

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2822

Title: London & Partners – Human Event Partners Limited subsidiary

Executive summary:

London & Partners (L&P) is proposing to establish a new subsidiary company called "Human Event Partners Limited". If established the new company will be a joint venture (JV) between L&P and Nvisible for the purpose of running HUMAN, an annual immersive technology festival, in cities across the globe, including in London.

Human will provide the opportunity to promote London's creative energy, its diverse cultures and ideas to a world-wide audience, cementing its position as a global hub for talent and innovation. It will position London as the world centre for experimental technology, live events and the debate on the future relationship between technology and humanity, emphasising London as a prime location for investment as well as creating commercial and employment opportunities on a global scale for London's creative sector, many for whom the domestic market has effectively been closed for the last 16 months.

L&P is exploring running HUMAN initially with global cities other than London, which will help to project the capital's culture and ideas to a far wider audience whilst also opening up further income generating opportunities for L&P, that can be reinvested into supporting London's economic recovery. Under L&P's articles of association, the 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.

The establishment of the proposed subsidiary may impact upon the GLA's position as a key funder of L&P and upon L&P's delivery of its GLA-approved (and funded) business plan. Therefore, the potential benefits, consequences, risks and resulting necessary actions must be considered before any decision is taken in this regard.

Decision:

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 Human Event Partners Limited, subject to the matters reserved to the Mayor in relation to L&P also being reserved to L&P in relation to Human Event Partners Limited.

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:

8/7/12

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 a grant from the GLA; other grants from European Union funds through the European Regional Development Fund (ERDF) and the national government; contributions from private-sector partners; and revenue generated from its commercial subsidiaries, Dot London Domains Limited and London & Partners Ventures Limited.
- 1.2. The Mayor consented, under cover of MD2441 in 2019, to L&P establishing a further subsidiary company, London & Partners Events Limited, to oversee the development and delivery of any new L&P-led events in London. This company has been overseeing the development of plans for a new consumer event, HUMAN, that was originally intended to take place in London in 2020. Due to the pandemic, the plans have changed and the intention is for the first HUMAN event to take place in another international city, and then London and other cities.
- 1.3. HUMAN will provide the opportunity to promote London's creative energy, its diverse cultures and ideas to a world-wide audience, cementing London's place as the global hub for talent and innovation and creating employment and business opportunities for London's creative sector. HUMAN will also provide an international platform that supports L&P's business plan destination work and global reputation objectives for London, whilst also generating income for L&P that can be reinvested into supporting London's economic recovery. L&P is exploring running HUMAN initially in global cities other than London due to the pandemic, which will offer the opportunity to project London's culture and ideas to a far wider audience whilst also providing further income generating opportunities.
- 1.4. As part of its development work on HUMAN, L&P has entered into a provisional JV agreement with Nvisible, an event production agency, under which the parties have agreed that a new entity will, subject to Mayoral consent, be incorporated, in which L&P would own 50 per cent of the shares. L&P will also own the brand and the intellectual property in the event and receive fees for its contribution. The entity will, therefore, be a subsidiary of L&P and will be called "Human Event Partners Limited".
- 1.5. 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 Human Event Partners Limited.

The HUMAN concept

- 1.6. **Format:** HUMAN is a festival that is expected to run for 9-10 days. The heart of the event will be large-scale immersive experiences, using virtual reality, augmented reality, other technology, and live performance – thereby showcasing on an international scale growth sectors in which London has significant strengths. These will be combined with smaller-scale immersive and participative experiences, talks and fringe events, live music performances, and food & beverage.
- 1.7. **Technology:** Immersive technology is creating new and very powerful ways for us to share human stories and experiences. From seeing life through somebody else's eyes to walking through spectacular landscapes with our friends, immersive experiences not only entertain but help us to connect with the people and world around us. With the arrival of 5G connectivity, we now can scale significantly the audience who can take part. This is what HUMAN will do, bringing world-class and inspiring content to a mass audience who may never have had the chance to experience it before, let alone share that experience with thousands of fellow festival goers.

