

The administration of Visit London

July 2011



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Contents

Executive Summary	7
Introduction	9
The decision to create a single promotion agency for London	11
Taking forward the decision	19
The role of publicly funded private companies	27
Conclusion	33
Appendix 1 Timeline	34
Appendix 2 Recommendations	39
Appendix 3 Orders and translations	40

Executive Summary

On 17 March 2011, the interim board of London and Partners, the Mayor's new single promotion agency, decided not to take over Visit London's role as participating employer in the British Tourist Board pension scheme. This decision left Visit London, one of the organisations London and Partners was to replace, with responsibility for the outstanding liabilities of this pension scheme. With insufficient assets to meet these liabilities, Visit London went into administration on 1 April 2011. Around 200 members of the pension scheme faced uncertainty and potential reduction in benefits. Creditors of the company had unpaid bills of around £2.5 million.

Following an investigation by this Committee, questions raised in the full Assembly and the intervention of the Pensions Regulator, the Mayor agreed to re-examine the circumstances that had led to the administration. He committed to seek a resolution and in doing so apologised for the uncertainty that had been caused. On 20 June, the Mayor approved the GLA entering into a scheme rescue of the Visit London section of the British Tourist Board pension scheme. The net cost of this scheme rescue is expected to be around £3 million. It will result in the protection of benefits for members of the pension scheme and ensure that creditors of Visit London will be paid in full.

The Committee welcomes the fact that pension scheme members and creditors will now receive the money to which they are entitled. This report seeks to answer questions about whether the situation and costs to the public purse could have been avoided in the first place; and whether there are lessons to be learned for the future from the decisions made, and the way they were made and implemented.

Our main conclusions and lessons learned are:

The decision to set up a new company, rather than transform Visit London as had originally been proposed, triggered the debt in the Visit London pension scheme. Discarding the option of transforming Visit London did not form part of the formal Mayoral decision process. It was recommended by the Chair of the transition board in agreement with senior Mayoral advisers. There is no record of an assessment of the risks associated with this part of the decision-making process. (pp. 13-4)

The Mayor's decision to set up a new company to promote London was not informed by a sufficiently detailed assessment of the financial

and reputational risks associated with the Visit London pension scheme. (p 15)

The assumption within the GLA between November 2010 and March 2011 that London and Partners would become a participating employer in the British Tourist Board pension scheme, without some form of GLA funding, was not a reasonable one. (p 21)

While the Committee agrees there was a case for integrating the functions of Visit London, Think London and Study London, the way this was carried out resulted in unforeseen extra costs to the public purse. Costs of around £5 million (£3 million for the pension rescue and £2 million brought forward for start up costs) should have been foreseen and formed part of a cost-benefit analysis to inform decision-making. (p 18)

There was no clear transfer of responsibility between the GLA and London and Partners for negotiating with the trustees of the British Tourist Board pension scheme. The two responsibilities of protecting the wider interests of the GLA group and setting up the new company were combined in a single role. (p 25)

From the way the decision to set up the new company was taken forward, there are lessons to be learned about: the need for appropriate scenario planning; mechanisms to challenge assumptions and respond to change; and the extent to which complex negotiations are carried out face to face. (p 26)

Regardless of whether they are private companies or public bodies, organisations carrying out work on behalf of the Mayor and relying on the GLA for the majority of their funding, should operate within an agreed framework. This should provide clarity and transparency of decision-making for the money which is being spent on behalf of Londoners. (p 31)

As a result of these conclusions, we have made a number of recommendations which seek to ensure that the risks associated with pension schemes are fully taken into account and that processes are put in place to ensure the lessons are learned. We are looking to the Mayor and GLA to demonstrate in their response to our conclusions and recommendations that these lessons have been learned and that the mistakes highlighted in this report are not repeated.

Introduction

On the advice of his Promote London Council - a body of private sector representatives appointed to advise on all aspects of promoting London - the Mayor decided in January 2011 to establish a new body that would take on responsibility for promoting tourism, inward investment and higher education in London. These activities had previously been carried out by three private companies: Visit London, Think London and Study London each of which had received varying amounts of public money to support their activities.

Between January and April 2011 an interim board, supported by a transition team from the London Development Agency (LDA) and the Greater London Authority (GLA), made the preparations for the new agency and the transfer of people and other assets from the predecessor companies. One of the first decisions of the interim board was whether to participate in the British Tourist Board pension scheme, as Visit London had done. This would have enabled the 39 Visit London staff who were at that time active members of the pension scheme to continue to contribute to, and accrue benefits, from it. Crucially it would also have kept the Visit London share of the pension scheme operating as an ongoing scheme. This would have protected the accrued rights of the 177 pensioners and deferred members of the scheme who had built up pension rights from their employment with Visit London and its predecessor bodies.

The interim board decided not to participate in the scheme citing concerns about the liabilities the new company would be inheriting. This decision, confirmed on 31 March 2011, meant the Visit London share of the scheme would be wound up and its outstanding liabilities to pensioners and other members would become due with immediate effect. With insufficient assets to meet these pension liabilities the Visit London board called in the administrators and the company was placed in administration on 1 April 2011; the Mayor launched the new agency, London and Partners (L&P), on the same day.

Visit London's administration had potential consequences for members of the pension scheme and the company's creditors. Creditors had unpaid bills totalling around £2.5 million and were told to expect to receive around 35-40 pence for each pound they were owed. The pension scheme was referred to the statutory Pension Protection Fund (PPF) which is funded by a levy on salary-related pension schemes. The PPF aims to protect members of these schemes

by paying compensation should the employer become insolvent and the pension scheme left underfunded.

This Committee began an investigation in May 2011 following concerns raised by Visit London pensioners and creditors. We raised a series of questions with the London and Partners Board and the Mayor about what had happened and the consequences of it. This culminated in a meeting on 24 May at which we heard from representatives of the pensioners and creditors; the Mayor's office; London and Partners; and the pension scheme trustees. At this meeting, the various parties agreed to meet separately with a view to finding a resolution and to report back to the Committee within one month.

At a subsequent meeting of this Committee on 21 June, the Mayor's adviser confirmed that a deal had been reached which would protect in full the benefits of pension scheme members and enable creditors to be paid. Under the deal the Mayor agreed to fund a scheme rescue of the Visit London share of the British Tourist Board pension scheme. The net cost of this scheme rescue is expected to be around £3 million and will be met from the GLA's unallocated contingency for 2011/12.

The Committee welcomes the fact that pension scheme members and creditors will now receive the money to which they are entitled. Nevertheless, resolving this situation has involved costs to the public purse and time and resources. There are important questions about whether the situation could have been avoided in the first place and whether there are lessons to be learned for the future from the decisions made, and the way they were made and implemented.

