

## London Assembly (Plenary) Meeting – 2 November 2016

### Transcript of Agenda Item 3: Question and Answer Session – London & Partners

**Tony Arbour AM (Chairman):** The first question is from Assembly Member Bailey on how you measure the effectiveness of London & Partners.

#### 2016/4029 - Effectiveness of London & Partners

Shaun Bailey AM

*How do you measure the effectiveness of London & Partners?*

**Shaun Bailey AM:** Good morning, Deputy Mayor. Good morning, Mr Cooke. It is good to see you here, Deputy Mayor. It is great to see you.

Your headline figures are impressive and they make nice reading, but how could you convince the Mayor and the Assembly that you have had any effect on those figures? Would it not be fair to suggest that London is, in and of itself, very attractive without the activities of London & Partners?

**Tony Arbour AM (Chairman):** I guess you have a prepared answer for the tabled question. Perhaps you would deal with that first and then deal with Assembly Member Bailey's question.

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** First of all, one of the first questions when I started in this role was, "How do you actually measure the effectiveness of London & Partners?" That is a very obvious question.

London & Partners has a remit to promote London, to deliver economic growth and to create jobs for London. It does this through attracting visitors, business, investments, events and students to the capital. We measured how well it does this by how many jobs its activity delivers for London and how much economic value it adds to the city. It is called "gross value added" (GVA). This is a robust measure of economic wellbeing and the wealth retained and generated within the city.

Both of these measures have been developed with GLA Economics with a view to continually improving the performance of London & Partners and the return on investment for the grant. These measures are both independently audited and are conservative in their approach. However, it is important to point out that while these current measures are robust, as part of the London & Partners review, we are looking into whether there are any other areas where methodologies can be improved. If we find this to be the case, we will ensure these are implemented to ensure the promotion of London leads to the most economic benefits to Londoners.

Andrew will talk you through the results against these measures, as well as other measures of London & Partners' effectiveness.

**Andrew Cooke (Acting Chief Executive, London & Partners):** Thanks, Rajesh. Just focusing on jobs and GVA first as those key measures, as I mentioned in the opening statement, we have created or supported almost 38,000 jobs coming to London. These can be broken into jobs created by Foreign Direct Investment (FDI), where we count the numbers of jobs that those companies say that they will create in their first year and we then verify those numbers and to date that is 24,000 jobs over the last five years, and then one-third of the jobs come from our work in attracting international visitors, students and events to London. In this instance, it is only the additional impact that is counted. We are looking at the spend that those companies bring into London and then the potential impact in terms of jobs created. As I said, over the five years, 24,000 jobs were created from FDI and another 14,000 jobs were supported from our activity in simply promoting London as a destination for tourism and students.

In terms of GVA, we measure our additional economic impact. That is defined as the extra benefits that result from our intervention compared to what would happen without us. Our claims are very conservative, exclude other influencing factors and take account of economic activity and the over-optimism of those we have surveyed. We measure GVA for leisure tourists, business delegates, major event-goers and FDI companies. Those figures over the last five years, as I said, have added up to £1.2 billion of additional GVA to the economy. We believe those models are best in class and are conservative in measuring the additional added value of our work.

As well as the measures that Rajesh [Agrawal] has talked about, we also report on other measures as part of our commitment to continually analyse and improve our effectiveness. In our work promoting London, we track the advertising value equivalent (AVE) of the media coverage that we create to promote London. To date, that is £500 million for instances that we are aware of. An example would be the "London is Open" campaign, where we have tracked 1,300 articles that have been in the press as a direct result of our work on that campaign. This level of exposure would otherwise have cost around £16 million.

As I mentioned previously, over the last five years we have improved our return on investment from 13:1 to 18:1 in the last year, meaning that for every £1 of funding we now deliver an additional £18 of economic benefit back to London.

We have continued to make efficiency savings over the years. We immediately made £2 million of operational savings when London & Partners was founded and we have made discretionary operational overhead savings of a further 9% in the first two years of our operation.

We have also increased our ability to raise non-grant income by leveraging our private sector --

**Shaun Bailey AM:** Mr Cooke, thank you for that because I can probably read most of that in your annual report. Let us take your students, for instance. All London universities that have international students will do the work to attract international students. What I am particularly interested in is what London & Partners adds to that.

There are two points to that. How robust is your analysis? Please, do not walk me through the methodology. I will look at that later. I just give that to you as something to think about.

What is it you do? What is separate? Why would we encourage the Mayor or the Mayor be mindful of keeping your budget as it is or maybe even increasing it? If you are as effective as you say, what is it that is done that would disappear if you disappeared?

**Andrew Cooke (Acting Chief Executive, London & Partners):** We are living in a globally competitive market. If we take, for instance, our FDI activity, you may say that businesses would come to London without our investment. As I said, we track their level of investment that comes in. We ask the companies whether we made a difference to their decision to come in and so --

**Tony Arbour AM (Chairman):** Forgive me. Was the question about universities --

**Shaun Bailey AM:** Students, yes.

**Tony Arbour AM (Chairman):** -- and not business *per se*?

**Andrew Cooke (Acting Chief Executive, London & Partners):** In terms of students, a number of universities do international marketing campaigns. We augment this by promoting London as a study destination and supporting promotional campaigns in key markets, but it is actually quite a small number of the leading universities. The majority of leading universities do not do many international marketing campaigns and so we are their marketing arm in that respect. We have a very effective means of doing that through our website StudyLondon.ac.uk, which promotes all of London's universities and promotes the attractiveness of studying in London.

We are able to track the referrals that we are able to make that come through that website that then go to the universities and result in additional students coming to London. Therefore, we have a clear line of sight in terms of our effectiveness in that area. To date, we have attracted an additional 2,500 students to London, supporting another 1,443 additional jobs and adding £153 million to the London economy.

**Shaun Bailey AM:** Just to slightly change tack, let us talk about your commercial viability. You say that you are approaching with the grant you get. Where do those funds come from and do they include income from the .london domain?

**Andrew Cooke (Acting Chief Executive, London & Partners):** From which domain, sorry?

**Shaun Bailey AM:** The Mayor, when you were set up, gives you the revenues from the website. Is that part of how you consider yourselves to be approaching parity with your funding?

**Andrew Cooke (Acting Chief Executive, London & Partners):** Funding comes from a variety of sources. We run partnership schemes for tourism and FDI partners.

We generate income through digital channels and through our own website, VisitLondon.com. You are correct in terms of the Mayor giving us the opportunity to set up the .london domain, which has been successful and is generating income for us.

We also generate a lot of benefits-in-kind and value-in-kind from the private sector. They support us in our international activities and promotional campaigns. For instance, British Airways and Hilton supported our last tourism campaign with both cash and in-kind support.

The Mayor's International Business Programme, which we have recently set up, is funded by EU funds. We have European Regional Development Fund (ERDF) funding for that, which is then matched by private sector contributions. We have five private sector funders supporting that. We are trying to be innovative and creative in terms of leveraging the GLA grant but also finding other funding support from other sectors.

**Shaun Bailey AM:** Just to take an entirely different tack, your current setup effectively means you are a private company and you do not offer the Assembly or the Mayor the same level of transparency that a public body would. Is there an argument for bringing your services in-house so that we or the Mayor could have complete control of that? I put that question to both of you.

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** As you may be aware, London & Partners took some measures last year at the Assembly's request to become more transparent, which Andrew will talk about in a minute. I want to continue to support and in any way assist any request that the Assembly has with regards to transparency, which is quite important. For example, as the Chair I will ensure that the Assembly is invited to attend all of the annual general meetings (AGMs) of London & Partners. There are benefits of London & Partners' status. It was set up deliberately in this way to enable it to develop commercial partnerships and conduct business activities to augment its public grant.