- 1.8. Content: The content will focus on the intersection of technology and humanity, in particular the human skills that technology can augment to help individuals and communities thrive in the future. All content for HUMAN must contribute to strengthening the human traits of compassion, creativity, or connection through immersive technology-enabled experiences.
- 1.9. Audience: HUMAN is aimed at a consumer audience, with a particular appeal to millennials who care about global issues such as the environment and human rights. There will be a strong B2B corporate stream in parallel, working in collaboration with partners who want to host thought leadership events around the festival.
- 1.10. Competition: L&P have extensively researched the global market for technology, culture and experiential events. L&P believe that HUMAN is genuinely unique and pioneering in format and content. L&P have advised that this has been validated by several industry experts and by the calibre of partners who want to be associated with HUMAN.
- 1.11. Benefits for London: L&P has created the HUMAN event to benefit London, by promoting London's creative energy, its diverse cultures and ideas to a world-wide audience, cementing London's place as the global hub for talent and innovation and creating employment and business opportunities for London's creative sector. HUMAN will also provide an international platform that supports L&P's business plan destination work and global reputation objectives for London, whilst also generating income for L&P that can be reinvested into supporting London's economic recovery.
- 1.12. HUMAN will improve London's reputation by being a globally pioneering event in both content and format – positioning London as the world centre of innovation for experiential technology, live events, and the debate on the future relationship between technology and humanity. This will both support London-based immersive technology businesses to demonstrate innovation and capability to a global audience, but also emphasise London as a prime location for international technology businesses to continue to invest in.
- 1.13. HUMAN will also create significant commercial opportunity for the London content partners. They include smaller studios as well as some of London's cultural institutions. This opportunity is particularly important when their domestic market has effectively been closed for large parts of 2020 and 2021 and when funding for new creative work has been stopped. L&P will seek to capture the GVA of this export activity.

Selecting Nvisible to support L&P's delivery of HUMAN

- 1.14. Nvisible were initially identified by L&P as a key partner for HUMAN in February 2020 following a Request For Information (RFI) process and in consultation with potential external investors. There was no contract awarded by L&P to Nvisible as the pandemic resulted in external investors not being able to invest and the London event being postponed.
- 1.15. Nvisible have continued to work with L&P without charge. The support provided by Nvisible to L&P has been critical to developing the HUMAN concept to a point at which it is a saleable product to other regions outside of London. Nvisible have devoted considerable senior resources to HUMAN to date and continue to do so despite no direct or certain commercial benefit at this stage.
- 1.16. Based on the initial RFI process, their input to date, the critical role they have played in developing the product and their fundamental role in the delivery of HUMAN events, subject to L&P governance approval, a direct award will be made to Nvisible to be L&P's key delivery partner for HUMAN.
- 1.17. Nvisible bring a wealth of experience in the creation and delivery of live events and experiences with deep roots in London. Nvisible's Chair, Harvey Goldsmith, has produced, managed and promoted shows with many of the world's major artists including two of the largest music events in the world: Live Aid and Live 8. The Nvisible team have also been involved in various London projects including London NYE, Euros, Car Free Day, F1 Live, RWC 2015 and MTV EMAs. Outside of London, the team has experience in production and tour management including Hans Zimmer live, Andrea Bocelli and consulting for the Ultra Music Festivals.

2. Objectives and expected outcomes

2.1. Objectives of the events held or promoted by this subsidiary company would include:

- promoting London's creative energy, its diverse cultures and ideas to a global audience
- cementing London's place as the global hub for talent and innovation
- creating employment and business opportunities for London's creative sector, aimed at a global audience
- providing an international platform that supports L&P's destination work and global reputation
- generating income for L&P that can be reinvested in supporting London's economic recovery.

2.2. The initial outcome of the establishment of the new company would be the development and delivery of a major new festival, HUMAN, which will deliver opportunities to promote London, create employment and business opportunities for Londoners working in the creative sector and drive economic growth. Any future events would bring additional economic growth and opportunity to London, ensuring growth benefits as many Londoners as possible.

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. 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. L&P will ensure that accessibility is included within the tender documents issued to contractors who will be responsible for running the event, and that the event website will adopt the same accessibility standards as for the rest of the L&P family. London & Partners' 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>.