It is these questions that this report seeks to answer. In doing so it draws on the material gathered by the Committee during its enquiries. A timeline of events is included at Appendix 1 which draws on this material, all of which is published on our website.¹ The lessons the Committee considers should be learned are set out under three headings: the decision to create a new agency; the implementation of this decision; and the wider implications of using public money to fund private companies and the checks and balances required.

¹ Available from <http://www.london.gov.uk/publication/administration-visit-london>

The decision to create a single promotion agency for London

Background

Visit London was forced into administration because of the liabilities that were triggered in its pension fund. The statement of affairs prepared by the directors on 1 April 2011 showed the company had total assets of £5.5 million including £4.5 million cash at bank.² Its debts, without the pension scheme liabilities, were estimated at £3 million. The pension fund liabilities were estimated at this point as being in the range of £7-9 million with the final figure dependent on the cost of buying out the pension rights accrued.

The pension liabilities were triggered because the company was to be wound up and would therefore no longer be an employer of any members of the scheme. Visit London was a participating employer in a multi-employer pension scheme: the British Tourist Board Staff Pension and Life Assurance Scheme (the BTB scheme). Section 75 of the Pensions Act 1995 provides that, when an employer leaves a multi-employer scheme, the trustees are required to calculate the level of debt left. This debt (section 75 debt) is calculated on the basis that the scheme is wound up and its liabilities are bought out usually in the form of annuities.

The calculation of the section 75 debt generally results in a much higher figure than the debt calculated in a scheme that continues to operate with a sponsoring employer. This is because section 75 debt is calculated on the basis that future liabilities are crystallised at a point in time rather than spread over a longer period. The most recent valuation of the Visit London section of the BTB pension scheme in April 2009 estimated the ongoing deficit at £2.2 million.³ Visit London had agreed with the pension scheme trustees to pay deficit recovery contributions of about £70,000 per annum over the next 20 years.

Much of the ensuing negotiations between the GLA and the pension trustees concerned the way the section 75 debt should be dealt with. Specifically there were questions about whether L&P would meet the strict funding test required to enable a new company to take over the share of the scheme; and whether the new company could continue to fund the pension scheme on the same basis as Visit London with long-term deficit recovery contributions.

² Statement of proposals of the Joint Administrators, Cork Gully LLP, May 2011

³ Visit London, Directors' Report and Financial Statements, 2009/10

Neither of these issues would have been relevant if the section 75 debt and the related funding test had not been triggered by the decision to set up a new company. It is therefore relevant to examine the decision-making processes that preceded Visit London's administration and the options that were considered.

An integrated approach to promoting the city

The Mayor's proposals for a new Economic Development Strategy, published in May 2009, addressed the fragmented approach to promoting London with responsibility spread across a number of different agencies. The Mayor proposed setting up "a board to take a more strategic and integrated approach to promoting the city around the world".⁴ This board would "build on the work by the agencies Visit London, Think London, Study London and Film London which deploy significant resources attracting visitors, inward investment, students and film makers to London".⁵

The following month, the Mayor launched the new board: the Promote London Council made up of representatives of London's promotional agencies and business groups. The Council was "tasked with advising the Mayor on developing a comprehensive approach to promoting the capital and establishing a publicly engaging brand for London".⁶ It would be chaired by the Mayor and supported by a full-time GLA secretariat which would coordinate papers for board meetings.

The Promote London Council's role was to be solely advisory. The legal comments accompanying the formal Mayoral Decision setting up the Council state: "Officers must ensure that notwithstanding that the Council may make recommendations to the Mayor any decisions concerning such recommendations must be made in accordance with the Authority's Corporate Governance framework".⁷

The integration of the promotional activities carried out by the various London agencies was part of the Promote London Council's remit

⁴ *Rising to the Challenge: Proposals for the Mayor's Economic Development Strategy for Greater London*, May 2009, p 21

⁵ The proposal to integrate Film London with the other promotional agencies was not subsequently taken forward.

⁶ Mayor unveils new Council to Promote and rebrand London, Mayoral Press release, 11 June 2009

⁷ Request for a Mayoral Decision 386, para 5.5

from its creation.⁸ The decision to do this by delivering the activities of Visit London, Study London and Think London from one agency is described in a note to Promote London Council members from Anthony Browne, then Mayoral Policy Director for Economic Development. This note states that the in principle decision was made by the Mayor and Promote London Council at its meeting on 8 June 2010.⁹

At this point, the intention was that the new agency would “involve the far-reaching transformation of Visit London, which is constitutionally able already to carry out all the promotional functions of a single agency that the Mayor would require (but which currently has a more restricted remit in practice)”. Anthony Browne goes on to note that there would be a period of due diligence to be completed by the end of August 2010. Dame Judith Mayhew Jonas would chair a GLA group team responsible for the transition under the day-to-day management of Danny Lopez, Group Director at the LDA.

The decision to create a new company

At some point during October 2010, a decision was made not to transform Visit London and instead to establish a new company. This is significant because it meant that the section 75 debt would be triggered in the Visit London pension scheme.

Given this significance, the Committee sought to establish who made the decision to pursue the option of establishing a new company. Sir Peter Rogers recently confirmed that the Chair of the transition board, Dame Judith Mayhew Jonas, recommended setting up a new agency rather than transforming Visit London. She agreed this position with senior members of the GLA including Anthony Browne and Sir Simon Milton.¹⁰ Sir Peter goes on to say: “Ultimately of course all decisions were taken by the Mayor as recorded in [Request for Mayoral Decision] 658.”

The Request for a Mayoral Decision to set up a new company describes other options considered but discounted, such as sharing

⁸ See, for example, answer to MQ 1727/2009, 17 June 2009: “there are a host of different agencies all promoting London which leads to confusion, duplication and dilution of the message”.

⁹ Note to PLC members on a single promotional agency for London, June 2010

¹⁰ Letter from Sir Peter Rogers, 20 July 2011

back office functions between the three agencies.¹¹ It did not address what was the preferred option of the Promote London Council in June 2010: to rebrand and restructure Visit London. Sir Peter said the option of a transformation of Visit London did not form part of the Mayoral Decision process because it was “a previously discarded corporate structure option ... [which] was not considered to be relevant to the outcome and the decisions the Mayor was being asked to approve”.¹²

In making her recommendation that the option of transforming Visit London be discarded, Dame Judith “judged the risks” of this option to be greater than the risks associated with setting up a new company.¹³ No evidence has been provided to the Committee of any record of an assessment of these risks when making this recommendation or agreeing its adoption as policy with Anthony Browne and Sir Simon Milton.