**Andrew Cooke (Acting Chief Executive, London & Partners):** Just to expand on that in terms of the measures we have taken to ensure we are transparent, we now publish our key company policies including procurement, gifts and hospitality, travel and expenses and remuneration, as well as declarations of interest of board members. We continue to publish our annual business plans and annual reports and, in addition, now publish quarterly updates showing delivery against our key economic performance indicators.

We share our business plan in draft to enable the Assembly to review how we plan to spend our grant as part of its scrutiny of the Mayor's budget. We changed the timing of when we were developing our business plan to allow that to happen over the last couple of years. As Rajesh said, we invite Assembly Members to attend our AGM and we continue to respond positively to requests from the Assembly about how we spend public grant. In addition, the GLA has the right to deploy internal auditors to access the records of London & Partners to review our grant expenditure if necessary.

We believe these arrangements allow the company to provide full relevant information about value for money whilst protecting the board oversight and governance arrangements and commercial information, which will enable us to be more effective and efficient.

**Shaun Bailey AM:** When you say "protecting ... commercial information", is there anything that you believe the Assembly or the Mayor should not be privy to, considering that it is your biggest source of income and it is public money? What are you protecting yourself from?

**Andrew Cooke (Acting Chief Executive, London & Partners):** Not all of our funding is public money, as we have just talked about. In terms of discussions with commercial partners around arrangements for how they are going to support us, some of that needs to be kept commercially confidential--

**Shaun Bailey AM:** We are not a competitor to any of your partnerships, I would imagine. What would be the impact? Obviously, this is public money. We and the Mayor would be over a barrel if something had, let us say, gone awry. Why would we leave ourselves exposed in that manner if there is some level of information that we cannot access?

**Andrew Cooke (Acting Chief Executive, London & Partners):** The Mayor agreed in terms of the creation of London & Partners with the governance structure that we have, which is a board chaired by the Deputy Mayor. Therefore, I think the Mayor feels he has sufficient oversight in terms of our activities.

**Shaun Bailey AM:** To Rajesh, it sounded from your overall comments, that the Mayor feels very positive about London & Partners. I do not know how far you agree with his view or how you feel, but do you feel there is scope for an increase in its budget?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** We are conducting a review right now as we speak. The findings of that review will come out within the next two to three weeks and we will share that with the Assembly. That is one of the things we are looking at.

**Shaun Bailey AM:** It is a possibility? It certainly has not been ruled out?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** It is all part of the review.

**Shaun Bailey AM:** Thank you.

**Tony Arbour AM (Chairman):** Assembly Member Desai.

**Unmesh Desai AM:** My questions are to you, Mr Cooke. Good morning.

First, you talked of the highlights of your work and you have given us some statistics, but I really want to ask you about the specific challenges – apart from Brexit – that London & Partners face in the coming years. I know you have been asked questions about student numbers and you have touched on the area of tourism, but I want to be much more specific on specific challenges. If you could be brief as well, my time is limited and I do have a couple of other questions should you not pick them up in your answer.

**Andrew Cooke (Acting Chief Executive, London & Partners):** In terms of challenges for business, the major challenge we have is London being perceived as an expensive location to do business. Part of that is showcasing the whole of London and showcasing opportunities for companies to set up in less costly areas than the central district.

In terms of tourism, then, part of the issue is the scale of our activities. We are limited to promoting only in certain markets because of our prioritisation of funding. If we were able to do more, we would be able to attract more visitors. In terms of barriers that tourists raise, again, cost is the main one and then looking to go to other locations. It is making the case for why they should come to London, why they should come to London now and that it is great value for money. Clearly, the currency is helping us in that area at the moment.

**Unmesh Desai AM:** Can I touch on something much nearer home? Broadband is a particular issue in my constituency, City and East London, the access to broadband and the speed of broadband. Has this been an issue for you when it comes to attracting businesses to London? Given all of the various technological changes and advances all the time, how will you ensure that London is ahead of the curve in order to attract investment here?

**Andrew Cooke (Acting Chief Executive, London & Partners):** Yes, it has been raised as an issue both by businesses and also by tourists. We are not responsible for the broadband policy and that is more of a GLA initiative, but we have been talking to infrastructure providers as well. Occasionally we can support investors in talking to those providers in terms of them getting access to broadband.

It is something that we are looking at particularly from a tourism perspective as well in terms of access to information and better broadband access so that tourists do not have to rely on their roaming charges and can easily find their way around the city.

**Unmesh Desai AM:** Thank you.

**Tony Arbour AM (Chairman):** Assembly Member Bacon.

**Gareth Bacon AM:** I have a question for you, Mr Cooke. In response to the questions from my colleague, Assembly Member Bailey, you implied that because the Mayor had somebody sitting on the board, there was sufficient scrutiny from your primary funder. The Mayor's budget, of course, has to be approved by the London Assembly and implicit in my understanding of your answer was that you were not prepared to be more transparent with the Assembly. Did I understand you correctly?

**Andrew Cooke (Acting Chief Executive, London & Partners):** What I said was that we had actually moved the timing of our business planning process to allow a draft budget to be included within the Mayor's budget to come to the Assembly before it is signed off by the board.

**Gareth Bacon AM:** It is not so much the budgetary figures; it is what you do with it. The Assembly has, ever since London & Partners was officially created under the previous administration, made the point repeatedly that London & Partners is not sufficiently transparent considering that your main funder is a public sector organisation. What you said in your answer seemed to be that you are going to go "steady as she goes". Is that right?

**Andrew Cooke (Acting Chief Executive, London & Partners):** Sorry, I did not quite --

**Gareth Bacon AM:** You are going to maintain exactly the same approach that you have done ever since you were founded?

**Andrew Cooke (Acting Chief Executive, London & Partners):** We have changed our policy on transparency in terms of becoming more transparent. We have changed, as I said, our business planning timeline to give the Assembly not just a budget but a draft business plan to review ahead of the GLA signing that off. We are trying to be accommodating to those requests.

**Gareth Bacon AM:** There is no Assembly Member on your board. There are no plans to change that. Is that right?

**Andrew Cooke (Acting Chief Executive, London & Partners):** There are no plans to change our board currently.

**Gareth Bacon AM:** If I am sitting here as a custodian of public finance, why would I approve your budget despite the fact that I have no oversight on how you spend the money and I have no real input into how you put your budget together? I can see it in advance, but I have no input into it. Why would I be willing to go along with that?

**Andrew Cooke (Acting Chief Executive, London & Partners):** The decision to move the timing of our business plan was to allow the Assembly to comment on that draft budget and to have some input into it before the Mayor approved it.

**Gareth Bacon AM:** The trouble with that is that the Assembly will not be able to make any sensible comment unless we have an understanding of the thinking that goes into your proposals. By refusing to allow the Assembly appropriate scrutiny of it, you are harming your own case. You have a good case to make. If you can draw a direct line of cause and effect between what you do and the £1 billion of GVA that you are claiming, then you would probably find Assembly Members becoming advocates for you. By denying them the opportunity to look into it in more detail, you are harming your own case. Is that something that I can plead with you to take away and think about?

**Andrew Cooke (Acting Chief Executive, London & Partners):** Yes --

**Gareth Bacon AM:** Perhaps you, Deputy Mayor, as well might want to consider that as part of your review.

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Yes, no objection to that.