3.3. L&P will ensure that procurement and commissioning processes are fair, transparent and accessible. L&P will encourage supplier diversity within the supply chain for HUMAN, including women-led, BAME-led and disabled-led businesses.

4. Other considerations

JV with Nvisible

Contracting options

4.1. Various contracting and commercial options were explored by L&P and Nvisible, L&P's key delivery partner. Options considered were:

- L&P contract with the host city and contract with Nvisible to be their production and delivery supplier
- Nvisible contract with host city, and L&P provides the IP licensing for the event and operates as a supplier for specific services

- Nvisible and L&P enter into a JV through a newly formed limited company. The new entity would contract Nvisible and L&P for services and IP licensing.

4.2. These options were assessed by L&P from a commercial, risk and editorial ownership perspective aligned to the parameters previously agreed with the L&P Board.

4.3. On this basis, it was agreed by L&P that the JV was the preferred option as it would allow L&P to retain editorial ownership, minimise liabilities to L&P and maximise commercial revenue for L&P.

Structure of the JV

4.4. The JV will be a company limited by shares with an equal share between L&P and Nvisible.

4.5. As L&P is a company limited by shares, in the event of the subsidiary 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 (currently £1).

4.6. Due to L&P having overall control of the deadlock agreement in the JV, L&P's professional advisers have identified that the company should be a subsidiary of L&P.

4.7. Two individuals from each organisation will be nominated as Directors of the new company.

4.8. Neither party has the right to sell their shares in the company without consent from the other party. This avoids any risk of Nvisible exiting the arrangement by selling to another unknown party.

4.9. Financial planning and all key decisions pertaining to any further events or current events are reserved for the Board of the new entity.

4.10. 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 new company.

4.11. The shareholder agreements and articles of association have been agreed by both parties but not signed, and a condition has been included in the agreements that they cannot be executed until the Mayor has provided written approval.

Proposed commercial model

4.12. The JV will be the main contracting party for the event.

4.13. The JV will sub-contract out all services to Nvisible and L&P.

4.14. The business plan for each financial year will be detailed according to the events commissioned within that financial year. The only recurring costs to the business will relate to corporate overheads required to comply with statutory requirements (e.g., Finance and Legal). These corporate services will be provided by L&P and reimbursed via a management agreement between the JV and L&P.

4.15. At this stage, no events have been officially commissioned and therefore, once established (if approved by the Mayor), the JV will remain a dormant company at this point. Once the first event is commissioned and contracted, the first Board meeting of the JV will approve a business plan for the year based on the agreed fees and KPIs for the event. In the absence of this business plan, neither L&P nor Nvisible have any delegations to incur any expenditure (actual or committed) on behalf of the JV. The business plan will be renewed prior to each new financial year or when a new event is commissioned (whichever is earlier).

4.16. Once an event has been commissioned, the JV will pay L&P an agreed licence fee. This will be contracted via an intellectual property rights (IPR) licence agreement between the JV and L&P, which will be executed in parallel to the shareholders' agreement.

- 4.17. Payment to L&P will be agreed as part of the business-planning process of the JV. The business plan will include all costs directly attributable to the event, identified overheads and an agreed-upon margin. The business plan must be unanimously agreed upon by the Board of the new JV, which will only be quorate when both Directors from each party are in attendance.
- 4.18. Any residual profit arising from any events operated by the JV will either be distributed as dividends (with dividends to L&P reinvested in L&P's core activity) or retained within the company to provide ongoing working capital for future events and any business development activity to secure future events.
- 4.19. Advice on the viability of the subsidiary and the concept behind HUMAN has been taken from the L&P Events Board which was specifically established to include non-Executive Directors with significant experience in large-scale and multi-year events. Significant scrutiny has been applied on both the commercial proposition and the proposed corporate structure by the L&P Events Board, the L&P Audit and Finance Committee, and the L&P Board.

Key risks and issues

- 4.20. Human Event Partners Limited 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 shareholder, 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, which is £1.
- 4.21. A benefit of the establishment and operation of a new subsidiary is to mitigate state aid risks. The establishment and operation of the subsidiary and the separation measures noted at paragraph 4.28 below can be considered to be facilitative of this aim.