How the pension implications of setting up a new company were assessed

The pension implications of the decision to pursue the option of creating a new company were brought to the attention of the Mayor’s Office in November 2010. The then Chief Executive of Visit London wrote to Anthony Browne, then Mayoral Adviser for Economic Development, on 11 November 2010:

“If Visit London is to cease employing any members of the BTB scheme (as would happen if all its employees transfer under TUPE to the new agency) this will trigger a debt under section 75 of the Pension Act 1995. This debt would be valued on a buy-out basis and would be payable by Visit London unless alternative arrangements are made for its payment. Has provision been made for the new agency to pay this section 75 debt when Visit London employees transfer to the new agency under TUPE?”

The GLA’s Executive Director of Communities and Intelligence replied on behalf of Anthony Browne on 18 November 2010. On the question of pension liabilities, he said: “it is proposed that [the new company]

¹¹ Request for Mayoral Decision 658, Single Agency to Promote London – Establishment and Funding Commitment

¹² Letter from Sir Peter Rogers, 16 June 2011

¹³ Letter from Sir Peter Rogers, 20 July 2011

will become a participating employer in the BTB scheme and that Visit London would enter into an apportionment arrangement to apportion its liabilities to the [new company]”.

No evidence has been provided to the Committee to show that any more work was done to assess the costs or implications if the new company decided not to become a participating employer. The Request for a Mayoral Decision in January 2011 does identify the transfer of the pension scheme as a risk. It does not indicate the likelihood of this risk materialising; suggest what reputational or financial consequences for the GLA would result from it not taking place; or set out what steps might be taken to mitigate these risks. There is no record of an assessment of the number of pension scheme members in the Visit London section of the BTB scheme or how they would be affected if the new company did not become a participating employer and the scheme were to be left underfunded.

As further powers are devolved to the GLA, and other organisations are wound up, there are likely to be implications for other pension schemes and the pension rights of individuals. A lesson from the creation of London and Partners is that these implications, and any financial or reputational consequences for the GLA, need to be understood from an early stage in the process.

Recommendation 1

We recommend that when the GLA is involved in the transfer of functions and staff between other bodies, a targeted and proportionate assessment of the pension implications should form part of the Mayoral decision process. The Mayoral Decision form should record the details of this assessment including what the risks are to pension rights and how these would be managed under different scenarios. Where there is a due diligence process to consider options to inform a Mayoral decision, there should be an auditable record of the outcome.

The rationale for setting up a new company

The Committee sought to understand the rationale for the decision to discard the original option to transform Visit London and to pursue the option of setting up a new company. In response to a question at the Committee's meeting on 24 May, Dame Judith Mayhew Jonas said:

"We did look at the option of either setting it all up under Think London or setting it all up under Visit London but it was thought in the best interests of good governance and good management structures, given that these were two very different companies, that it was better to form [a new company]."

The Committee sought further information on these governance and management issues after the meeting. In his reply, Sir Peter Rogers said:

"On review it was clear that Visit London did not have an appropriate corporate and management structure to meet the needs identified for the new agency. This was in part due to the membership structure, whereby there were many member organisations with varying voting rights but also due to board and management arrangements".¹⁴

Sir Peter went on to note that in bringing together the work of the three organisations, each with a different culture, it was felt to be important to establish a new culture under a new agency. He said that this coupled with the complexities inherent in the Visit London structure, of a large number of member organisations with voting rights, led to the decision to discard the option of transforming Visit London.

Others have cast doubt on this analysis. Tamara Ingram, former Chair of Visit London, told the Committee:

"From our point of view at the time we did not really see any need for a new company because the Chief Executive was

¹⁴ Letter from Sir Peter Rogers, 16 June 2011

happy to resign, obviously I was happy to go, we felt that we could change the structure from within.”

The Committee recognises the case for merging the functions of Visit London, Think London and Study London. Similarly, this report does not seek to assess the relative merits of creating a new company compared with transforming an existing one. The Committee is concerned with the question of whether in deciding between these options, there was a full understanding of the potential implications for the Visit London pension scheme and the risks this had for the Mayor/GLA.

The consequences of the decision to set up a new company

The former Chair of Visit London suggested to the Committee that the potential consequences of the decision to set up a new company were not properly considered:

“The consequences of that decision were far-reaching in terms of the liabilities created and the impact on the public purse. The pension debt was triggered as Visit London could no longer exist as a participating employer. The resulting administration meant the assets built up over the years by Visit London, and largely paid for by public money, would have to be bought by the new agency using more public money. Nobody in a position to influence that decision grasped the detail sufficiently. It appears that either the due diligence process did not identify the risks or appropriate action was not taken to respond to any risks identified”.¹⁵

The impact on the public purse was not confined to liabilities triggered in the pension scheme and the need to buy assets built up by Visit London. Member organisations of Visit London paid for their voting rights through their subscriptions; these accounted for seven per cent (£1.4 million) of Visit London’s income in 2009/10. Visit London had additional private sector income of £4.3 million in 2009/10. London and Partners is seeking private investment of £3.3 million to supplement its grant income in 2011/12.¹⁶

Furthermore, there were set up costs associated with the creation of the new company. The four year profile of the Mayor’s proposed

¹⁵ Further written comments from Tamara Ingram, Chair of Visit London, May 2011

¹⁶ London and Partners 2011-12 draft business plan, February 2011

grant funding to London and Partners was changed on 25 March 2011 to reflect an increase in these costs.¹⁷ The original proposal in January 2011 was that funding of £14 million per year would be provided for four years (2011/12, 2012/13, 2013/14 and 2014/15). The March decision said there would be a reprofile of the four year grant funding to increase the first year's grant by £2 million to £16 million "so as to allow for the additional start-up costs required". Funding for future years was reduced accordingly.

Conclusions

While there is a case for integrating the functions of Visit London, Think London and Study London, the way that the process of integration was conducted resulted in unforeseen extra costs to the public purse. One of the reasons given for setting up a new single agency to promote London was "cost savings from a smaller management structure and other efficiencies from bringing the agencies together". While efficiencies may well emerge in future years, the decision to set up a new company led to substantial costs in 2011/12. The net cost of the pension scheme rescue is expected to be around £3 million. Unconnected to the pension costs, additional start-up costs required funding of £2 million to be brought forward from budgets in future years. Potential costs should have been foreseen when the decision was made to have enabled a comprehensive cost-benefit analysis of all the options available, including maintaining the status quo.