**Gareth Bacon AM:** Thank you.

**Tony Arbour AM (Chairman):** Assembly Member Devenish.

**Tony Devenish AM:** I was going to make pretty much the same comment as my colleague. I will be blunt, Mr Deputy Mayor. You are accountable for £11 million of taxpayers' money. All we want is transparency. If the media are listening, they expect Members of Parliament (MPs) to declare a Kit-Kat. We are talking about £11 million of public money. Can we have full transparency, please, for this Assembly?

It is wasting our time coming here otherwise. Mr Cooke sits there, coming up with these answers, which are just completely unclear. As Gareth [Bacon AM] says, he may have a very strong case. I have no idea at all. We are wasting our time.

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** There are benefits to London & Partners' status. I continue to support and assist in any way any request from the Assembly with regards to transparency. There have been some changes made last year as well by London & Partners. I would like to invite you and all Assembly Members - the invitations will go out shortly if they have not already - to the AGM. That is a good starting point.

However, there are benefits to London & Partners' status. It was deliberately set up in a way so that it is nimble and to enable it to develop commercial partnerships and conduct business activities to augment the public grant so that the public grant money is then further increased by the commercial partnerships it does, which is a big benefit because of its status.

**Tony Devenish AM:** You are a businessman, Mr Deputy Mayor. You are expected to publish accounts. All I want is the £11 million of taxpayers' money broken down and published in full. If you get money from other sources, in my personal opinion, it is fine, but it is taxpayers' money.

Can you also confirm you will go away and consider publishing those figures in full? Also, can you answer whether or not you are going to publish the minutes of these meetings? I have never been to a meeting in my few months in the Assembly where I have felt I am wasting my time, but this document that was published last year is the least transparent document I have ever read in the public sector. It tells me absolutely nothing.

I am not trying to be aggressive. I just want some information because we are here. It says what we are here to do on the back panel, Mr Deputy Mayor. We cannot scrutinise this. We do not have the information.

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Like I said, we will continue to take any suggestions and we will try to improve the transparency, but you have to appreciate the current status and why it was set up by the previous administration--

**Tony Devenish AM:** You can change that. You are in charge now, Mr Deputy Mayor.

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Like I said, that has its own benefits that it brings with the commercial partnerships, which is extremely important and tops up any public money that is given to London & Partners anyway.

**Tony Devenish AM:** Could you consider what we have been saying and write back to my leader and the rest of the Assembly? We are not trying to be aggressive against the organisation. There is just a complete lack of transparency.

**Tony Arbour AM (Chairman):** Assembly Member Shah.

**Navin Shah AM:** With regards to the recent review of funding arrangements, how well do you believe that London & Partners is funded compared to other cities' promotional agencies? Do you think London & Partners is being transparent enough in how it spends the income?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** It is not just about the levels of funding. Of course, we do look at other cities, etc, but it is not just about the level of funding. It is about how that funding is utilised. This is why we are doing this review: to look very closely at the money that is already given and whether or not it is utilised properly and how to make it more effective. That is the main purpose of the review.

Obviously, other global cities get different levels of funding, but it is more important to look at the return on investment that we are getting from the money that is already given to London & Partners. That is quite important.

**Navin Shah AM:** Can you answer or can Andrew come in to say how you compare in terms of funding with other cities in Europe or other cities like New York?

**Andrew Cooke (Acting Chief Executive, London & Partners):** Yes, I can. Deloitte did a study a year or so ago comparing London's promotional activity with other cities. That study identified that Paris and New York certainly had significant additional funding to us in terms of tourism promotion: around £22 million for New York and £30 million for Paris. Berlin had significantly higher funding for business activity. That was around £40 million for business activity and so significantly more than us.

It is difficult to make comparisons because different agencies do different things. Certainly that report identified that London's promotion was subscale and that is why we have been looking to leverage additional funds to increase the impact that we are able to have.



**Navin Shah AM:** From your own experience and knowledge of how you have performed, are you able to tell us how you measure or how you perform in comparison with other world cities like New York, Singapore and Berlin?

**Andrew Cooke (Acting Chief Executive, London & Partners):** It is difficult to make direct comparisons because different cities use different metrics, as we have already talked about. We think our metrics are best in class and are more robust than other cities' and so it is difficult to compare, as I said, those metrics. Different cities are tasked with doing different things and their objectives are not always aligned. Different cities have different makeups in terms of how their promotional bodies are funded. It is not easy, as I said to make direct comparisons. That was one of the things that Deloitte was tasked with looking at and was somewhat inconclusive in that area.

**Navin Shah AM:** If I can come in with my last supplementary, you heard there strong criticism about the transparency and accountability of the organisation. This was picked up in 2013 - three years ago - by the Oversight Committee here at the Assembly, when it was concerned about this very aspect.

The Deputy Mayor has indicated the new review is due to be published in a couple of weeks' time. Can you make sure or have you taken on board what the organisation is doing about transparency, which is very much lacking from what you have heard? We are genuinely and seriously concerned if this organisation is to go forward. Will that be covered in the review?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** We are looking at all sorts of things in the review. One of the things, just as an example, was not obligatory but London & Partners has done a gender pay audit, which was published. It was not obliged to but it is all moving in that direction.

**Navin Shah AM:** Thank you, Chairman.

**Andrew Boff AM:** Mr Agrawal, will you publish the minutes of all London & Partners meetings?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Because it has a lot of commercial partnerships, which are sensitive to the commercial partners, it would not be possible. We believe --

**Andrew Boff AM:** That is "no"?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** To publish all the minutes of London & Partners would not be possible.

**Andrew Boff AM:** No, you will not publish the minutes of --

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Because there are commercial partners and --

**Andrew Boff AM:** It is a "no", is it not? You will not publish those minutes of London & Partners meetings?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** It is the commercial partners --

**Andrew Boff AM:** It is a “no”, is it not? You are telling me, “No, I will not publish all the minutes for London & Partners meetings”. Is that correct?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Like I said, it is commercial partnership money in addition to the public money --

**Tony Arbour AM (Chairman):** No, Mr Deputy Mayor, it is quite simple. Do you say, no, you will not publish the minutes of all the meetings?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** No, it will not be possible.

**Andrew Boff AM:** Thank you. That is a “no”. That is superb. Will you allow an Assembly Member to sit on the board of London & Partners?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** There are certain rules around what is possible and what is not. It is something that is a suggestion and we will take it on board and consider it.

**Andrew Cooke (Acting Chief Executive, London & Partners):** Our governance structure is: the Mayor appoints two directors to the board, the Chair and one other director, and there are eight non-executive directors who are appointed by the Nominations Committee and recommended by the Nominations Committee. There is a transparent process in terms of advertising those roles. They are up for renewal and so Assembly Members could certainly apply.

**Andrew Boff AM:** That is also a “no”? You will not allow a Member of the Assembly to sit on the board of London & Partners just in a non-voting capacity. You are not going to allow that. Is that correct?

**Andrew Cooke (Acting Chief Executive, London & Partners):** As I said, there is a --

**Andrew Boff AM:** That is a “no”?

**Andrew Cooke (Acting Chief Executive, London & Partners):** We can take it away to the Nominations Committee to consider.

**Andrew Boff AM:** You are not--

**Andrew Cooke (Acting Chief Executive, London & Partners):** It is not a “no”, but I will not make that decision. It is not my decision to make.

**Andrew Boff AM:** Mr Agrawal, you are the Chair of London & Partners. Is that correct?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Correct, and I am representing the Mayor --

**Andrew Boff AM:** No, do you run London & Partners or do they run you?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** I do not run London & Partners on a day-to-day basis because that is the job of the Chief Executive Officer (CEO) of London & Partners, which currently Andrew [Cooke] is acting as. I chair London & Partners and I sit on the board to make sure that the London & Partners objectives are in line with the mayoral priorities and in the interests of London.