State aid

- 4.22. Although the UK left the European Union on 31 December 2020, because the funding the GLA provides to L&P includes ERDF, it is a contractual requirement that the rules on state aid continue to be observed. Where public resources are used to provide support to an entity operating on a market for which there is competition ("undertakings"), it is necessary to consider whether or not such support constitutes state aid and, if so, whether it is compatible with the provisions of the Treaty on the Function of the European Union (TFEU). Under the TFEU, measures that amount to state aid which are not approved by the European Commission (the Commission) or which are subject to certain statutory exemptions are considered incompatible.
- 4.23. State aid will be considered incompatible and prohibited where all of the following elements are met:
- (a) an advantage, in any form whatsoever, is conferred
 - (b) which is granted by the state or through state resources
 - (c) which distorts or threatens to distort competition
 - (d) which favours certain undertakings or the production of certain goods
 - (e) which affects trade between EU member states
 - (f) the aid in question has not been approved by law, or under a block-exemption approval or an individual clearance from the Commission.
- 4.24. The provision of incompatible state aid may result in lengthy investigations and the ordering of repayment of the aid provided plus compound interest. The likelihood of a challenge may be remote but the impact could be significant. It should be noted that businesses, particularly in the UK where, in general, aid to industry is sparse, are becoming increasingly aware of their right to challenge incompatible aid paid to competitors. If support is found to constitute incompatible state aid the

provider of that support can be ordered to recover unlawfully it from the recipient. Interest will be charged on the aid. The repayment obligation falls on the recipient entity, but the granting body is required to take all necessary steps to obtain full recovery (regardless of the cost). Competitors may also seek legal action for damages against the granting body.

- 4.25. L&P operates as an entity engaged in activity that may be considered to be of benefit to the public, promoting investment and study in, and travel to and through, London. It does so through the delivery of its business plan, which is reviewed annually by the GLA, and funding for which, if such plans are approved by the GLA, is provided by the GLA. As with any publicly funded activity, however, an emphasis is placed upon L&P leveraging/generating non-public income to enhance achievement of the aims of public funding and reduce reliance upon the public purse over time.
- 4.26. As a consequence, funding recipients such as L&P find it necessary to engage in activity that might be considered to be undertaken on commercial markets to generate revenue streams. Because of the state aid doctrine, explained in the summary above, there is a risk, therefore, that public funding may be considered to constitute the provision of an unfair (incompatible and unlawful) subsidy for L&P commercial activity and satisfies all of limbs (a) to (f) of paragraph 4.23, above.
- 4.27. L&P has previously taken legal advice (see MD1598) which concluded that in order to mitigate state aid risks L&P might consider the establishment of a subsidiary that will undertake the commercial elements of L&P's activities, and will be charged for the use of any publicly funded assets/resources on the basis of a transparent market rate. Doing so, it was asserted, would enable the making of an argument that there will be no selective benefits conferred upon the publicly funded entity, L&P (necessary for the presence of state aid), in respect of activities that make use of publicly funded assets and resources at L&P's disposal, i.e., no unfair public subsidy is being provided.
- 4.28. It should be noted that establishing and operating a company does not provide a 'cure' for state aid in its own right. It is, however, a mechanism that might be used to assist in demonstrating the implementation of certain 'separation' measures to show that such companies' commercial activities are not receiving unfair and market-distortive public subsidy. Such 'separation' measures may include:
- (a) the putting in place of a business plan, based on reasonable and valid assumptions that indicate that the commercial activity can be provided by such companies without public subsidy
 - (b) ensuring that services are provided to clients at market rates
 - (c) observing accounting separation
 - (d) putting a transfer-pricing system in place to demonstrate that goods and/or services provided by such companies are charged at market rates or, in the absence of such rates, on a full costs plus recovery basis
 - (e) implementing and observing information barriers where the parents of such companies have information concerning potential competitors in respect of services to be provided that could provide an unfair competitive advantage in that company's provision of goods/services
 - (f) putting in place governance arrangements to ensure compliance with the above requirements on an ongoing basis.

