

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3198

Title: London & Partners – Opportunity London Limited subsidiary

Executive Summary:

Opportunity London was launched as an initiative in 2022 with backing from the Mayor of London, London Councils and the City of London Corporation and has been jointly driven by New London Architecture (NLA) and London & Partners (L&P). Its aim has been to unite London's offer to capital market investors, a gap that has not historically been addressed through L&P's core remit or through any other mechanism or structure currently in place.

This Mayoral Director seeks agreement to London & Partners (L&P) establishing a new subsidiary company to be called "Opportunity London Limited" to provide a more formal basis for future phases of this initiative. If established the new company will be a Joint Venture (JV) between L&P and New London Architecture (NLA) for the purpose of continuing the work of Opportunity London.

Under L&P's Articles of Association, the written consent of the Mayor (acting as a member of L&P) is required for the establishment of a JV partnership and a new subsidiary of L&P.

Decision:

That the Mayor:

- acting in the exercise of rights reserved to him under London & Partners' (L&P) Articles of Association, consents to L&P's establishment of a new subsidiary company to be called Opportunity London Limited
- approves the GLA's award of £100,000 to L&P as a contribution towards the costs of delivering Opportunity London in 2023-24.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

16/1/24

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. L&P is a not-for-profit company engaged in the promotion of London. It is funded by grants from the GLA (including funding from the UK Shared Prosperity Fund) and the UK Government; contributions from private-sector partners; and revenue generated from its commercial subsidiaries, Dot London Domains Limited and London & Partners Ventures Limited.
- 1.2. Opportunity London was launched as an initiative in 2022 with backing from the Mayor of London, London Councils, and the City of London Corporation. Opportunity London was jointly driven by New London Architecture (NLA) and L&P.
- 1.3. Opportunity London was developed to unite London's offer to capital market investors, a gap that has not historically been addressed through L&P's core remit or addressed through any other mechanism or structure currently in place.
- 1.4. During the inception of Opportunity London during financial year 2022-23, the initiative was funded by NLA and delivered jointly by L&P and NLA.
- 1.5. In recognition of the pan-London benefits that could be delivered through Opportunity London, the GLA, in discussion with L&P, agreed to contribute £100,000 to continue the work in 2023-24, with further annual contributions of £100,000 until 2026-27, subject to the programme meeting GLA objectives. NLA has also committed to provide resource and support costs to allow the programme to continue scaling during 2023-24.
- 1.6. Opportunity London will provide an umbrella proposition for capital investment into London. A pipeline of investable opportunities will be sourced from boroughs pan-London. This approach provides London's boroughs a more collaborative and clearer approach to investor engagement and a platform on which to present investable opportunities.
- 1.7. Having demonstrated the value of an aligned approach to securing capital investment for London and the appetite to fund future work from both private and public sector, Opportunity London is now seeking to scale, secure future funding and deliver against a two-year plan with a dedicated team.
- 1.8. NLA and L&P have reviewed potential corporate structure models and agree that a new Joint Venture (JV) would be the most appropriate corporate structure for Opportunity London. This was selected as the preferred corporate structure as Opportunity London will be jointly operated by NLA and L&P with a significantly different funding and operating model to the respective parent organisations.
- 1.9. A new entity will, subject to Mayoral consent, be incorporated in which L&P and NLA would each own 50 per cent of the shares and beneficial ownership.
- 1.10. The entity will be a subsidiary of L&P and will be called "Opportunity London Limited". The company has been registered with Companies House to reserve the entity name but held outside of the L&P ownership structure until Mayoral approval is received.
- 1.11. L&P's Articles of Association provide that: *"The company will not, for so long as the Mayor is a member of the company ... form any subsidiary of the company, or acquire any shares in any other company, whether through subscription or transfer, such that the company concerned becomes a subsidiary of the company; without the consent in writing of the Mayor."* This Mayoral Decision form, therefore, seeks the written consent of the Mayor in order that L&P may establish and participate in Opportunity London Limited and is in line with precedents of Mayoral Decisions being required to provide Mayoral consent to L&P forming subsidiaries.

- 1.12. This Mayoral Decision form is also seeking agreement to award £100,000 GLA funding to L&P as a contribution to its costs of continuing the work of Opportunity London in 2023-24 ahead of the JV's creation.

2. Objectives and expected outcomes

- 2.1. The purpose of Opportunity London is, as a public-private partnership, to win capital investment for London and to drive business development and brokerage across real estate regeneration, infrastructure and energy, with a focus on affordable housing, life sciences and green assets. The aim is to transform London's future needs into a pipeline of investable propositions.
- 2.2. Opportunity London will offer a dedicated campaign of promoting and brokering long-term and sustainable investment opportunities into London Boroughs and communities. The key objectives for the JV will be to:
- attract capital investment for London through:
 - providing an umbrella proposition for London, globally
 - proactive management of London's top target investors
 - showcasing London's investable opportunities through a prospectus for investors
 - enable capital through:
 - capacity and capability building with boroughs, BIDs and key schemes
 - changing perceptions and unlocking friction for capital deployment
 - advocating with partners for policy that attracts capital
 - an appraisal of assets/schemes where Opportunity London can add 'real' value
 - champion public benefit through:
 - promoting the public benefit of capital investment into London
 - showcasing schemes that deliver for London and its people.