**Andrew Boff AM:** You have some kind of influence on London & Partners? You do not sit there and listen? You have some say?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Of course. I represent the Mayor on the board to make sure that it is actually --

**Andrew Boff AM:** Will you, therefore, recommend to the board of London & Partners that an Assembly Member should be able to attend London & Partners meetings in a non-voting capacity?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** As the governance structure exists right now, the Mayor can appoint two members of the board, one being the Chair, who is me --

**Andrew Boff AM:** That is full members. I am talking about a non-voting capacity. Will you personally recommend to the board that they should allow the appointment of an Assembly Member to sit on the board in a non-voting capacity? Will you do that or will you not?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** It is something that I can definitely consider as a suggestion, but then I will have to --

**Andrew Boff AM:** How long will it take you to consider that, Mr Agrawal?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** It will have to come, like I said, to the Mayor --

**Andrew Boff AM:** I am asking you about your opinions, not anybody else's. Will you personally recommend that an Assembly Member should be able to sit on the board in a non-voting capacity?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** I cannot give my personal opinions here. What I can say is basically I am representing the Mayor's --

**Andrew Boff AM:** Why are you here, Mr Agrawal, if you cannot --

**Tony Arbour AM (Chairman):** Mr Deputy Mayor, that is why you are here. That is why you have been asked to come before us.

**Andrew Boff AM:** I do not want you just to be bound by your briefing notes in front of you. I want to know what you, as a Deputy Mayor, in a very influential position, are going to recommend to your board. As far as I can see, you are not going to recommend that an Assembly Member should sit on the board in a non-voting capacity.

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** With the board as it stands right now, there are a certain number of board members that exist on the board already. The way the

board members are recruited is through an open competition and then anybody and everybody can apply for it and the board will consider those names.

**Andrew Boff AM:** Mr Agrawal, thank you for acquainting me with all the rules and regulations. I did not want those. I wanted your opinion and what you are going to do. It is apparent that you are not going to open up London & Partners to the kind of scrutiny that this Assembly expects of any associated body that is funded by the taxpayer. Thank you very much.

**Tony Arbour AM (Chairman):** Assembly Member Bailey?

**Shaun Bailey AM:** Just to slightly change tack here, if London & Partners were to receive any extra funding or any extra funding that you raise yourselves through your commercial activities, what would you do with that?

**Andrew Cooke (Acting Chief Executive, London & Partners):** There are probably three key areas that we would focus additional funding on. One is retaining FDI in London over the next two years in the run-up to Brexit. It is a very uncertain time when we know that companies are considering leaving London and so we would augment our resources in that area to target 500 of the key companies in London --

**Shaun Bailey AM:** What is number two?

**Andrew Cooke (Acting Chief Executive, London & Partners):** Number two is doing more around our trade promotion activities. We launched the Mayor's International Business Programme last year, which has 150 companies on it. We took a trade mission to the United States (US) a few weeks ago with the Mayor, which generated £7 million of sales from those companies. We can scale up that programme significantly with additional funding.

**Shaun Bailey AM:** Number three?

**Andrew Cooke (Acting Chief Executive, London & Partners):** The third would be a greater focus on tourism. We developed a new tourism strategy for London. At the moment our funding allows us to do marketing in only about three key markets. We would look to extend that marketing activity to focus on the fastest growing markets, which are China and the Middle East.

**Shaun Bailey AM:** Can I ask you if you would recommend to the board that a Member of the London Assembly be on the board with no voting rights to be part of the scrutiny?

**Andrew Cooke (Acting Chief Executive, London & Partners):** That is a decision for the board and --

**Shaun Bailey AM:** I know that. I asked you if you would recommend it.

**Andrew Cooke (Acting Chief Executive, London & Partners):** We are now pretty transparent in terms of how we (Overspeaking)

**Shaun Bailey AM:** I will just interrupt you there. I know you may think that but, judging by the sentiment of my colleagues around this table, I would suggest they do not. We all want London & Partners - and London - to do well, but I doubt you will get our support unless the scrutiny is ramped up. I would implore you to take steps to do that, you and the Deputy Mayor.

**Andrew Cooke (Acting Chief Executive, London & Partners):** I would say that it is a discussion that we should have at the board.

**Shaun Bailey AM:** Thank you.

**Tony Arbour AM (Chairman):** Thank you very much.

## **2016/4031 - Brexit**

Fiona Twycross AM

*What is London and Partner's assessment of the impact that leaving the European Union will have on London?*

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** It is a very broad question. Andrew, on behalf of London & Partners, can only answer for those areas that it has influence on.

More widely, we at the GLA are looking at the impact on the city and other sectors that are driving London's economy. The Mayor and I have undertaken a series of discussions with the key figures across financial services, creative industries, higher education, tech and so on to understand directly from them how the EU world affects them and, crucially, what they would need the Mayor to lobby central Government for as part of the asks for London during the negotiations.

The result of the EU referendum is not what I and many businesses had hoped for, but one of the most unique characteristics of London's economy is its ability to adapt and London's story of resilience and entrepreneurial success. This will not change, nor will London's invigorating culture or innate features such as language, legal system and time zone, due to the fact that the most highly-skilled and ambitious people in the world choose to live and work here.

The deal the Government strikes with the EU must now allow for these sectors to meaningfully access European markets and European talent. It is vital that the United Kingdom (UK) Government secures a deal that works for London as this will be the best option for Britain and the rest of Europe. That is why we are calling for London's voice to be heard when the terms of Brexit are discussed.

GLA Economics will also be publishing new forecasts for GVA and employment growth for London's economy as a whole and for individual sectors in November.

Promoting London has never been more important and that is why London & Partners has a fundamental role to play now in amplifying the Mayor's messages, priorities and campaigns internationally. We were very quick to respond in the immediate aftermath of the vote through getting the "London is Open" campaign up and running to show the world that London continues to welcome global visitors, businesses and students and to reassure Europeans living in London that they are still welcome. We will also keep doing overseas visits and roadshows to reach out to potential investors and to get out the key message that London is open.

I will now hand over to Andrew to talk more about London & Partners' specific activities in assessing the impact.

**Andrew Cooke (Acting Chief Executive, London & Partners):** Thanks, Rajesh. As the Chair has said, it is vital that we are vigorously banging the drum internationally during this period of uncertainty. Uncertainty is

the worst thing for business and so we need to be very clearly articulating London's inherent strengths and benefits, many of which remain unchanged, but there is a lot of negative noise and speculation in international markets.

As Rajesh said, we did respond quickly. We had done some scenario planning pre-Brexit and, as a result, we were quick to act once the result of the referendum was announced and were able to quickly redeploy both personnel and budget in response. We were able to get the "London is Open" campaign with the Mayor running on the day after the referendum.

Perhaps I will just run through some of the impacts on our individual business lines. In terms of FDI, immediately after the referendum we surveyed over 700 international companies that we have assisted into London over the last three years to understand their concerns and the potential impact that Brexit might have on them. The results of that survey showed that whilst most companies thought the decision to leave EU would have a negative impact, investors were split in terms of what they might do as a result of those changes. Half said that they would make no changes to their investment and the other half said that they were intending to review their footprint over the next four to 11 months.

We are aware that different markets have responded in different ways. Japanese companies in particular are very concerned about Brexit, are under pressure from shareholders at home and are being asked to take remedial action and move operations out of the UK before the end of the calendar year.

