PART 2 – CONFIDENTIAL FACTS AND ADVICE

MD2303
Title: **Acquisition of London Treasury Ltd and related matters**

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

This information is not for publication until the stated date, because:

The information provided in this Part 2 report contains commercially confidential information and details of the employment status of the GLA's Chief Investment Officer which may prejudice the GLA's and LTL's interests, especially the current acquisition process. It would therefore, not be appropriate to publish this information annexed to this Part 2 until the date mentioned below.

Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed: March 2019

Legal recommendation on the grounds of keeping the information confidential:

In the event of any request for access to the information contained in this document under section 1 of the Freedom of Information Act 2000 ("the Act"), it is considered that access can be denied on the basis that the disclosure of such information would prejudice GLA's and LTL's commercial interests and therefore, is covered by the exemption under section 43 of the Act.

Section 1 of the Act creates the general right of access, which provides that any person making a request for information to a public authority is entitled:

- to be informed in writing by the public authority whether it holds information of the description specified in the request; and
- if that is the case, to have that information communicated to him/her.

Part II of the Act contains a number of exemptions from disclosure for certain classes of information. In particular, section 43 of the Act provides that information is exempt information if disclosure under the Act would, or would be likely to prejudice the commercial interests of any person (including the public authority holding it).

Information is considered commercially sensitive as its release could detrimentally affect the ability of the parties to effectively negotiate the proposed acquisition.

The section 43 exemptions are qualified exemptions and its use is therefore, subject to a public interest assessment.

Public Interest Assessment

At present, on balance, it is considered that the public interest is best served if the information is not disclosed at this point. Disclosure by the GLA would be likely to have a detrimental effect on the:

- GLA's and LTL's commercial interests and the information is commercially confidential; and
- for the parties to effectively negotiate the acquisition.

The eligibility of these exemptions should be reassessed in the event of an FOI request for this information as the level of sensitivity will change over time and different circumstances may alter the arguments in favour of non-disclosure,

Legal Adviser - I make the above recommendations that this information should be considered confidential at this time

Name: **Date:** 23 May 2018

Once this form is fully authorised, it should be circulated with Part 1.

Confidential decision and/or advice:

1.1 The Part I decision proposes that the GLA acquire London Treasury Limited (LTL), a private company limited by shares and currently owned by the GLA's Chief Investment Officer, who is one of the two current LTL Directors.

1.2 The GLA proposes to buy the company from the Chief Investment Officer (CIO) at the value the CIO has invested in the firm. The value of this payment has been independently verified by finance officers reviewing relevant bank statements as £10,000. The £10,000 consists of regulatory and administrative costs incurred by LTL and working capital. The payment of £10,000 includes the purchase of all the issued share capital of the company in the form of 10,000 ordinary shares of £0.01 (£100). Therefore, it is authorised that such a payment be made by the GLA to the CIO. Such a payment will not be 'employee enrichment' as it is simply refunding the CIO for costs he has properly incurred in setting up LTL. These are costs the GLA would have had to incur if it had chosen to establish a new company.

1.3 The costs of the acquisition of LTL can be met from the Group Finance team's budget.

1.4 As part of the new arrangements described in Part I, it is proposed that the CIO's existing employment by the GLA of 2 days a week be revised to one day a week, with the other day being used to reimburse him in respect of his costs for working one day a week at LTL (pursuant to the Investment Management Agreement between the GLA and LTL) in relation to the Group Investment Syndicate matters and potentially other GLA investment matters for the treasury management shared services arrangements. The Executive Director of Resources is already authorised to amend the CIO's contract of employment accordingly.