thank you", but you might not get your grant if that happens, so you are happy with that. Can you tell us what discussion you have had with the GLA about improving transparency? We talked about aligning your sign-off with the Assembly scrutiny of the budget and you say that requires a conversation with City Hall, so maybe we should write to City Hall about that. However, transparency?

Kit Malthouse AM (Board Chairman, London & Partners): Yes, Chair, we have obviously discussed it internally at a Board level and then there have been discussions with the GLA. We are happy to provide more information. I would just though restate one principle, which is obviously London & Partners has a Board and it is the Board's responsibility to perform the governance function. They are people of standing and good reputation and all the rest of it and what we are anxious to do is obviously to try to preserve the private sector ethos of London & Partners because we think that is part of the reason that we are able to lever in quite significant resources from the private sector, but nevertheless try to balance that with the legitimate requirements of this building to be as transparent as possible.

Therefore, what we thought, from a position point of view, was we would publish the business plan, as we have said. We also think it would be sensible for us to publish quarterly progress against our KPIs - obviously that includes publishing the KPIs - and we will do that quarterly with a commentary explaining what, why, where. We would invite in future all Assembly Members to attend our annual general meeting (AGM), at which they can come and see the presentations that go to the members and ask questions in the same way. The Board have agreed to publish their declarations of interest on a standing basis. I think one of the requests was if we would respond positively to requests for information or to appear to the Assembly and in fact we already do. I do not think there is a request that has not been acceded to, to appear. In fact I think this is the first time I have been called as Chair of London & Partners. I was not called; you did not initially want me to come.

John Biggs AM (Chairman): You invited yourself I think.

Kit Malthouse AM (Board Chairman, London & Partners): I did invite myself because I was anxious to come.

John Biggs AM (Chairman): We said at least once, and you insisted.

Kit Malthouse AM (Board Chairman, London & Partners): At least once during my tenure, I was anxious to come. So, yes, we will respond positively; although I would just add the caveat about commercial confidentiality. We are obviously in a private sector arrangement in various aspects of our business and we have to respect the confidentiality. Unfortunately, this Assembly, as far as I am aware, does not have the option to go into closed session, which means that other commercially confidential matters, I do not know how they are dealt with. But in any event, so we are happy to be as positive as we can about information and of course to appear.

On remuneration, I know this has been a particular issue, we have a problem from a data protection point of view in that we would have to seek the permission of staff members to publish their individual remuneration and, again, the market in which we, I guess, fish for talent for the company is quite a sensitive one from a

remuneration point of view. Therefore what we suggest is that we publish salary bandings that will indicate what the overall level of salaries are, but without necessarily naming individuals, and people can surmise from that what they want.

Then on gifts and hospitality, I guess this is a governance question for the Board. Our view is that it is the Board's policy to police the gifts and hospitality register, albeit we are happy to publish the policy that we operate around gifts, hospitality, and indeed expenses: for who, what can be charged, and then we would hope that the monitoring and discipline of that regime would be left to the Board.

John Biggs AM (Chairman): OK. The current world climate is one pointing towards greater transparency, both in the private and the public sectors, so it would be curmudgeonly of me in the extreme not to welcome that and that is a very welcome set of commitments. They sound, on the face of it, to be consistent with what the Mayor has said he expects of you.

Kit Malthouse AM (Board Chairman, London & Partners): Thanks for that. We are trying, as I say, to strike a balance between two sets of people and organisations that have different cultures; the GLA and then our private sector members. The Board are happy that this strikes the right balance and I hope you and City Hall are too.

John Biggs AM (Chairman): OK, so I have a specific question about Freedom of Information (FOI) and obviously as a private organisation rather than a public body you are not FOI-able. However, it would be reasonable as a starting point from our side, I would have thought, for us to suggest that you could apply FOI-type principles to your transparency, given that you are effectively a public-sponsored organisation. How amenable would you be corporately to that?