We have noticed that there has been a softening in our pipeline in terms of new inquiries coming in from international companies, largely due to the uncertainty. That is not necessarily unexpected. Broadly, we expect to see higher levels of contestability in terms of international projects. That is companies not necessarily just choosing to come to London but considering a number of other locations.

**Fiona Twycross AM:** Can I drill down a bit into what you said about the Japanese companies? When you undertook this assessment, was that immediately post the vote? Do you have plans to go back and talk to them again?

**Andrew Cooke (Acting Chief Executive, London & Partners):** We have. We are continuously talking to companies based in London. We have talked to about 500 companies since Brexit. We are planning to do another survey, perhaps when Article 50 is invoked and so once it is clear what Brexit might mean. We are constantly trying to develop specific propositions in terms of what the impact might be for individual sectors and then relay that back to companies. What they really want is information about what it means for their business and so that is what we are trying to provide them with.

**Fiona Twycross AM:** The Assembly would be very interested in the results of any future surveying that you do because 50% reconsidering their position is quite a large number of businesses, potentially, that would be looking at their investment in this city.

Do you think this indicates that there has been a change to the image of London since the result of the EU referendum more widely?

**Andrew Cooke (Acting Chief Executive, London & Partners):** That is something we have been trying to reinforce through the "London is Open" campaign. We have also surveyed tourists post-referendum. We had a survey going out in any case as part of our tourism strategy and we inserted questions on Brexit into a survey of 4,000 recent visitors to London. Of those visitors, 40% said that they would be more likely to visit because

of the currency fluctuation, but there was a small minority – about 10% – who said that they were less likely to come because they felt London was a less welcoming place. That was particularly from certain EU markets, Germany and Spain in particular.

**Fiona Twycross AM:** Is that because of a perception that they are not welcome?

**Andrew Cooke (Acting Chief Executive, London & Partners):** It is because the perception is that London is less welcoming, yes.

**Fiona Twycross AM:** How will you encourage tourists to visit London during the continued uncertainty? We have not yet got to the point of Article 50 being invoked. We do not yet know what Brexit will mean more widely. How will you encourage tourists to visit London during this period? Are you managing to be able to take advantage of the historically weak pound to attract overseas visitors to London?

**Andrew Cooke (Acting Chief Executive, London & Partners):** Yes, we are and a lot of our business partners in the tourism industry have been running promotions. Over 14 airlines and online travel agents have actively been pushing a “book now” message and promoting lower fares to London. Rather than duplicating that with our own campaign, we have supported it with a social media campaign showing that London is better value than ever.

There is clear evidence that London seems to be benefiting from a tourism uplift. We do not have London visitor figures for the summer yet, but certainly the UK figures for July and August were up 4% on the equivalent period last year and those are record figures for tourism. We are aware that luxury retailers are doing very well. Chinese spending in August at London Westfield malls was up 53% compared to a similar period last year. People are taking advantage of that weaker pound.

**Fiona Twycross AM:** Are you targeting promotion at those areas where we have seen a dip? You mentioned Germany, for example.

**Andrew Cooke (Acting Chief Executive, London & Partners):** Yes, European markets are markets where we are promoting and pushing out that “London is open” message both to travel trade operators and through social media.

The longer-term impact on tourism is unclear at the moment. Oxford Economics is revising its forecasts at the moment, but it looks like over the next few years there will probably be a net increase in leisure tourists with potentially lower levels of business tourists and delegates with the uncertainty of the economy.

**Fiona Twycross AM:** Finally, the Mayor has increased the devolution ask since the referendum and has demanded a seat at the negotiating table. I will direct this at the Deputy Mayor. What do you believe the Government would need to include in EU withdrawal negotiations in order for London to retain its competitiveness?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** There are different things for different sectors but, by and large, speaking to the business as I have done in the last four months or so that I have been in the job, access to the single market seems to be extremely critical. For all the businesses, it is a very important aspect.

For the financial services industry, it is something which is equivalent to passporting, which means that the ability for financial services firms from the UK to be able to market and solicit business across Europe is very important.

However, really, one of the most important things for London is access to talent. One of the big reasons why companies headquarter themselves and set themselves up in London is because it has a fantastic pool of talent. Those are the things.

It is very important that London has a voice whenever we are discussing this with central Government and the Mayor will make this a priority.

**Fiona Twycross AM:** Thank you, Chairman.

**Caroline Pidgeon MBE AM:** I would like to ask Mr Cooke. As you will know, after weeks of uncertainty, Government Ministers finally confirmed last month that all EU students applying for places at universities for 2017/18 will have their funding protected for the duration of their course. This is good news for those currently applying, but what effect has this uncertainty had on the number of applications received?

**Andrew Cooke (Acting Chief Executive, London & Partners):** We are seeing very strong applications from students. We are currently surveying over 100,000 prospective students from around the world to get a better understanding of their perceptions of the UK post-Brexit and whether the referendum vote is likely to deter non-EU students from studying in London.

In terms of prospective students coming through our StudyLondon.ac.uk website, the vast majority of our web traffic comes from outside the EU and so --

**Caroline Pidgeon MBE AM:** In terms of non-UK EU nationals wanting to study, have you seen a dip since the referendum result compared to this time last year?

**Andrew Cooke (Acting Chief Executive, London & Partners):** For non-EU nationals, no, we have not. We have seen an increase, actually, and so --

**Caroline Pidgeon MBE AM:** No, non-UK EU nationals.

**Andrew Cooke (Acting Chief Executive, London & Partners):** Sorry. For non-UK EU nationals, we have seen strong levels of EU nationals also applying --

**Caroline Pidgeon MBE AM:** Good.

**Andrew Cooke (Acting Chief Executive, London & Partners):** -- for 2016 given that confirmation of the commitment from the Government.

**Caroline Pidgeon MBE AM:** It would be great if you could send us some data on that.

**Andrew Cooke (Acting Chief Executive, London & Partners):** I can supply you with the figures, yes.



**Caroline Pidgeon MBE AM:** That would be very interesting. Are you planning to make any changes to your business plan for the year ahead? Your objective was to deliver £24 million in GVA and 423 jobs as a direct result of foreign students. Are you going to be revisiting that at all?

**Andrew Cooke (Acting Chief Executive, London & Partners):** We think we are on track still to achieve those numbers. As I said, there is a very strong level of interest from non-EU countries and very strong interest from China in particular. About 200,000 prospective students have used our StudyLondon.ac.uk website and another 40,000 from China. We think we are on target to hit those objectives, yes.

**Caroline Pidgeon MBE AM:** It would be useful to get details of the survey results and also that real breakdown so that we can look at that in more detail.

Could I ask the Deputy Mayor what steps you are taking to ensure that London universities can continue to attract the most talented teachers and students from around the world? Whilst I heard what Mr Cooke said, London attracts proportionately fewer Chinese students than the UK as a whole. Are you looking into that and perhaps also some of the issues around visas like the post-study work visa and the impact we know that that has had on Indian students, for example?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** It is very important. Education is one of our greatest exports from this city and people from around the world come here for education. We must make sure that Brexit does not change that. We here from City Hall or the Mayor do not control immigration policy --

**Caroline Pidgeon MBE AM:** Are you making representations?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** -- but we are making a strong case and we have to make sure. One is the "London is Open" campaign, which is being very well received and which is quite important. Even before students consider coming to London, if they feel unwelcome, they will not even apply in the first place. That is why the "London is Open" campaign is very important. Once they apply, the visa process has to be quite friendly for them and that is why the Mayor is making a strong case for London to have a voice and will challenge any kind of visa regulations that might hinder international students coming to London.