Managing reputational and political risk

- 4.29. The proposed JV model and governance means that all key decisions will be retained by the Board of the new entity with no decisions able to be made without approval from both represented parties.
- 4.30. L&P's nominated Directors of the JV will withhold approvals of any key decisions that may carry significant reputational and/or political risk and seek approvals or guidance from the L&P Board.
- 4.31. This includes agreement on which regions the event will operate within, the supply chain and content.

Financial risk

- 4.32. Funding for the development of the event to date has been solely from L&P's commercial income. The L&P Board made a decision to minimise spend on HUMAN beyond Q1 of 2020-21. Subsequent expenditure has been limited to legal support and translation services to support business development in other regions.
- 4.33. No GLA grant has been spent on the development of the event and it is not anticipated that the GLA will fund events organised by Human Event Partners Limited. Future funding will come from upfront payments to Human Event Partners Limited from cities wishing to host the event. Where upfront payment is not an option, Human Event Partners will source external sponsorship or investment to deliver the event.
- 4.34. An initial review of the tax implications associated with the new entity was undertaken by L&P. There were no specific tax risks identified. It was noted that despite being a subsidiary, the company would not sit within the Group for tax purposes. Management of tax and any associated risks will be managed on an ongoing basis and Human Event Partners Limited will appoint tax advisers to support its VAT and corporation tax compliance.
- 4.35. L&P's 2020-21 business plan, agreed by the Mayor under cover of MD2773, states: "We create partnerships and profitmaking ventures to scale our impact and reinvest in London's recovery". In alignment with this principle, any profits generated by the subsidiary will be reinvested by L&P. The target commercial income from the individual subsidiaries such as Human Event Partners will be discussed and agreed with the GLA as part of the annual business planning process.
- 4.36. Whilst the subsidiary is proposed as a vehicle by which income may be generated, any L&P resources directed to its operation will naturally reduce the resources dedicated to L&P's general (GLA-funded) business plan delivery and, if the subsidiary were to engage in loss-making activity but continue to operate, this might result in a call by L&P for further GLA funding or a reduction in the coverage of and deliverables set out in L&P's approved business plan.
- 4.37. As stated in 4.25, above, in line with L&P's business plan, an emphasis is placed upon L&P leveraging/generating non-public income, alongside the GLA grant. L&P's commercial revenue reduced by 38% between financial years 2019-20 and 2020-21. This was directly as a result of the impact on COVID-19 on tourism-related income. This reduction included revenue streams such as Tourism Partnerships (30% reduction) and income from commercial subsidiaries which include VisitLondon site and the Mastercard app revenue streams (84% reduction). The HUMAN event is one of a number of options that are being explored by L&P to rebuild their commercial revenue. If and when profits are generated by the subsidiary, depending on the size of those profits, a possible reduction in GLA grant funding to L&P could be considered.
- 4.38. The GLA's current grant-funding agreement for L&P is for £11.17m for one financial year (2021-22) as approved under cover of MD2773. Thus, the GLA's level of grant funding for L&P will be reviewed as part of the GLA budget-setting process for the 2022-23 financial year onwards. Therefore, if sufficient profit had been generated for it to be considered appropriate to reduce the level of GLA grant funding to L&P, either the current GLA grant-funding agreement could be amended by a deed of variation, or alternatively, profits from the subsidiary could be taken into account in a subsequent GLA grant-funding agreement for L&P from the start of the 2022-23 financial year.

Links to Mayoral strategies

- 4.39. The establishment of Human Event Partners Limited, and the development and delivery of events in London and internationally, will support L&P's work of promoting London internationally as a leading world city in which to invest, work, study and visit. Human Event Partners Limited will help to achieve 'good growth' for London and Londoners, which corresponds with the Economic Development Strategy.