Kit Malthouse AM (Board Chairman, London & Partners): As I say, we would be happy to respond to requests for information, with the caveat of commercial sensitivity. Obviously we want to look at them on a case-by-case basis and we will try not to disappoint too often. I guess if we cannot give the information that is requested we would have to give an explanation why and that broadly would be, the explanation would be the commercial confidentiality.

I am conscious that FOI also, on what is a relatively small organisation, can be a massive burden. The Metropolitan Police Service spends tens of millions of pounds on FOI that could otherwise be spent, much of which I am not sure ever makes it into the public domain. We think the balance of providing the information that you want, subject to that caveat, will hopefully get us there. If in a year's time, or two or three years' time, people are not happy, then whoever is Mayor then will obviously be able to review it.

John Biggs AM (Chairman): There is a cultural issue about the way an organisation positions itself and the way in which it sees itself and when you started off a deliberate decision was made that London & Partners should be a private-sector organisation. The argument was deployed that, by being a private-sector organisation, you could be a lot more effective by working with business organisations who were not used to this idea of transparency or whatever. It is interesting that there are other parts of City Hall who deal with the private sector, land owners and so on, in negotiations, and they seem to manage quite well as public-sector organisations who are relatively more transparent, although they do redact and hold confidential information. Do you still hold to that ideological position that existed at the time of your foundation?

Kit Malthouse AM (Board Chairman, London & Partners): I do. I think that when I look at the various organisations in which I am involved, it is definitely the case that London & Partners is more nimble say for instance than the LEP, where there is also a private-sector involvement, but there is a very strong public-sector

dominance. I also think we have a very, very high-quality Board at London & Partners who would not necessarily participate in the way they do for free if it was just a department of the GLA.

Sorry, Gordon, I interrupted you.

John Biggs AM (Chairman): Yes, Gordon Innes was going to give us the correct answer. Mr Innes.

Gordon Innes (Chief Executive Officer, London & Partners): It was just to say, it is not so much ideological, I think it is just practical. When we are running, for example, a marketing campaign to attract tourists, we bring in large commercial partners who bring in media partners, some of them we strike very good deals with. They have indicated to us that they would not necessarily want that to be known because that is a negotiating position and they are doing similar things in other parts of the world. I think that it would make it more difficult to us to lever in the sort of private money that we are leveraging in, and we have a target of getting our private income up to £12 million by 2017. That is something we have publicly stated, so that is a priority, because it allows us to do more for London with less call on the taxpayer.

John Biggs AM (Chairman): OK, so this is all moderately welcome, I must say, moderately welcome. It is a step towards the light and I am very grateful for that. Elsewhere in City Hall I think, through my rapporteurship, among other things, has been looking at transparency, and I think there is an interest in doing a second wave of that to look at organisations funded by the GLA. Just, if I can venture an opinion, it would be that, yes, we have been moving towards greater transparency, it may be that people in the fullness of time will say transparency is not all it is cut out to be, but I suppose my starting point as a democratically-elected politician is that transparency is by and large a good thing.

Say your commercial ventures were massively successful and you only need 2% of your funding from City Hall, would you see that as a green light to becoming less transparent?

Gordon Innes (Chief Executive Officer, London & Partners): There are two answers to that. Firstly we are trying to reduce the call on City Hall as far as possible and so we are trying to raise as much private money as we can, not least because we are relatively small within a very large economy. If you look at our sister cities in other countries, and cities around the world, they have much more significant budgets than we do. We are trying to grow our income; we are trying to reduce the call on the taxpayer. However, I think while we are delivering a public service remit, which is jobs and growth back into the city on a not-for-profit basis, then we have certain responsibilities that come with that.

John Biggs AM (Chairman): OK.

Kit Malthouse AM (Board Chairman, London & Partners): I think that would have to be a question for a future Mayor. Obviously there will be a future negotiation if we reached the situation where City Hall was in the minority. From our point of view, what we hope is that the transparency arrangements that we want to put in place over the next two or three weeks will get us that far, and after 2016 who knows.