3. Equality comments

- 3.1. Under s149 of the Equality Act 2010 (the Equality Act), as a public authority the Mayor must have due regard to the need to eliminate discrimination, harassment and victimisation, and any conduct that is prohibited by or under the Equality Act; and to advance equality of opportunity and foster good relations between people who share a relevant protected characteristic and those that do not.
- 3.2. L&P will ensure that tender, procurement, and commissioning processes are fair, transparent and accessible. L&P will encourage supplier diversity within the supply chain for Opportunity London, including female-led, BAME-led and disabled-led businesses.
- 3.3. The JV website will adopt the same accessibility standards as for the rest of the L&P family. L&P's network of websites has been designed to be accessible to all web users, irrespective of individual abilities and browser type. See <https://www.visitlondon.com/about-us/accessibility?re=footer>.
- 3.4. The objective of any event organised by L&P is that it would be an event that anyone could access, engage in and benefit from, irrespective of gender, ethnicity, race, sexual orientation or disability.

- 3.5. The company will adopt the equality and diversity policy of L&P. The company is committed to achieving a working environment which provides equality of opportunity and freedom from discrimination on the grounds of race, religion, sex, sexual orientation, age, gender reassignment, marriage and civil partnership, pregnancy and maternity, and disability. L&P is committed to building a workforce which is diverse and reflects London's population.

4. Other considerations

Opportunity London corporate structure options

- 4.1. Various contracting and commercial options were explored by L&P from a commercial, risk and financial perspective. The JV model was the preferred option as it allows L&P and NLA to establish a shared governance model, minimise liabilities for L&P and maximise commercial revenue opportunities to L&P. GLA officers have reviewed the options and are comfortable with the proposed JV approach.

Structure of the Joint Venture

- 4.2. The JV will be a company limited by shares with an equal share between L&P and NLA.
- 4.3. As the JV will be a company limited by shares, in the event of the JV company failing with debts it cannot meet, the legal liability of L&P, as a shareholder, will be limited to the value of its shareholding.
- 4.4. The Chief Executive Officers of both L&P and NLA will be nominated as Directors of the new company.
- 4.5. Neither party will have the right to sell their shares in the company without consent from the other party. This avoids any risk of NLA exiting the arrangement by selling to another unknown party.
- 4.6. Financial planning and all key decisions pertaining to any future events or current events are reserved for the Board of the new entity.
- 4.7. The entity will have an appointed Chief Executive Officer and dedicated staffing provided by both NLA and L&P. Service agreements will be established to allow the JV access to other services from either NLA or L&P.
- 4.8. Financial controls will be implemented to manage all spend against an agreed-upon business plan. No delegation or authorisation to commit the company can be made without approval of a business plan by the Board of the JV.
- 4.9. The shareholder agreements and Articles of Association are agreed in principle. They will be finalised and agreed once the Mayor has provided written approval to proceed.

Proposed commercial model

- 4.10. The JV will be funded by partnerships with public and private organisations. Funding will be provided to the JV from a combination of partnership funders, investors, public organisations (e.g. councils, Business Improvement Districts) and other related parties.
- 4.11. Each will pay an annual fee to Opportunity London to provide funding for operations.
- 4.12. At the commencement of each fiscal year (proposed as the April – March financial year), a business plan will be agreed with the Board of Directors of the JV. The business plan must be unanimously agreed by the Board of the JV, which will only be quorate if both Directors are in attendance.

- 4.13. Staffing and services for the JV will be provided by both L&P and NLA with a requirement for service agreements and an approved business plan being in place prior to any expenditure being committed by either party.
- 4.14. Any residual profit arising from the operation of the JV will either be distributed as dividends or retained within the company to provide ongoing working capital for future activity.

Key risks and issues

- 4.15. The JV will be a company limited by shares. It will be directly liable for any legal risks or liabilities incurred as a result of the activities undertaken by the JV. L&P's liability, as a supplier to the JV, will be limited by the scope of services that are committed to be delivered by L&P to the JV. As the company is limited by shares, the exposure via ownership of the JV is limited to the value of the share capital that L&P has within the company. This is proposed to be £1.

Managing reputational and political risk

- 4.16. The proposed JV model and governance requires all key decisions to be retained for the Board of the new entity. No decision from the Board can be made without approval from both represented parties.
- 4.17. L&P's nominated Director (L&P's Chief Executive Officer) of the JV will withhold approvals of any decisions that may carry significant reputational and/or political risk and seek approvals or guidance from the L&P Board.