**Caroline Pidgeon MBE AM:** Thank you.

**Tony Arbour AM (Chairman):** Assembly Member McCartney.

**Joanne McCartney AM:** On the issue of international students, of course one of the concerns is the Government talking about a much-reduced immigration cap. Do you think there is a case for international students to be excluded from any immigration cap?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** I have personally supported that. Most countries do not include students in the immigration numbers but in the UK we do. I have always supported removal of that.

**Joanne McCartney AM:** Will you be lobbying the Government to exclude international students from the immigration cap?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Yes, I will.

**Joanne McCartney AM:** Can I ask about other countries trying to poach our business in the aftermath of Brexit? A few days ago the *Financial Times* reported that a high-level Brexit taskforce had been set up by the French to lure our financial services sector businesses away. In our recent Economy Committee, we heard from businesses that property brochures from across Europe and the world are landing on London firms' desks. What evidence do you have that that is taking place and what are you doing to counter it?

**Andrew Cooke (Acting Chief Executive, London & Partners):** Yes, we are aware and in fact we are aware of about 77 foreign economic development agencies that are active in London as of today and who are trying to attract companies that are based here. London is a very attractive fishing pool for other international cities and countries.

Many of those cities are very blatant about it. *La Défense*, the equivalent of Canary Wharf in Paris, has an advertising campaign running, "Tired of fog? Try the frogs!" Berlin has been driving a van with hoardings around it saying, "Keep calm and move to Berlin". Those are just some of the more overt tactics that are being used.

Many cities are very sophisticated in this area and are using a variety of tactics to lure companies and target companies. That is why it is more important than ever that we focus on promoting London and keeping those businesses based here.

What we have done to counter that is to shift some of our frontline resources in terms of attracting new investment into London to focus on retaining existing companies here, setting up a retention and growth taskforce made up of senior business development managers that have, supported by our senior business representatives overseas, and talking to them about the potential impacts on them and on their business and providing reassurance both in London and also to their headquarters internationally.

I mentioned Japan earlier as being a market of particular concern. We are recruiting a person in Japan particularly to talk to the headquarters of those Japanese companies.

We are expecting the outcome of a bid for European funds to enable us to ramp up our activities to grow London-based companies in and across London and to support existing companies here. We are also very closely co-ordinating our activities with other bodies like the Department of International Trade and the Corporation of London, which is setting up a team of 18 to focus on trade and investment. They will focus more on financial services, allowing us to focus our resources on other sectors.

**Joanne McCartney AM:** Thank you.

**Tony Arbour AM (Chairman):** Assembly Member Eshalomi.

**Florence Eshalomi AM:** To you, Andrew, you touched on it in a response to Assembly Member Pidgeon's point in terms of foreign investment. Stats from the London School of Economics claim that EU membership raised by FDI accounts for about 28% and I understand that your target is to support 5,000 new jobs.

In terms of that figure, do you think you are on course to secure that? Have you had the additional discussions on the back of the referendum result?

**Andrew Cooke (Acting Chief Executive, London & Partners):** We increased our targets quite significantly, by about 15%, this year compared to last year, not knowing what the outcome of the referendum may be. We have had a strong first half of the year in terms of new business coming in pre-referendum. To date, we have secured about 3,000 FDI jobs.

It is unclear at the moment whether we will hit that 5,000 job target. As I mentioned, our pipeline is softening. A number of companies have put projects on hold. We are on course to hit it at the moment. We may be a little short. It is difficult to tell at this stage.

**Florence Eshalomi AM:** Has the fall in the pound had an impact on some of those jobs?

**Andrew Cooke (Acting Chief Executive, London & Partners):** In terms of FDI, certainly in terms of regeneration activity and companies looking to invest in London or invest in property here, it has had a positive impact on international businesses investing here.

**Florence Eshalomi AM:** Thank you.

**Tony Arbour AM (Chairman):** Assembly Member Dismore.

**Andrew Dismore AM:** Rajesh, Andrew [Cooke] has already talked about the Parisian advertising campaign with the green frog in a tricolour tie and he has mentioned the Berlin vans. In fact, it goes even further with Berlin because they have opened a new base near Silicon Roundabout to convince British internet firms to move to Berlin.

Rajesh, what would be the impact on attracting and retaining businesses in London if we lose access to the single market and freedom of movement for workers in the EU, as the Conservative Government seems quite prepared to allow to happen?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** On the tech industry?

**Andrew Dismore AM:** Generally.

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** It has definitely posed a big challenge - let us not kid ourselves - post-Brexit and the referendum vote has increased uncertainty, which businesses do not like. That is why they are taking a bit more time to decide, which we are finding. Businesses do not like uncertainty in general.

One of the reasons why companies choose to do business in London is access to talent, which is extremely important. Number two, which is quite unique to us, is the time zone that we are in, which is particularly relevant to the financial services industry. We have English as a language and so on. There are many other secondary reasons why companies choose to set up and stay in London, which will not change.

However, no business likes uncertainty and so we will have to work even harder now to promote. That is why the role of London & Partners is even more important post-referendum and certainly post-Brexit, if it happens, to make sure that London is seen as an attractive place to do business.

**Andrew Dismore AM:** If this is not going to be a case of, “*Auf Wiedersehen, tech*” – sorry about that – do we really need to resist this opportunist onslaught from Berlin and elsewhere by having a London visa to allow people to come here?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** We have to make sure that London remains open and that is why we are campaigning that London is open. We must make sure that there is easier movement for people and easier movement for talent to come into London and set up. As you know, we do not control the immigration policy from here and we are aware of work being carried out by PriceWaterHouseCoopers, which is doing some work to analyse what kind of options there are, but we will continue to lobby the Government to make sure that London has the access to talent that it needs to survive.

**Andrew Dismore AM:** Can I put that in the context of life sciences and science generally? EU support for science goes well beyond funding and skills and ideas are especially important. I think you recognise that.

The Francis Crick Institute in my constituency is the UK’s globally leading scientific institute and employs and collaborates with the best scientists from around the UK and the world. More than 60% of its lab scientists originate from outside the UK and many of their scientists have been successful in getting EU grants. The concern is right across the economy generally in London as science overlaps with industry and environment with international standards being vital to operation. The Crick makes three points: we must be able to recruit to retain the very best scientists wherever they come from, movement from country to country must be simple to enable collaboration between scientists and we must negotiate the best possible access to EU research funding.

The UK has done disproportionately well in securing EU research funding for projects in science and medicine. How can London & Partners continue to attract the life sciences sector to London if we lose access to EU research funding and do not achieve these goals set out by the Crick?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Life sciences is a sector where we are very well positioned as a city to take advantage. You must be aware of an initiative called MedCity. MedCity’s job is to create the industry in London and attract companies from outside into London that are in the life sciences business. The Francis Crick Institute is a great example of what London can do in this sector.

Again, coming back to the same point, access to talent is so important. One of the reasons we have great talent in this city is because of the international students. That is their starting point. They come here to study and then they continue into the life sciences work and other sectors.

**Andrew Dismore AM:** That is why I, again, come back to the issue of a London visa. I know the Government is not happy about the idea at the moment, but it is something that we do need to push. While the Government’s claim that it will honour any EU funding for projects until 2020 is already announced, it did not say anything about any new projects or what would happen after that. That is another concern that perhaps you could comment on.