- 4.40. It should be noted that, while the subsidiary company will help achieve the objectives set out above in section 2, the GLA will retain the right to scrutinise all of L&P's activities, regardless of funding source or 'lead organisation' (i.e., London & Partners Limited or Human Event Partners Limited). 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. The GLA must also remain in a position to be able to claw back funding from L&P in case of a breach of funding conditions. Officers will ensure, in the event that the Mayor consents to the establishment of the subsidiary, that, in so far as may be necessary, the GLA secures by variation of its funding agreement or otherwise (as appropriate) enforceable rights required in this regard.
- 4.41. No one involved in the drafting or clearance of this decision has any conflicts of interest to declare. As the Deputy Mayor for Business is the Chair of L&P, it has been cleared by the Chief of Staff. Andrew Cooke, Managing Director of Operations and Governance at L&P, 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

Background

- 5.1. Approval is being sought for the Mayor, acting in the exercise of rights reserved to him under L&P's articles of association, to consent to L&P's establishment of a new subsidiary company called Human Event Partners Limited. This decision is subject to the matters reserved to the Mayor in relation to L&P also being reserved to L&P in relation to Human Event Partners Limited.
- 5.2. L&P has entered into a provisional JV agreement with Nvisible, an event production agency, and both parties have agreed, subject to Mayoral consent, that this entity will be incorporated, with L&P owning 50 per cent of the shares. L&P will also own the brand and intellectual property for the event and receive fees for its contribution towards operations. The proposed subsidiary will be a company limited by shares, with the legal liability of L&P, as a shareholder, limited to the value of its shareholding (currently set at £1).
- 5.3. The commercial model of the subsidiary as detailed above indicates that any residual profits 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. Part 2 of this Mayoral Decision outlines potential financial returns on a best and worst-case basis which are confidential under the Freedom of Information Act 2000.

GLA funding

- 5.4. The GLA will be providing an annual grant towards L&P's main operational functions of £11.17m in 2021-22, as set out in their 2021-22 business plan and approved by MD2773. This grant has its own set of milestones and deliverables, and while this proposal for a new subsidiary will support the Mayor's priorities in promoting London internationally, the GLA will not be providing any direct cash contributions towards the proposed subsidiary.
- 5.5. However, it should be noted that whilst the subsidiary is proposed as a vehicle by which income may be generated, any L&P resources directed to its operations may reduce the resources dedicated to L&P's core functions as set out in the business plan, including those that are GLA-funded. This may lead to a reduction in the deliverables and their coverage set out in L&P's business plan and the GLA grant agreement. If this arises, this will need to be discussed and agreed with GLA officers to ensure delivery against the business plan is maximised as much as possible. In line with the GLA funding agreement, the GLA could exercise their right to clawback any funding that has not been utilised on delivering the business plan and the agreed milestones.

- 5.6. One of L&P's objectives is to leverage and generate non-public funding to enhance their programme delivery and reduce their reliance on public funding over time. If sufficient profits are generated by the subsidiary, consideration will be given to reducing the GLA's annual grant contribution towards L&P's core functions and activities. This will be considered as part of the GLA's budget-setting process for 2022-23 onwards and incorporated into future grant agreements.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that:

6.1.1. 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

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
- (c) consult with appropriate bodies.

- 6.2. If the Mayor is minded to make 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 Human Event Partners Limited articles of association which correspond with the matters reserved to the Mayor under L&P's articles of association.
- 6.3. Legal comments concerning steps L&P propose are taken and measures that they will also need to take to mitigate potential state aid risks (applicable due to GLA funding to L&P including ERDF) are incorporated within the main body of this report. It should be noted that the 'previous advice' referred to was advice taken by L&P, and provided thereto by its own lawyers.
- 6.4. 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.
- 6.5. 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 Director should have particular regard to section 3 of this report.

7. Planned delivery approach and next steps

Activity	Timeline
Human Event Partners Limited incorporated and held as a dormant company	April 2021
Corporation tax registration completed in parallel to incorporation	April 2021
Shareholders' agreement drafted and agreed in principle, including terms making the agreement conditional on Mayoral approval	June 2021
L&P to provisionally sign the JV agreement with Nvisible subject to Mayoral approval	June 2021
Mayoral Approval granted	July 2021
Conclusion of contract negotiations with an international city to host the first event	June/July 2021
Contracts between the JV and L&P/Nvisible executed for service delivery towards the event	July 2021
First international city event	December 2021 – March 2022

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? YES

If YES, for what reason: Until the JV agreement and IPR agreement has been signed with Nvisible on approval of the MD.

Until what date: One month after the MD has been signed.

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 – YES

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:

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 5 July 2021.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

D. Gove

Date

6 July 2021

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

6 July 2021