¹⁷ Request for a Mayoral Decision 771, GLA Budget and Strategic Plan deliverables, para 1.8

Taking forward the decision

While the decision to set up a new company contributed to the GLA eventually having to meet the net costs of £3 million to rescue the Visit London share of the BTB pension scheme, this outcome was not inevitable. Although the section 75 debt was triggered, the scheme rescue of the type eventually implemented would not have been necessary if another way had been found of dealing with this debt. The GLA assumed from late 2010 that the pension issue could be dealt with by the new company becoming a participating employer in the BTB scheme. In doing so, the new company would have taken responsibility for the section 75 debt leaving Visit London with sufficient assets to meet its other liabilities. When it became clear this was not going to happen, another solution was explored involving trying to maintain Visit London on a reduced scale to avoid triggering the section 75 debt. This did not happen either.

This raises questions about the way the pension issues were handled from November 2010, when the question of the section 75 debt was first raised with the Mayor's Office, and the final decision of London and Partners in March 2011 not to become a participating employer in the scheme. In seeking to draw lessons from this process, we have considered the original assumption that the new company would become a participating employer in the BTB scheme; the extent to which the consequences of the negotiations failing were fully realised and the nature of the Mayor's obligations; and the failure of the negotiations between the trustees, London and Partners and the GLA.

The assumption that London and Partners would become a participating employer

There was a working assumption within the GLA that the new company would become a participating employer in the BTB scheme and any pension issues from winding down Visit London would therefore be resolved. This was made clear in the letter of 18 November 2010 to the Chief Executive of Visit London, responding to concerns about pension liabilities. Similarly, the Mayoral Decision signed in January 2011 repeated the assumption: "It is intended that the new company will take on the staff, assets and liabilities of Visit London including, subject to negotiation with and the acceptance of third parties, the lease of 2 MoreLondon and their pension scheme".¹⁸

¹⁸ Request for Mayoral Decision 658

The GLA was able to start negotiations to this end but the Mayor was not in a position to determine the final decision of the London and Partners board. A letter from the Mayor's Principal Legal Adviser to the Pensions Regulator on 29 March 2011 makes the limitations of the Mayor's role clear:

"The decision as to whether or not L&P is to participate in the Scheme is one for the board of L&P. It is not a decision for the Mayor."

There is therefore a question about whether it was a reasonable assumption that London and Partners would decide to become a participating employer. The Visit London section of the pension scheme had a deficit of £2.2 million at its last valuation in April 2009. Visit London had a 20 year funding agreement with the scheme trustees to reduce this deficit gradually through overpayments.

What this might mean for a company taking over this section of the scheme was evident from the trustees' analysis of the London and Partners' position expressed at the meeting of 30 March:

"London and Partners' Chair ... expressed how it would have been 'madness' for a limited lifespan company such as London and Partners to assume responsibility for a deficit which would, on its own wind-down crystallise in lump sum form and drive the company into insolvency (in the same way as shortly happened to Visit London). However, why this only became apparent on or shortly before 17 March, and why it had escaped the GLA ever since their representations to Visit London in November 2010 (which they continued to repeat to the trustees right up until March of this year) that London and Partners would participate in the Scheme and assume responsibility for Visit London's deficit, continues to puzzle the Trustees."¹⁹

Given that it was established as a private company with a time-limited funding agreement, it is difficult to see how London and Partners could reasonably have been expected to take long-term responsibility for the Visit London pension deficit without some form of GLA guarantee. Nothing in the information provided to the Committee

¹⁹ Written submission from the Scheme trustees, Appendix 2, p 9, May 2011

suggests there were active discussions between London and Partners and the GLA about providing such a guarantee or a cash injection to reduce the pension deficit.

We conclude that the assumption by the GLA, from November 2010 until March 2011, that London and Partners would become a participating employer in the BTB pension scheme was not a reasonable one. It would only have been so if the GLA had been prepared to underwrite the scheme deficit in some way or make further funds available for a cash injection. Neither was offered prior to April 2011.

The Mayor's obligations to the pension scheme

Once it became clear that London and Partners was not prepared to become a participating employer in the BTB scheme, questions started to be raised about what, if any, obligations the Mayor and GLA had to the scheme and its members. In his initial response on 3 May 2011 to questions from the Committee about the effect of Visit London's administration, the Mayor suggested that there was a balance to be struck between the competing priorities of pension benefits and the funding needed to support the new agency: "the impact on the pension benefits accrued ... is clearly a blow but the loss of 10 per cent of such benefits when the alternative was an extra cut to the services provided by L&P and inevitably a significant cut in the number of its staff meant that it was a decision that could not be avoided".

Others argued that it was not appropriate to balance the costs of maintaining people's accrued pension rights against other priorities. The trustees of the BTB scheme said that they did "not believe that existing pensions obligations of employers can in any way be treated as 'optional' or secondary to the cost of achieving other objectives".²⁰

The Pensions Regulator went further in a letter to the Chair of this Committee on 17 May 2011:

"The Regulator has significant concerns in relation to the decision to withdraw funding from Visit London Ltd. The decision to fund London and Partners rather than Visit London appears to detrimentally affect the likelihood of full benefits

²⁰ Written submission from the Scheme trustees, May 2011

being received by the members of the Visit London section of the scheme. ... The Regulator has a number of anti-avoidance powers under the Pension Act 2004 which enable it, in certain situations, to require entities which are associated with or connected to a sponsoring employer to put in place financial support for a scheme or make a cash payment up to the scheme's buy-out deficit.

The Regulator has begun an investigation to determine whether it would be appropriate to exercise these powers in this case. That investigation is currently at a very early stage."

The Mayor's decision to fund a pension scheme rescue meant this investigation did not proceed, so the question of whether the GLA had a legal obligation to the pension scheme was not finally resolved. The GLA has not accepted that it was legally obliged to rescue the scheme. The Mayor said on 15 June: "My advice is that there may not have been a legal obligation on us to honour the pension commitments".²¹ Visit London and London and Partners were or are private companies. Visit London received around 70 per cent of its funding from the LDA; London and Partners is expected to be around 80 per cent funded by the GLA in its first year.²² The extent to which this meant the GLA was "an entity associated with or connected to a sponsoring employer", and therefore presumably had a legal obligation, was not tested.

When announcing the scheme rescue in June 2011, the Mayor's adviser said that the Mayor felt he had a "moral obligation to both pensioners and other creditors".²³ The Mayor used the same phrase in his comments to the Assembly on 15 June.

There was no acknowledgement of such an obligation in the correspondence provided to the Committee covering the period leading up to Visit London's administration. The representative of the Visit London pensioners concluded at our meeting: "it seems to us that the parties involved, at some stage, lost sight of their responsibilities to past and existing employees".²⁴

²¹ Mayor's Question Time, 15 June 2011

²² London and Partners 2011-12 draft business plan, February 2011

²³ Sir Peter Rogers at the ECS Committee meeting, 21 June 2011

²⁴ Ylva French, Chair of Visit London Pension Actions Group, at ECS Committee meeting, 24 May 2011

The potential consequences of a Visit London administration for past employees, including existing pensioners, were not referred to in any GLA correspondence prior to the Committee's involvement.

