

REQUEST FOR MAYORAL DECISION – MD2090

Title: London & Partners 2017-18 Business Plan

Executive Summary:

London & Partners Limited (L&P) has produced a 2017-18 business plan for the GLA's consideration of whether it wishes to extend its provision of funding to L&P for 12 months for 2017-18.

Given the timing of GLA's Review of L&P that was completed in November 2016, and also the current recruitment process for L&P's new Chief Executive (CEO), it was not considered appropriate to require L&P to produce a new business plan and a three year strategy. Instead it was decided that the GLA would consider extending L&P's grant for the next 12 months. A new three-year strategy will be produced in 2017-18, to cover 2018-19 and the subsequent two years. This will enable L&P's new CEO, when appointed, to shape L&P's future strategy for the GLA's consideration of any funding to be granted in further years.

The business plan for 2017-18 is an extension of the 2016 – 17 business plan, based on similar objectives and targets with some amendments to take into account impacts of the outcome of the EU-referendum and increased international competition.

Highlights of L&P's 2017-18 business plan include:

- given the uncertainty post-referendum, a retention taskforce has been created to protect existing jobs;
- launch of the ERDF funded London Growth Network to support SMEs with barriers to growth
- activity which aligns with Mayoral priorities such as London is Open as well as bringing benefits to more of the city by growing businesses in outer London and bring tourists to more places.

Decision:

That the Mayor:

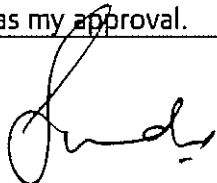
1. approves:
 - a) London and Partners Limited's (L&P) proposed business plan for 2017-18; and
 - b) the extension (for a period of 12 months) and variation of the current grant funding agreement in place between the GLA and L&P (with a value of up to £11.543 million); and
2. delegates, to the Assistant Director of EBPU, authority to approve expenditure of up to £357,000 for short term L&P international promotional priorities/projects arising from time to time .

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:

15/3/17

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

Decision required – supporting report

1. Introduction and background

Introduction

- 1.1 Given the timing of GLA's Review of L&P (see Annex 1) that was completed in November 2016, and also the current recruitment process for L&P's new Chief Executive (CEO), it was not considered appropriate to require L&P to produce a new business plan and three year strategy. Instead it was decided that the GLA would consider extending L&P's grant for the next 12 months. A 2017 – 18 business plan was therefore requested from L&P for the GLA's consideration. To that effect, L&P has produced a 2017-18 business plan, and it is proposed that the GLA provide up to £11.543 million of grant funding during 2017 – 18 financial year as a contribution to the cost of delivering the same.
- 1.2 A new three-year strategy will be produced in 2017-18, to cover 2018-19 and the subsequent two years. This would enable L&P's new CEO, when appointed, to help shape L&P's future strategy and enable the GLA's consideration of any funding to be granted in further years.
- 1.3 The business plan for 2017-18 is an extension of the 2016 – 17 business plan, based on similar objectives and targets albeit with some amendments to take into account the impact of the outcome of the EU-referendum and increased international competition.
- 1.4 In line with the L&P review recommendations, 3% of the L&P budget will be retained by the GLA for short term L&P international promotion priorities arising from time to time. It is proposed this retained sum be held by the GLA and the EBPU and authority be delegated to the Assistant Director of EBPU to approve the draw down by L&P of the same.

Background:

- 1.5 L&P is funded by a combination of sources including a grant from the GLA, fees from their commercial partners, benefits in kind and income from their commercial activities.
- 1.6 Including the current year (2016-17), the Mayor has provided over £75m from the GLA budget for the promotion of London. L&P receives its grant subject to the annual business plan being approved by the GLA. Its performance against KPIs is monitored by the GLA on a quarterly basis, and its work is scrutinised by the L&P Board in quarterly Board meetings, GLA attending as observers at such meetings.
- 1.7 L&P funds those activities where there is a clear economic case for public intervention and which create the highest net benefits. Wherever possible, this is measured in terms of additional Gross Value Added (GVA) to the London economy. So far L&P has: (up to March 2016)
 - Added over £1.2bn to London's economy
 - Created or supported 38,000 jobs in London
 - Helped 1,339 overseas companies to set up and expand in London
 - Generated more than £523m of positive publicity for London – particularly, as a cultural power house (the main driver for tourism), a technology hub (our fastest growing cluster, creating 1 in 3 new jobs) and a life sciences hub (following significant public sector investments)
 - Leveraged additional funding for promoting London – non-GLA funds now account for just under half of London & Partners activity compared to around a quarter when London & Partners was established. (76% to 57%)