Anyway, whatever happens, it is not going to save the 900 London jobs in the European Medicines Agency, the largest EU body in Britain, fostering scientific excellence in the supervision of medicines. Ireland is already pitching for this operation to move to Dublin as its new post-Brexit home. Is there any prospect that the Mayor can help to keep those jobs in London post-Brexit or are they inevitably going to go back into the EU itself?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** We are working quite closely and we will continue lobbying central Government to make sure that the universities are able to attract the best talent. Also, if you continue doing that, it is one of the best things you can do. If you continue doing that, then there is a very strong case. It is something that is beyond our remit, but it certainly will have a huge impact.

Let us not kid ourselves. This whole referendum has made some of our jobs harder. It has made a lot more uncertainty for businesses, which they do not like, and so we need to work harder to make sure that London remains the best place in the world to do business.

**Andrew Dismore AM:** Thank you.

**Tony Arbour AM (Chairman):** Assembly Member Copley.

**Tom Copley AM:** Thank you, Chairman. Good morning to you both. I will start with the Deputy Mayor and I want to ask you about immigration.

Do you think that the recent rhetoric coming out of the Government on immigration to do with things like restrictions on the number of people who can come here undermines the work that you are doing with the Mayor to promote London as a place that is outward-looking and open for business?

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** Yes. We are trying to promote London and are running the campaign “London is Open” because we realise first-hand that one of the reasons why London is so successful amongst other cities is its ability to attract people from around the world and that message is extremely important. Some of the rhetoric that is coming out may not be helpful, but what can we do? We cannot control that.

What we can control is our own messages and we will make sure that we keep on promoting London as the best place in the world to do business, for tourism and for education. That is why this “London is Open” campaign is ever so important. We will keep pushing and working very closely with London & Partners on that to mitigate that.

**Tom Copley AM:** Can I ask Mr Cooke what role London & Partners has been playing in the “London is Open” campaign?

**Andrew Cooke (Acting Chief Executive, London & Partners):** We have created a number of different films for different audiences. We have created a film for international students to put on our student website. We have one specifically for businesses. We have been pushing those “London is Open” messages out through all of our campaign activity and through our international trips. We helped the Mayor and the Deputy Mayor for Business in terms of a recent trip to the US when we took a delegation of scaled-up companies who are looking to internationalise, both to showcase their talents to the US market and also to enable them to seek funding and generate business for themselves. It was a good advertisement in terms of promoting the “London is Open” campaign.

**Tom Copley AM:** I am drinking my tea out of my “London is Open” campaign mug today. I am sure you are pleased to see that.

Can I ask you about skills and potential skills shortages? I am concerned and many people are concerned that some of the rhetoric could both put people off coming here to work and also perhaps persuade people who are here already that they might not be welcome and want to leave. What confidence do prospective businesses have that our city is a good place for them to locate and access a skilled workforce? I will put that to Mr Cooke.

**Andrew Cooke (Acting Chief Executive, London & Partners):** Access to talent and access to markets are the two key reasons that businesses choose London as a destination to set up a business here. It is vitally important that we continue to maintain the talent that we have here. We have a lot of home-grown talent, as we have already identified, in terms of the number of students who are studying here. Many students who study at a London university then go on to stay and work here.

**Tom Copley AM:** Are you hearing from businesses that they are concerned about either being able to retain skilled staff from overseas or that staff are being put off from coming here?

**Andrew Cooke (Acting Chief Executive, London & Partners):** It is one of their concerns. For us it is important that as part of the Brexit negotiations, as soon as possible we have clarity in terms of what the position would be around immigration because, yes, businesses are concerned about the continued access to the talent that they are able to have currently in London.

**Tom Copley AM:** Thank you, Chairman.

## **2016/4050 - Assessing Business Model following Brexit**

David Kurten AM

*With the Brexit vote now allowing the UK to open up full free trade links with 93% of the world's population living outside the EU, how will London & Partners reassess their business model to take full advantage of these new opportunities including reengaging with our friends in the Commonwealth?*

**Andrew Cooke (Acting Chief Executive, London & Partners):** I will kick off on this. Perhaps before talking about non-EU markets, which you are referencing in terms of opportunities for Commonwealth markets post-Brexit, it is worth reinforcing the importance of Europe to London's economy. Two-thirds of international visitors to London are from the EU, 45% of London's trade is with EU countries and 30% of our international students come from the EU, as does 26% of our FDI. While the percentage is smallest for FDI, it does not mean that it is the area that is impacted the least. In fact, on the contrary; as so many companies from the rest of the world use the UK as a springboard into Europe, this investment is now under threat. Our decision to leave the EU, as we have already discussed, will have significant ramifications.

To turn to your specific question, our business model already includes attracting businesses from around the globe, including Commonwealth markets. The number of countries that London attracts in terms of FDI continues to grow. We now attract FDI from 44 different countries over the last year, compared to 33 countries in 2011/12. In terms of our key markets, the US has been the top market with 318 projects, double the amount of the next highest market, China. Three Commonwealth markets are in the top ten, India in third place, Australia in fifth and China in eighth. Collectively, those three Commonwealth markets are responsible for generating 90% of all projects. That underlines the strong historic, cultural and trading connections that London retains with Commonwealth countries and their continued importance to London's economy.

In terms of tourism markets, our top source market for tourism is again a non-EU country, the US, accounting for over 14% of spend, which is twice the expenditure of the next-nearest market, France, which is the second top source market for London. Our research into a new tourism strategy for London has shown that while the EU market will remain key, the markets with the greatest prospects for growth in terms of value and spend remain the US and Middle Eastern and Far Eastern markets, notably China, Saudi Arabia, Kuwait and the United Arab Emirates (UAE). The only Commonwealth market in the top ten tourism markets is currently Australia at eighth. Canada and India are in 15th and 16th place respectively. We currently do not have the resources to actively engage in those markets. You can see that not only do we already engage with and target non-EU countries, but the limiting factor is the amount of funding we have and where we focus our resources.

In terms of higher education, our priority markets are also primarily non-EU, the China, US and India based on analysis of the top source markets into London according to the Higher Education Statistics Agency and also a consultation exercise that took place with London universities. China remains the highest source of international students for London with numbers growing rapidly, up 49% since 2010, while their economic contribution was the highest of all groups with an estimated spend of around £400 million.

**David Kurten AM:** Thank you for all the statistics in your answer. Two key areas of the world that I did not hear you mention at all were Africa and Latin America. Do you have any strategies to increase engagement with countries from these regions?

**Andrew Cooke (Acting Chief Executive, London & Partners):** We would love to do more in those markets. We are constrained by resources. We are run on an investment basis so we focus our resources where we think we will get the best return. We are only able to focus on those key markets. In the Latin American markets, we have been doing some activity in Brazil in terms of promoting London and the UK at the Rio Games, both for the domestic Brazilian market and also for the representatives of other markets who were there at the Rio Games.

**David Kurten AM:** Thank you.

**Len Duvall AM:** I want to try to get some more information from you from earlier on. To the Chair, surely, on the publication of minutes, is the answer that, yes, you will share your minutes but you of course cannot share commercial confidential information, which is standard practice?

I was listening to the conversation earlier on and listening to you, Andrew [Cooke]. I am very grateful for London & Partners but it has been like pulling teeth to get you to be more transparent and it was the work of this Assembly that made you transparent. What you are offering up is through the hard work of the previous Assembly. I did laugh earlier on when the document was produced under the former Conservative regime that was being criticised in terms of its transparency.

Can you just tell me a little bit more about what steps you will take about that transparency? It clearly is an issue. We recognise the steps that you have taken now but is there more that you can do to show us your activities or your engagement with the London Assembly? Can you take it a bit further? I have given you a clue about the minutes that you could reflect on and think carefully about, but are there other steps that you are internally discussing about how you want to engage with the Assembly? Presumably you are doing that with your partners also because they might want the Assembly to be more transparent in terms of how we do business with you as well.