"An unsatisfactory process": the negotiations with the pension scheme trustees

When reopening negotiations with the trustees after the Committee meeting on 24 May 2011, the Mayor's Adviser on Regeneration, Growth and Enterprise, referred to trying to correct "what has been an unsatisfactory process to date".²⁵ This suggests there are lessons to be learned from the way this process was originally managed.

Until an all-parties meeting called by the Pensions Regulator on 30 March 2011, and after the London and Partners board had made the decision not to become a participating employer in the scheme, all the negotiations between the GLA and the trustees were carried out by correspondence. The lack of face-to-face meetings between the parties and a reliance on letters was identified by Sir Peter Rogers as a lesson to be learned from the process.

The GLA and the trustees provided the Committee with different interpretations of the issues set out in the correspondence between the two parties. There were disagreements about when and whether the trustees were prepared to accept London and Partners as a participating employer in the BTB scheme; the amount of money which was needed to satisfy the funding test; and the speed and efficiency with which both sides responded to requests for information.

Given that the Committee's aim in this report is to identify lessons for the future, we do not seek to revisit these disputes in detail. The disagreements between the GLA and trustees over many of these issues are no longer relevant now that the pension scheme has been rescued. It is though important that the Committee consider whether the criticisms of the speed and efficiency of each side were justified to the extent that they might have resulted in a different outcome.

There were administrative errors made and slight delays during the negotiation process which was started with a letter to the trustees

²⁵ Letter from Sir Peter Rogers to the Chair of the Trustees, 25 May 2011

from the GLA on 25 January 2011. For example, in their initial response of 8 February, the trustees pointed out that any future arrangement would require the agreement of the other participating employers Visit Britain and Visit Scotland. The GLA did not send letters seeking that consent until 4 March and then to the wrong addresses. The trustees criticise this and the fact that the GLA did not at any point begin a consultation with the Secretary of State whose permission is also required under the scheme rules. Similarly, both the GLA and the trustees criticised the response times of the other party.

Given the position ultimately taken by the London and Partners board, it is difficult to see how an earlier start to discussions with the other participating employers would have made any difference. Similarly, there is no obvious major delay between the receipt of each letter and a response. We therefore conclude that there is nothing to suggest any administrative errors or delays had a material effect on the final outcome of the negotiations.

The correspondence is notable for the lack of involvement from the interim board of London and Partners. A transition team of GLA/LDA staff had been established to support the interim board but there is nothing in the information provided to the Committee to suggest that there were discussions about the progress of negotiations with the pension scheme trustees. Similarly, the trustees noted in their submission to the Committee that throughout the whole period they only received one communication from London and Partners: a seven line letter on 17 March stating that the interim board had decided not to pursue the option of becoming a participating employer in the scheme.

The trustees told the Committee that they “find it difficult to come to terms with the long period of time for which the GLA indicated that a certain outcome would be worked towards, followed by the immediate volte face displayed by L&P in its first and only letter to the trustees”.²⁶ They also note that while recognising caveats in GLA correspondence about the new agency’s independence they understood “negotiations should be conducted with the GLA itself”.²⁷

The GLA opened negotiations on behalf of London and Partners but there is no evidence to show how or if the London

²⁶ British Tourist Board trustees submission to the Committee, May 2011

²⁷ Ibid

and Partners board was consulted. There was no clear transfer of responsibility for negotiating with the trustees from the GLA to London and Partners. The letter to the trustees from the GLA of 11 March 2011 effectively withdraws the GLA from the negotiations but it is not clear why this happened at this point. We conclude therefore that it was unsurprising that the trustees were unclear who they were negotiating with, and on what basis, and that this was a contributory factor in the failure to reach a resolution.

There are further lessons to be learned from the relationship between the GLA/LDA and London and Partners prior to the incorporation of London and Partners as a private company. This is exemplified by the dual role of the LDA's then Group Director of Business Support and Promotion, Danny Lopez. Mr Lopez led the preparations for the creation of the new agency with support from officers at the GLA. At the same time, he acted as interim CEO of London and Partners. This arrangement effectively combined in the same role two responsibilities: protecting the wider interests of the GLA group; and ensuring the new company was in the best position to take forward the promotion of London.

Although we did not explore this role during the Committee's discussion in May, these two responsibilities suggest potential competing interests over the question of pension liabilities. For example, it would not be in the interests of a new company to take on significant long-term pension liabilities from another company. At the same time, the decision not to take on those liabilities exposed the Mayor to reputational damage and at least a moral obligation to those affected. There is evidence to show Mr Lopez recognised the risks to London and Partners of taking on long-term pension liabilities from the information provided about the board deliberations. No information though has been made available to the Committee to show that he was involved in discussions with the trustees or in highlighting the risks to the GLA of allowing Visit London to go into administration.

The Committee considers that there are a number of lessons to be learned from the way the project to set up London and Partners was planned and the way negotiations with other parties to make this happen were carried out. In highlighting the lessons to be learned in

the following recommendation we have also drawn on the comments of Sir Peter Rogers at our meeting on 24 May.

Recommendation 2

We recommend that in his response to this report, the Mayor set out what processes he plans to put in place to ensure that in future such negotiations: there is appropriate scenario planning; there are mechanisms to challenge assumptions and respond to changes; and that the undertaking of complex negotiations is carried out as far as possible in face-to-face meetings rather than mainly through correspondence. We further recommend that, when private companies are set up in the future, there is a clear separation between the roles of protecting the interests of the GLA and responsibility for setting up the new company.

The role of publicly funded private companies

A common theme throughout the negotiations about the pension scheme and the investigation undertaken by the Committee was the fact that Visit London and London and Partners were or are private companies. This had implications for the way decisions were made, and the issues that the respective boards could reasonably take into account, and the transparency of decision-making. Similarly, the amount and committed period of funding for these private companies from public funds was relevant to the considerations at each stage in the months preceding the administration of Visit London.

Given that the ultimate responsibility for resolving the consequences of Visit London's administration came back to the Mayor, this raises questions about the structures in place. Guests at our May meeting questioned the rationale for handing over responsibility to a private company and the consequences when a company, which relies on public funds for its existence, makes decisions based on purely commercial considerations.

Furthermore, an important background to the events leading up to the administration of Visit London was the decision of the Government no longer to provide grants for promoting London. This effectively transferred sole responsibility for funding and directing the promotion of London to the GLA. Any lessons learned from the way these structures affected what happened are therefore particularly important for London government in the future.