John Biggs AM (Chairman): It is interesting that the two witnesses we invited have barely spoken in this meeting, but I guess I was interested to know then -- It seems to me that, above and beyond the financial question, there is a public purpose question about transparency, which is you are there not just to churn £20 notes, or whatever it is, or credit card chits, but to pursue a public purpose about attracting jobs in London, for example, about which there is a genuine and proper public interest. Obviously I think you are going to be cross-examined elsewhere about various inward investment issues, including one that was fairly topical recently. At those meetings perhaps you can account for the role you have played in those things. However,

clearly, there is a public purpose issue as well, so even if 0% of your funding was from the public sector you still have a very important public-facing role in terms of attracting jobs for London. We would not, for example, expect London & Partners to be promoting business investment in Birmingham or in another country; it would tend to be focused on London.

Kit Malthouse AM (Board Chairman, London & Partners): You say that, Chair, but if you look at, for instance, our tourism, and our --

John Biggs AM (Chairman): So you are traitors, is this what --

Kit Malthouse AM (Board Chairman, London & Partners): No, no, if you look at our tourism figures, we have been very keen to do more partnering with other parts of the United Kingdom (UK). For instance, we think our offering in London as a tourist destination is strengthened by advertising opportunities outside of London for people to go and enjoy themselves. Therefore, we have had a joint venture with Visit Wales, advertising in the States to come to London and then go to rural Wales and see a castle and, "Is it not beautiful to see the Pembrokeshire coast?" which has had a great response. In fact, we would be very keen to partner with other parts of the country on that and on foreign direct investment too, because there are obviously functions that somebody locating in the UK may want to do in central London, but other functions, which they might want to do elsewhere. We see that of course with financial services where you get a headquarters here but a back office in Bournemouth or in Birmingham. The next phase for London & Partners, if we are looking forward, might be to build many more of those regional alliances so that we can offer a much more entire product to tourists and investors coming in.

John Biggs AM (Chairman): Including Hampshire presumably.

Kit Malthouse AM (Board Chairman, London & Partners): Hampshire, Uxbridge, who knows.

John Biggs AM (Chairman): Uxbridge is still part of London. OK, are there other questions from Members? I seem to have done all the talking, which is usual, my customary role. Therefore, in terms of tidying up then, looking forward to your business plan, very pleased with your progress towards the light, are you going to write to us or publish your statement on transparency and openness as you detailed?

Kit Malthouse AM (Board Chairman, London & Partners): Andrew, when do you think we can get it up on the website?

Andrew Cooke (Chief Operating Officer and Deputy Chief Executive, London & Partners): We just need confirmation from the Board, so in the next week or two we should be able to.

Kit Malthouse AM (Board Chairman, London & Partners): Fine, so we will get it up on our website in the next couple of weeks. Hopefully, I guess, if we could set a deadline of having it all up by the budget day, which is 23 February, is it? 26 February.² Therefore the business plan is published and all the transparency stuff goes up at the same time. Would that be OK?

John Biggs AM (Chairman): That is your opening offer and we will come back to you.

Kit Malthouse AM (Board Chairman, London & Partners): If we can get it up faster we will, but there is a little bit of work required into --

² The Annual Budget Meeting of the London Assembly will take place during Mayor's Question Time on 23 February.

John Biggs AM (Chairman): OK. I am very grateful for your attendance today, mob-handed as we said, and particularly for the contribution of Mr [Alex] Kinchin-Smith [Programme Director, Dot London Domains Ltd] and Mr [Andrew] Cooke [Chief Operating Officer and Deputy Chief Executive, London & Partners], who were the benign powers behind the presentation from Mr [Gordon] Innes [Chief Executive Officer, London & Partners] and Mr [Kit] Malthouse [AM, Board Chairman, London & Partners] I think.

Are there any other questions from any other Members? OK. Therefore, thanks very much, and you will be hearing from us. Thank you.