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** I would encourage all the Assembly Members to join us at the London & Partners AGM, which is going to take place in the not-too-distant future. We can discuss a lot of these steps there and any kind of suggestions we would be very happy to take on board.

**Len Duvall AM:** Let us go back to one of the earlier questions. The referendum outcome could say that we need new ways of working and new thinking. One of the criticisms of the Assembly in the past has been about some of the activities that London & Partners has done. Earlier on – this is a question to you, Andrew – you in very general terms tried to justify why a delivery vehicle like London & Partners should continue to maintain some of those activities. I get the tourism inward investment bit and why an arms-length agency might do that. In a post-Brexit world, I am not clear what your arguments would be about why we should maintain a business inward investment arm being delivered by an arms-length agency. No doubt the review is going to cover that but I would like to hear your arguments about why you think you should. You have to have a real focus in on that.

Secondly, listening to my colleague Andrew Dismore [AM] and the questions he was raising about the university sector and the engagement with that, there are some very complex issues there, particularly post-Brexit once we get past some of the negotiations, about what this means for universities. What is your pitch? I did not quite get it earlier about those two specific areas and why it should continue with you. No doubt you have made that sort of review, I presume, because that is one of the things the review is going to do. Share that with the Assembly as a final thing because I did not quite hear that earlier in terms of the questions that some of my Conservative colleagues were raising with you.

**Andrew Cooke (Acting Chief Executive, London & Partners):** In terms of inward investment, we have a dedicated team that is largely drawn from the private sector. They come from business to promote business and talk to businesses in the language they understand. There are benefits in terms of continuity of that and the team we have had and London & Partners inheriting from the team that come from Think London before that. There is continuity in terms of expertise in promoting London internationally and having those conversations with business, and also leveraging other business networks to support us in that activity as well. We have around 50 partners that support our activity, professional service firms – major accountancy firms, legal firms, property firms, recruitment and so on – who are working with us in providing particular expertise that they have to support our more generalist activity. Our staff are experts on London and doing business in London, and then we are able to leverage the private sector for their expertise in terms of their particular areas and sectoral knowledge as well.

**Len Duvall AM:** And the university sector? I know a small amount of your activities that engage with them. What is your thinking about that?

**Andrew Cooke (Acting Chief Executive, London & Partners):** You are right that it is a very small amount of our budget: four people and around £250,000 of marketing spend. It is our best return on investment. The majority of that activity is running the website, which is very effective in generating referrals that go directly to the universities relating them to prospective students, but also we are able to leverage the international trips that we undertake to focus on students as well. There are some economies of scale in terms of having those activities linked together.

**Len Duvall AM:** Thank you.



## **2016/4030 - London and Partners promotional activities**

Caroline Russell AM

*How can London and Partners do more to promote and support small businesses and grassroots culture in London?*

**Rajesh Agrawal (Deputy Mayor for Business and Chair, London & Partners):** I will let Andrew talk but I will just say a few words, coming especially from a business background.

London is a great place to do business and the Mayor and I firmly believe that London should continue to be the best place to do business of all sizes, all different sectors and all different scales, with a special focus on small and medium enterprises (SMEs) because that is my background as well. London is home to over 1 million SMEs, which represent 99.8% of London's private sector business. SMEs represent nearly 50% of all the employment opportunities in the capital, excluding the financial and the insurance sectors, and account for almost £430 billion in business turnover. SMEs also face key challenges that we will be addressing during this mayoralty, such as access to finance and a shortage of affordable work space.

Some of the initial things that I am involved in are the London Co-Investment Fund, which is for start-ups, and the London Growth Hub. One of the challenges when I was running my own business was that there is help from City Hall or from the Government but a lot of times you just do not know that there is any help available as a business. We have to do a good job of telling people and telling SMEs that there is help and support available. For that we are doing this London Growth Hub, which will be an online one-stop information portal for start-ups and SMEs. It will be launched later this month.

With regard to the grassroots culture, the Mayor's plan for the Creative Enterprise Zones is designed specifically to assist artists and creative workers who may otherwise struggle to find work in London. The Mayor will also explore innovative financial models to support creative businesses. Building on the importance of culture in all aspects of our lives, the Mayor will be unveiling a cultural objective into regeneration interventions in order to improve community participation and bolster social integration.

**Caroline Russell AM:** That is presumably from the Mayor's perspective rather than from London & Partners' perspective. Andrew, could you very briefly answer my initial question, which was about how London & Partners can do more to promote and support small businesses grassroots culture in London, if you could be brief?

**Andrew Cooke (Acting Chief Executive, London & Partners):** The tourism industry that we support is in fact made up of many SMEs that benefit from the international visitors coming to the city that we attract. Around one-third of our partners are small businesses within the tourism sector and we support and promote them through a dedicated partner benefits package. We are also looking at supporting start-ups through our Traveltech Lab, which we set up in March 2015. That is an incubator solely to support tech companies in the travel industry through a tailored support programme. We are also looking to develop further incubators to help support the growth of start-ups and we will be announcing our next venture in that area in November.

As I mentioned previously, we are currently bidding for more funding from the European funds, matched by our grant to build an account management team that will specifically work with small business, diagnosing their barriers to growth and helping them find solutions. The companies that we recruit as part of the Mayor's international business programme are small businesses as well. They are high-growth companies with typically £1 million of revenue growing at more than 20% per annum, ready to scale up and ready to make a major

contribution to the London economy. We help those companies compete in overseas markets, to grow and create jobs.

Moving on to the grassroots culture piece, culture is the primary driver for why visitors choose London as a destination. It is vitally important that we continue to promote London's culture, both the mainstream culture that is typically what we are using in terms of enticing people to come here, focusing on the major attractions --

**Caroline Russell AM:** Can I just interrupt you there? I have some very specific questions about grassroots culture and we are fast running out of our allotted time.

This week the Mayor said he wants you to bring even more international investment into the city, including large global sports and cultural events. The development of large venues such as the O2 and events at the Olympic Park, Wembley, Twickenham, the Royal Parks and so on have all been supported by London & Partners. Meanwhile, according to the Music Venues Taskforce that the last Mayor reported last year, between 2007 and 2015 London has lost 35% of its smaller grassroots venues.

Will London & Partners help turn this situation around by providing smaller venues with opportunities to be involved in hosting some of these cultural events that you are talking about?

**Andrew Cooke (Acting Chief Executive, London & Partners):** We launched a month ago our autumn season, which focuses on cultural events that are going right across the autumn from blockbuster exhibitions to much smaller events. This year we focused on particular events at smaller galleries and venues.

We have also recently launched Theatre.London to showcase London's theatre offering in its broadest sense, and we are working not just with the Society of West End Theatres but with the Society of Independent Theatres, theatres with under 300 seats, the Off West End group and the London Theatre Consortium, which is 14 half-council funded theatres. That is very much designed to showcase fringe, independent and free productions as well as highlighting the history and cultural impact of local theatres.

We are also working very closely with the GLA in terms of its London Borough of Culture initiative to showcase smaller venues as well.

**Caroline Russell AM:** Would London & Partners support the idea that the Mayor should be able to give emerging heritage status to venues such as Fabric and (LGBTQIA) venues to protect them from the threat of closure?

**Andrew Cooke (Acting Chief Executive, London & Partners):** I am not sure that is something for London & Partners to broach. That is something for the GLA.

**Tony Arbour AM (Chairman):** They do not need to because they are out of time. Thank you so much for coming.