The relationship between the GLA and London and Partners

The establishment of London and Partners as a private company, which is grant funded to provide services to promote London, continues a longstanding arrangement in the capital. It mirrors the arrangements that were made for promoting tourism and led to the creation of Visit London. For example, the London Tourist Board was incorporated as a company in 1963 with an objective to manage tourism and promote London as a year round tourist destination. In 1969 the company became one of 12 official tourist boards covering England and working with the British Tourist Board.²⁸ The London Tourist Board changed its name to Visit London Limited on 3 July 2003.

²⁸ The other tourist boards were not established as private companies. For example, the Welsh Tourist Board was an executive sponsored body of the National Government of Wales following devolution.

Visit London and its predecessors were funded by grants from public bodies, income from member subscriptions and some commercial activities. In recent years Visit London had a four-year grant funding agreement with the LDA covering the period 2006/07 to 2009/10. The LDA was grant funded by central government for these purposes; a cut in this grant following the Comprehensive Spending Review in 2008/09 led to a reduction in the grant to Visit London in 2008/09 and 2009/10.

The grants provided the majority of the company's income. Visit London's last published accounts for 2009/10 show grant funding from the LDA made up 73 per cent (£15.6 million) of Visit London's total income. The LDA grant to Visit London reduced in 2010/11 to £11.7 million.

The other agencies which were merged with Visit London to form London and Partners also received public money in 2010/11. The LDA provided grant funding of £4 million to Think London; and £169,000 to Study London.²⁹ Together with its grant for Visit London, the LDA provided funding of £15.9 million in 2010/11 to the three agencies compared with the GLA grant funding of £16 million for London and Partners in 2011/12. The London and Partners grant reduces to £14 million in 2012/13 and £13 million for the next two years.

It is clear that Visit London, and the other promotion agencies, relied on public funding for their existence. The interim Chief Executive confirmed this is also the case for London and Partners. He told the Assembly: "This is a private public commercial organisation that to exist and to be able to carry out its activity is receiving a grant from the GLA Without it [the grant] there would be no tourism and foreign direct investment activity".³⁰

The former Chair of Visit London said that this type of dependence raises questions about the extent to which the private company and the body funding it should be seen as separate: "I think we need to be

²⁹ Figures from the London and Partners draft business plan provided to the Budget and Performance Committee, February 2011

³⁰ Interim Chief Executive of London and Partners to the Budget and Performance Committee, 3 March 2011

a bit more honest about what that means in terms of our obligations and how we behave".³¹

The formal articulation of these obligations is in the governance and funding arrangements for London and Partners. The GLA was the sole founding Member of London & Partners. When it was established the Mayoral Decision said, "The governance and funding arrangements will enable the Mayor to have strategic oversight and an appropriate degree of influence over the new promotional company".³² There is not a Mayoral representative on the London & Partners board but the Assembly was told that GLA control would be exercised through the Mayor's ability to appoint representatives to the board, annual funding agreements and an agreed corporate plan. Under the grant agreement, the GLA has a right to send to board meetings an observer who will receive papers in advance and have the right to speak but not vote.

There are questions about whether these arrangements accommodate the kinds of checks and balances that adequately address the complexity of the relationship between the Mayor and a company implementing his policies and spending GLA money. Although it is established as a private company, London and Partners is not a purely commercial organisation; it relies on the Mayor for the bulk of its funding and there are consequences for the Mayor and GLA from the decisions it takes. For example, the decision of the London and Partner board about the Visit London pension scheme has had reputational and financial consequences for the Mayor and GLA.

Recommendation 3

We recommend that the Mayor ensure that the governance arrangements and grant agreement with London and Partners be re-examined. The aim of this should be to ensure that there are appropriate checks and balances to protect the interests of the GLA while allowing London and Partners sufficient freedom to operate efficiently and effectively. We ask that the Mayor report back on this process and any proposed changes to the arrangements by the end of October 2011.

³¹ Tamara Ingram to the ECS Committee, 24 May 2011

³² Request for Mayoral Decision 658, 17 January 2011

Transparency

Similarly, the way London and Partners has been set up has implications for the level of transparency particularly around funding. In 2011/12, London and Partners will have responsibility for spending 11 per cent of the total funding for the Mayor's component of the GLA budget.³³ Given this, we expect the same degree of transparency about that expenditure as we would for the GLA itself and the functional bodies.

Such transparency was not evident during our investigation. As part of our request for information, the Committee asked for copies of correspondence between the GLA and London and Partners and the other parties involved. London and Partners provided copies of its board minutes but argued it was not legally obliged to do so.³⁴ These minutes simply recorded the decision. The papers considered at those meetings or details of the discussion were not provided. No correspondence between the GLA and London and Partners was provided other than emails relating to the timing of the meeting convened by the Pensions Regulator on 30 March.

The financial information available about London and Partners is not as detailed as for the GLA and other parts of the GLA group. For example, the salaries of GLA directors, Mayoral advisers and any declarations of interest are matters of public record. The same is not the case for senior employees of London and Partners. For example, in June 2011, the Mayor approved the decision of the London and Partners Board to appoint a chief executive and an executive with financial responsibility for financial affairs of the company.³⁵ Neither the salaries nor any declarations of interest for the appointments have been published. The Request for a Mayoral Decision states: "there are no costs to the GLA arising out of the current appointments as all salary costs, allowances and expenses are met by London and Partners".

Similarly, London and Partners received additional grant funding of £2 million in 2011/12 for "start up costs" brought forward from budgets

³³ The £16 million grant to London and Partners is 11 per cent of the total funding for the Mayor's component budget (£147.1m) in 2011/12

³⁴ As a body in receipt of a GLA grant this interpretation is open to question. Under section 61(4)(a) of the GLA Act 1999, as amended, the Assembly may require a such a body to provide documents which relate to that grant.

³⁵ Request for a Mayoral Decision 832 London and Partners appointments

in future years.³⁶ However, there is no mechanism to ensure that how that money was spent is open to public scrutiny.

Conclusion

The relationships between the Mayor/GLA and other bodies carrying out his policies and spending GLA resources are often complex. The Assembly has long argued that there should be clarity and transparency about decision-making in these relationships, for example, when reporting on the awarding of grants by the LDA in 2008.³⁷ More recently, in the joint statement to the Secretary of State for Communities and Local Government on the devolution of powers to London, the Assembly's priority was "to see that robust transparency and accountability arrangements are embedded in any devolution package".³⁸

Consistent with this approach, we consider that regardless of whether they are private companies or public bodies, organisations carrying out work on behalf of the Mayor, and spending funds provided by the GLA, should operate within an agreed framework. This should provide clarity and transparency of decision-making for the money which is being spent on behalf of Londoners.