2. Objectives and expected outcomes

- 2.1 L&P has produced a business plan for 2017-18 which, following review by GLA officers, it is proposed be approved by the Mayor. Following such approval, if forthcoming, it is proposed the GLA extend (for a period of 12 months) and vary the current grant funding agreement in place between the GLA and L&P (with a value of up to £11.543 million); L&P's drawdown of funding being quarterly subject to the approval of the GLA.
- 2.2 L&P will work to deliver jobs and growth in London by attracting investment, visitors and students. L&P's objectives are to:
- create and protect jobs and growth, aligned with the Mayor's priorities, with a focus on London's key sectors;
 - enhance London's reputation, utilising the London is Open campaign, as an outward facing, open city which is an excellent place to grow a business, to visit, study, work and in which to invest;
 - maximise L&P's impact by ensuring they continue to attract additional resources to match their GLA funding and continue to work efficiently and effectively, focussing on their core remit.
- 2.3 Highlights of L&P's 2017-18 business plan include:
- Brexit retention taskforce: for the coming period, L&P will focus not only on attracting the investment and spend which creates new jobs, but also, given the extra uncertainty post-referendum, on protecting existing jobs through Foreign Direct Investment (FDI).
 - Launch and implementation of the ERDF funded London Growth Network to identify and support companies in London to grow and will also assist in the development of propositions to attract new businesses to outer boroughs.
 - Activity which aligns with Mayoral priorities such as London is Open as well as bringing benefits to more of the city by growing businesses in outer London and bring tourists to more places.
- 2.4 A summary of L&P's 2017 - 18 targets, compared against L&P's 2016 - 17 targets are set out below:

Objective	Measurement	2017/18	2016/17 (forecast)
Jobs	Jobs created		
	<ul style="list-style-type: none"> • FDI • Mayor's International Business Programme • London Growth Network 	4,000 200 36	5,000 N/A N/A
	Jobs Safeguarded		
	<ul style="list-style-type: none"> • Retention taskforce 	1,000	N/A
TOTAL JOBS		5,236	5,000 (5,200)
Growth	Gross Value Added (GVA)		
	<ul style="list-style-type: none"> • Leisure Tourism • Business Tourism • Major Events • Trade & Investment • International students 	£121m £45m £14m £101m £30m	£120m £30m £17m £100m £24m
	TOTAL GVA	£311m	£291m (£315m)
	Income		
	<ul style="list-style-type: none"> • ERDF Grants • Commercial revenue • Match funding • Value in Kind 	£2.3m £5.8m £3.0m £2.2m	£0.9m £5.6m £1.6m £2.6m

TOTAL NON-GLA GRANT RESOURCES		£13.3m (Excl. VIK: £11.1)	£10.7m (£12.85m) (Excl. VIK: £8.1m)(£8.85m)
Delivery of Mayor's Priorities	GLA satisfaction <ul style="list-style-type: none"> As measure by quarterly surveys 	85% Satisfaction	N/A
London's reputation	Reach of key messages <ul style="list-style-type: none"> To be defined 		N/A

3. Equality comments

- 3.1 L&P officers have worked with the GLA Diversity and Social Policy team to ensure that L&P's yearly business plans adheres to the Public Sector Equality Duty. This is therefore also applicable in this year's business plan extension. In consultation with the GLA Diversity and Social Policy team, it was agreed that this will be reviewed when L&P is drafting their new three year strategy to cover for 2018-19 and the two subsequent years.

4. Other considerations

Links to Mayoral priorities

- 4.1 The business plan is fully in line with the Mayor's document "A City for all Londoners", which recognises the importance of promoting London internationally, to maintain London's global competitiveness, which helps to drive the city's economy.
- 4.2 The GLA's L&P's review panel recognised that they find the current model with L&P as an independent not-for profit company, with private sector leadership and a remit covering FDI, tourism and students is the most appropriate one, and has contributed to a more effective international promotion of London since 2011. It also recognised that following the outcome of the EU referendum, L&P's work is more important to London than ever and its activity aligns with the Mayor's priorities in this regard: particularly showcasing to the world that London is Open as a welcoming and inclusive city for visitors, students and businesses.

Key risks and issues

- 4.3 Brexit uncertainty continues and could affect L&P's all three business lines including FDI, students and tourism (including business tourism). This could have a knock on effect on L&P's commercial partners and the resources they contribute.

5. Financial comments

- 5.1 £11.9m has been earmarked in the 2017-18 GLA budget for London & Partners, of which £11.543m will be provided to the organisation by way of core grant funding. The balance of £357,000 will be retained by the GLA to fund any short term L&P related international promotional projects arising during the 2017-18 financial year.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that:
- 6.1.1 the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling within the GLA's statutory powers and duties, exercisable by the Mayor, to do anything which is considered facilitative of or conducive or incidental to the promotion of economic development and wealth creation, social development in and tourism to, in and through Greater London; and

- 6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) 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; and
 - (c) consult with appropriate bodies.
- 6.2 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 between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic 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 3 (above) of this report.
- 6.3 The Mayor may delegate his exercise of the GLA's powers to the Assistant Director of EBPU, pursuant to sections 38 and 380 of the Greater London Authority Act 1999 should he wish to do so.
- 6.4 If the Mayor is minded to make the decision sought, officers should ensure, that they secure, by variation of the GLA's funding agreement with London and Partners, enforceable rights enabling the continuing effective protection of the GLA funding. No commitment should be made to provide the funding proposed to L&P until a deed of variation has been prepared and executed by the GLA and L&P.

7. Planned delivery approach and next steps

Activity	Timeline
Approval	March 2017
Variation of Funding Agreement	March 2017
Business Plan Start Date	Q1 2017
Review of: Business Plan and Review Implementation plan	End of Q2 2017
Project Closure	End of March 2018

Appendices and supporting papers:

Annex 1 - L&P Business Plan 2017-18 (including the L&P Review Recommendations)

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

Part 1 Deferral:

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

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be 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:

Hanna Ostling has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

David Bellamy 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 13 March 2017.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Allen

Date

13.3.17

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

13/3/2017