Financial risk

- 4.18. Funding for the JV will be from partnerships as set out in paragraph 4.11. Funding for the development of the new programme within L&P has been provided by funding from NLA and the proposed GLA award of £100,000 to L&P is a contribution towards the costs of delivering Opportunity London in 2023-24. Any GLA funding for Opportunity London in future financial years will be subject to further approval. No GLA grant has been spent on this programme.
- 4.19. An initial review of the tax implications associated with the new entity has been undertaken with no specific tax risks identified. It was noted that despite being a subsidiary, the company would not be within the L&P Group for tax purposes. Management of tax and any associated risks will be managed on an ongoing basis with appointed suppliers to the JV for completion of VAT and corporation tax compliance.

Links to Mayoral strategies and priorities

- 4.20. The establishment of the JV, and the activities of Opportunity London will support L&P's work of promoting London internationally as a leading city for capital investment. This supports the achievement of good growth for London and Londoners, which corresponds to the Economic Development Strategy.
- 4.21. Opportunity London currently has a Steering Group which brings together its key public and private sector funders and on which the GLA is represented by Philip Graham, Executive Director for Good Growth, Jules Pipe, Deputy Mayor for Planning, Regeneration and Skills, and Howard Dawber, Deputy Mayor for Business (also Chair of L&P). This Steering Group will continue to play a key role in setting Opportunity London's objectives and priorities following the creation of the Opportunity London Limited JV with appropriate representation from the GLA Corporate Management Team and the Mayor's Office.
- 4.22. It should be noted that the GLA will retain the right to scrutinise all L&P's activities, regardless of funding source or 'lead organisation' on the basis of the current 2023-24 annual core grant funding agreement the GLA has with L&P, and which will be replicated in future core grant funding agreements. This reflects the intrinsic link between all funding sources and the delivery of L&P's

business plan, as well as any potential reputational matters that may arise for the GLA and the Mayor as a result of L&P's or its subsidiaries' activities.

- 4.23. No one involved in the drafting or clearance of this decision has any conflicts of interest to declare, with the exception of Nayan Rughani, Managing Director, Strategy & Operations at L&P, who has contributed directly to preparing the draft MD by providing content and clarifications, but has not been involved in any way in the clearance of this decision. Nayan Rughani has presented the case for the creation of the subsidiary to GLA officers and this MD reflects the advice of GLA officers to the Mayor, having considered L&P's case.

5. Financial comments

5.1. This decision requests:

- that the Mayor, acting in the exercise of rights reserved to him under L&P's Articles of Association, consents to L&P's establishment of a new subsidiary company called Opportunity London Limited
- that the Mayor approves the grant award of £100,000 to L&P as a contribution towards the costs of delivering Opportunity London in 2023-24 financial year.

Joint Venture

- 5.2. Subject to Mayoral consent, a new entity will be incorporated in which L&P and New London Architecture (NLA) would each own 50 per cent of the shares and beneficial ownership.
- 5.3. The commercial model of the subsidiary as detailed above indicates that any residual profit arising from operations will be either distributed as dividends (with dividends to L&P reinvested into L&P's core activity) or retained within the company to provide ongoing working capital for future activity.

GLA contribution

- 5.4. The requested expenditure of £100,000 revenue grant funding in 2023-24 will be funded from the Opportunity London budget within the Economic Development Unit's approved budget for 2023-24 financial year. This would be awarded directly to London and Partners to continue the work of Opportunity London in advance of the creation of the Joint Venture.
- 5.5. All expenditure will be incurred by 31 March 2024. Any funding in future years will be subject to the programme meeting GLA objectives.

6. Legal comments

6.1. The foregoing sections of this report indicate that:

- the decisions requested of the Mayor, whilst concerning powers reserved to him under L&P's Articles of Association, fall within his statutory powers and duties, acting on behalf of the Authority, to do anything that is facilitative of or conducive or incidental to the promotion of economic development and wealth creation in and tourism to in and through Greater London
- in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
 - pay due regard to the principle that there should be equality of opportunity for all people

- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
 - consult with appropriate bodies.
- 6.2. If the Mayor makes the decision sought, officers should ensure, in so far as they consider necessary, that they secure, by variation of the GLA's funding agreement with L&P, or other binding and enforceable arrangements (as appropriate), enforceable rights enabling the effective protection of the GLA funding, including requiring L&P to have matters reserved to it in Opportunity London Limited's Articles of Association which correspond with the matters reserved to the Mayor under L&P's Articles of Association.
- 6.3. Officers are also reminded that a careful balance must be struck between: maintaining oversight of the activities of L&P and the proposed subsidiary (as per the seeking of the rights noted at paragraph 6.2, above) in order to enable the prudent management of public funding; and maintaining a clear separation between the GLA and L&P – an unrelated, arms-length company not forming part of the GLA Group.
- 6.4. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, sex, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section three of this report.

7. Planned delivery approach and next steps

Activity	Timeline
L&P Finalise legal documents – Articles of Association and shareholders agreement	January 2024
Agreement of service agreements between new entity and parent organisations	February 2024
Agreement of Opportunity London business plan	March 2024
Commence accounting for transactions in the new Joint Venture	April 2024

Appendices and supporting papers:

None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Richard Tribe has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Richard Watts has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board


This decision was agreed by the Corporate Investment Board on 15 January 2024.

✓

INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:



Date:

15/01/2024

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature:



Date:

15/01/2024