Such a framework exists. Following a review by the then Chief Executive in 2008, the Mayor agreed a group wide Corporate Governance Framework Agreement the aim of which is to "address the complex relationships between the Mayor and his staff, the Assembly, and the Boards of the functional bodies".³⁹ It "sets out their roles and responsibilities and the ways in which they should relate to each other". The aim is that the framework agreement is supported by protocols on issues such as transparency and the publication of information. We consider this agreement should apply in the same way to private companies or public bodies wholly or largely funded by the GLA, such as London and Partners.

³⁶ Request for a Mayoral Decision 771 GLA budget and strategic plan deliverables

³⁷ London Development Agency Grants – an Interim Statement of Concerns from the London Assembly, 17 March 2008

³⁸ Joint letter to the Secretary of State for Communities and Local Government from the Mayor, London Assembly and London Councils, 23 July 2010

³⁹ Request for Mayoral Decision 355

Recommendation 4

We recommend that London and Partners, and any other companies or external bodies set up and funded by the Mayor from GLA resources, sign the GLA Group Corporate Governance Framework and that the requirements for transparency and accountability for decision making apply. We ask the Mayor to respond to this and the other recommendations in this report by the end of October 2011.

Conclusion

We welcome the Mayor's decision to fund a scheme rescue of the Visit London pension section of the British Tourist Board pension scheme following concerns raised by the Assembly and the work of this Committee. It has secured the benefits of existing and future Visit London pensioners and ensured that those London companies left out of pocket will now be paid in full.

However, it is clear that there were failings in the process which led up to Visit London's administration. The decision to set up a new company to take on the functions of Visit London, Think London and Study London in 2011/12 ultimately resulted in costs to the GLA of £5 million. These costs - £3 million to rescue the pension scheme and £2 million additional start-up costs brought forward from budgets in future years - were not anticipated. Furthermore, the decision-making process which resulted in these costs was not sufficiently robust. It failed to demonstrate accountability for decisions or evidence that decisions were made on a detailed understanding of the consequences. The obligations and responsibilities that the Mayor had to pensioners and creditors only came to light when this Committee investigated after Visit London went into administration. The Mayor could, and should, have prevented this happening in the first place.

As this report has demonstrated, there are a number of lessons which can be learned for the future about the GLA's role in the transfer of functions and staff between bodies that it funds. Adoption of the recommendations in this report will go some way to ensuring that they are. It is now incumbent on the Mayor and the GLA in their response to this report to demonstrate that processes will be put in place to ensure that the mistakes highlighted in this report are not repeated.

Appendix 1 Timeline

Timeline of the key events, correspondence and meetings leading up to the administration of Visit London and the subsequent GLA fund pension scheme rescue

All the documents referred to in this timeline, and in the main body of the report, are available from the Committee's webpage at <http://www.london.gov.uk/publication/administration-visit-london>

May 2009

The Mayor publishes *Rising to the Challenge: Proposals for the Mayor's Economic Development Strategy for Greater London*. This includes the proposal to establish "a board to take a more strategic and integrated approach to promoting the city around the world".

9 July 2009

Request for Mayoral Decision 386: The Establishment of Promote London Council. Chaired by the Mayor the purposes of the Council is to "advise the Mayor on all aspects of the promotion of London in order to maximise benefits to London's economy and to inform his advice to the LDA, which ultimately will contract these services".

8 June 2010

The Promote London Council makes an in principle decision to integrate the work of Think London, Visit London, and Study London into a single promotional agency for London. A note to the Promote London Council from Anthony Browne, then Mayoral Policy Director for economic development, states: "the new agency's structure is to "involve the far-reaching transformation of Visit London".

October 2010

Following a due diligence process in the summer of 2010, "A decision was taken in October 2010 that the establishment of a new corporate entity was the preferred option" [source: letter from Sir Peter Rogers to the Committee 16 June 2011]

11 November 2010

The Chief Executive of Visit London writes to the Mayoral Policy Director for Economic Development raising questions about the transfer of assets and liabilities to the new agency; the transfer of pension liabilities, including the triggering of the section 75 debt and; the transfer of employees to the new agency.

18 November 2010

The GLA's Executive Director of Communities and Intelligence replies on behalf of the Mayoral Policy Director for Economic Development stating that "it is proposed [the new company will become a participating employer in the BTB scheme]".

17 January 2011

Request for Mayoral Decision 658 is published. This authorises the creation of a single agency to promote London from 1 April 2011.

25 January 2011

The GLA Director of Resources writes to the Secretary of the Trustees of the British Tourist Board scheme. The letter informs the trustees of the proposal that London and Partners take over the current operation of Visit London, Think London and Study London. It sets out proposals for London and Partners to be admitted into the pension scheme, enabling employees of Visit London to transfer their pension when they transfer to London and Partners and to take on Visit London's liabilities. The letter explains that final decision would be for the Board of London and Partners.

8 February 2011

The Chairman of the trustees replies. He raises questions about the future funding of the scheme under the proposed new employer, London and Partners, notes that the proposed amendment to the scheme requires the consent of the other participating employers (Visit Britain and Visit Scotland) and the relevant Secretary of State; asks to be kept informed of their responses to the proposals; and asks for a valuation of the assets and liabilities of Visit London.

16 February 2011

The GLA Director of Resources replies enclosing the grant agreement between the GLA and London and Partners. The letter expresses the view that the trustees will be able to satisfy themselves that sufficient funding will be available to cover the costs of the scheme and commits to making relevant information available to the trustees' advisers. The Executive Director states that Visit Britain has received a copy of the letter of 25 January and the GLA plans to "enter into formal dialogue with them and with Visit Scotland shortly". The letter also points out the alternative to allowing London and Partners into the scheme would be to "allow Visit London to become insolvent" at which point "the Scheme would be an unsecured creditor of Visit London".

19 February 2011

The Secretary to the Trustees emails the GLA. He states that the estimated section 75 debt that would fall on Visit London if a cessation event happened would be £9 million. He also provides a schedule of contributions which shows that Visit London is expected to pay £71,520 in addition to its usual contributions over the 20 year period from 1 July 2010.

2 March 2011

The Chairman of the trustees replies to the letter of 16 February. The letter raises again the need for the consent of Visit Britain, Visit Scotland and the relevant Government department and asks for confirmation that a dialogue has commenced. The substantive point made by the Chairman of the Trustees in this letter concerns the statutory funding test the trustees are required to apply under pension legislation.

4 March 2011

The GLA sends copies of the letter to the trustees of 25 January to Visit Britain and Visit Scotland asking for initial responses by 9 March. Both letters are incorrectly addressed; the Trustees note in their submission that as a result they were not received until 14 March.

4 March 2011

The GLA Director of Resources replies to the trustees' letter of 2 February. In the letter, he reasserts the GLA's view that the funding test can be met.

9 March 2011

The London and Partners Board considers a paper drafted by the pension advisers at Wragge & Co on the options for pension provision from 1 April for the employees of London & Partners. The minutes of the board meeting record: "a lengthy discussion took place and it was agreed to resolve the issue at the next board meeting".

11 March 2011

The GLA Director of Resources writes again to the trustees. The letter concludes: "The GLA's role has come to a close ... future correspondence will therefore be with L&P".

17 March 2011

The London and Partners Board continues its discussion on the options for pension provision. According to the Board's minutes, it resolves:

- a) not to pursue the proposal to become a participating employer in the British Tourist Board Pension Scheme;
- b) ...
- c) to pursue the transfer of the business of Visit London to the company without any liabilities in connection with the British Tourist Board Pension Scheme;
- d) to offer to meet Visit London at director level as soon as possible next week ideally on Monday 21 March.

18 March 2011

Danny Lopez, Interim Chief Executive of London and Partners, writes to the trustees informing them of the board's decision.

25 March 2011

Request for Mayoral Decision 771: GLA budget and strategic plan deliverables 2011-12 is published. This includes "£2.0m for the reprofiling of London & Partners' grant from the GLA ... so as to allow for the additional start-up resources required."

28 March 2011

Tamara Ingram, Chair of Visit London, emails the Mayor on behalf of the Visit London Board expressing her concern about London and Partners' decision. She warns that it could force Visit London into insolvency and she asks the Mayor to delay the launch of London and Partners until the situation is resolved.

29 March 2011

The then Chief of Staff to the Mayor, replies to Ms Ingram on the Mayor's behalf. Sir Simon points to the fact that the Mayor did not receive the funding expected for promoting London. Agreeing to the terms of the pension transfer would require London and Partners to "make further cuts to staff and the services provided to promote London". He also points out that the decision was one for the Board of London and Partners and "it is not for the Mayor to interfere in such decisions".

29 March 2011

Pensions Regulator writes to the Mayor to set out his concerns (this letter is referred to in the regulator's letter to the Committee).

30 March 2011

The Pensions Regulator convenes an all-party meeting attended by the Regulator, Visit London, London and Partners and the Greater London Authority. This involves "a series of negotiations as to the basis on which the GLA or L&P could prevent the VL portion of the Scheme being left without financial support as from 1 April" (submission from the trustees). The trustees report that "the GLA and L&P confirmed to Visit London and the Trustees the following day that they did not wish to take matters further."

1 April 2011

Visit London goes into administration. London and Partners is launched.

1 April 2011

Request for Mayoral Decision 807: London & Partners – Grant Agreement and 2011-12 Business Plan is published. This confirms the grant funding to London and Partners and sets out the objectives in the business plan.

7 April 2011

The Committee starts its investigation. The then Chair of the ECS Committee, Len Duvall AM, writes to the Mayor raising a series of questions about the impact of Visit London's administration.

7 April 2011

The BTB Pension Trustees write to the members of the Pension Scheme advising that the Visit London section of the BTB pension scheme is likely to enter the Pension Protection Fund and that Members' benefits will be reduced to reflect the underfunding.

17 May 2011

The Case Manager at the Pensions Regulator writes to the Committee to set out fully its position in respect of the administration of Visit London. It confirms the Regulator has begun an investigation to determine whether it would be appropriate to exercise 'anti avoidance' powers which would enable it, "in certain situations, to require entities which are associated with or connected to a sponsoring employer to put in place financial support for a scheme or make a cash payment up to the scheme's buy-out deficit."

24 May 2011

The Committee holds a public meeting with representatives of affected partners and representatives of Visit London, London and Partners, the GLA and the BTB Pension Scheme Trustees. At the end of this meeting, the various parties agreed to meet separately with a view to finding a resolution and to report back to the Committee within one month.

21 June 2011

At a meeting of the Committee, the Mayoral Adviser on Regeneration, Growth and Enterprise confirms that an agreement has been reached involving the GLA providing a short-term guarantee for the residual pension liability and the residual assets from Visit London transferring to the GLA. The net costs of the agreement are estimated to be around £3 million to be met from the GLA's unallocated contingency for 2011/12. The agreement means "the settlement approved by the Mayor is sufficient to enable the Trustees to pay full pensions from the Scheme, and to ensure that all creditors of Visit London are paid out in full."

Appendix 2 Recommendations

Recommendation 1

We recommend that when the GLA is involved in the transfer of functions and staff between other bodies, a targeted and proportionate assessment of the pension implications should form part of the Mayoral decision process. The Mayoral Decision form should record the details of this assessment including what the risks are to pension rights and how these would be managed under different scenarios. Where there is a due diligence process to consider options to inform a Mayoral decision, there should be an auditable record of the outcome.

Recommendation 2

We recommend that in his response to this report, the Mayor set out what processes he plans to put in place to ensure that in future such negotiations: there is appropriate scenario planning; there are mechanisms to challenge assumptions and respond to changes; and that the undertaking of complex negotiations is carried out as far as possible in face-to-face meetings rather than mainly through correspondence. We further recommend that, when private companies are set up in the future, there is a clear separation between the roles of protecting the interests of the GLA and responsibility for setting up the new company.

Recommendation 3

We recommend that the Mayor ensure that the governance arrangements and grant agreement with London and Partners be re-examined. The aim of this should be to ensure that there are appropriate checks and balances to protect the interests of the GLA while allowing London and Partners sufficient freedom to operate efficiently and effectively. We ask that the Mayor report back on this process and any proposed changes to the arrangements by the end of October 2011.

Recommendation 4

We recommend that London and Partners, and any other companies or external bodies set up and funded by the Mayor from GLA resources, sign the GLA Group Corporate Governance Framework and that the requirements for transparency and accountability for decision making apply. We ask the Mayor to respond to this and the other recommendations in this report by the end of October 2011.

Appendix 3 Orders and translations

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Chinese

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Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini okumak isterseniz, lütfen yukarıdaki telefon numarasını arayın, veya posta ya da e-posta adresi aracılığıyla bizimle temasa geçin.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Bengali

আপনি যদি এই দলিলের একটি সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا مذکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

Arabic

الحصول على ملخص لهذا المستند بلغة،
فرجاء الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي العادي أو عنوان البريدي
الإلكتروني أعلاه.

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જોઈતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઇ-મેઈલ સરનામા પર અમારો સંપર્ક કરો.

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