

## **Documents examined as part of the Economy, Culture and Sport Committee's investigation and report into the administration of Visit London**

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## **GREATER LONDON AUTHORITY**

### **Note to PLC members on a single promotional agency for London**

The Mayor and the Promote London Council (PLC) decided at its last meeting (8 June 2010) to create a new agency to promote London as the world capital of business, the world's top international visitor destination and the world's leading international centre of learning and creativity. At present this work is carried out by various organisations (including Think London, Visit London and Study London) but a review of existing work undertaken for the PLC found that the need for a single promotional agency for London delivering one strategy was essential.

The Mayor confirms that Dame Judith Mayhew Jonas will be chairing a GLA Group team that will be responsible for delivering the transition. This will be under the day-to-day management of Danny Lopez, Group Director at the LDA and will include senior leadership representation from the existing agencies. It is expected that the new agency will be established before March 2011.

The review of the existing agencies has confirmed the functions that the single agency will undertake in future which will be broadly as set out in Annex 1.

With regard to implementation, Think London's contract will not be renewed after March 2011 and the new agency will take on many of its inward investment activities as set out in Annex 1. The new agency's structure is to 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 has currently a more restricted remit in practice). However to achieve this there will be an initial phase of due diligence which will be completed by the end of August. Study London will be moving to Visit London during the interim period.

A significant amount of work needs to take place before any specific announcements on the future of employees in the separate organisations are made. The new agency will need to operate in the most efficient and cost effective way possible and there will be proper consultation with existing employees of the current organisations.

Anthony Browne

Mayoral Policy Director for Economic Development

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11 November 2010

Dear Anthony,

Tamara has asked me to thank you for your letter of 4 November 2010 outlining proposals for a new corporate structure for the activities of Visit London and certain other agencies on the assumption that funding is confirmed for the single agency at the end of November.

The Visit London Board will be discussing the proposals when it meets on 22 November 2010 and, in preparation for that meeting, could you please clarify some initial points for us? I appreciate we are still very much at a planning stage at the moment (and that the proposals are subject to funding and further approvals) but if you could address these points then the Board will be in a better position to consider the proposals when they meet.

### **Transfer of assets and liabilities to the new agency**

- Although the text on the first page of your letter refers to "certain parts" of Visit London and the other agencies' operations being transferred to the new agency, we assume that all of Visit London's operations and assets will be transferred and that nothing will be left behind, so that steps could be taken to dissolve the company once the transfer has taken place. Is this what is proposed?
- We note the proposal that all liabilities of Visit London will be transferred to the new agency but wondered how you envisaged this working in practice? Will Visit London retain a cash amount to pay known liabilities supported by an indemnity for any additional liabilities that may subsequently emerge or will the new agency simply agree to discharge all liabilities directly to third parties on Visit London's behalf as and when they become due?
- As Visit London will be left without any assets, we assume that the liabilities to be assumed by the new agency will include all actual or contingent liabilities, whether known at the time of the transfer or not, and that Visit London would be granted an indemnity to cover any liabilities it may incur if they were not paid by the new agency when due. Is this correct? Clearly we cannot be left in the position of having liabilities to pay but no monies to pay with.



- There are likely to be a number of outstanding contracts to which Visit London will be a party when the transfer takes place. We assume that these will simply be assigned or novated to the new agency and that the new agency will agree to assume all of Visit London's obligations under these contracts. Is this what is proposed?
- Please note that the vast majority of contracts to which Visit London is currently a party will expiry on or before 31 March 2011. The new agency will therefore have to make its own arrangements with regards to procuring any of these services that it may require from 1<sup>st</sup> April 2011 onwards.

### **Transfer of pension liabilities**

- We note the proposal that all liabilities and obligations of Visit London to the British Tourist Boards' Staff Pension and Life Assurance Scheme (the "BTB Scheme") will be transferred to the new agency but would like to know how you envisaged this working in practice? Is it proposed that the new agency will become a participating employer in the pension scheme to which Visit London employees currently belong?
- 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 Pensions 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?
- Alternatively, is it your intention to propose a method by which the full payment of this section 75 debt could be postponed? For example, is it proposed that Visit London would enter into an apportionment agreement with another of the participating employers of the BTB Scheme?
- If an apportionment agreement is proposed:
  - Have you checked whether there is a power in the BTB Scheme rules to facilitate an apportionment arrangement?
  - Has this been proposed to the other participating employers of the BTB Scheme? If so, how have they responded?
  - An apportionment agreement would require the consent of the Trustees of the BTB Scheme. Have the Trustees of the BTB Scheme been approached regarding this, and what has their response been?
  - The Trustees will need to be satisfied that the statutory funding test is met before entering into an apportionment agreement. Are you able to confirm whether the statutory requirements are likely to be satisfied?
  - Is it proposed that clearance for the proposal will be sought from the Pensions Regulator?



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- Alternatively, is it proposed that Visit London and the trustees will enter into a withdrawal arrangement or an approved withdrawal arrangement? If so, who do you propose will be the guarantor of the outstanding debt?

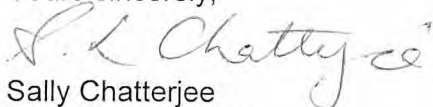
## Transfer of employees to the new agency

- How many employees is the new agency likely to make redundant, post-transfer when taking into account all employees of Visit London and Think London and employees engaged on the Study London project?
- How many employees are likely to be made redundant from the Visit London employees transferring to the new agency?
- Has the GLA put together a draft note of the information which will be provided as part of the Section 188 collective redundancy consultation, and if so please can we have a copy?
- Section 188 TULRCA imposes the obligation to consult "where an employer is proposing to dismiss as redundant 20 or more employees". The obligation to consult is on the employer who will be undertaking the redundancies (i.e. the new agency). Please could you explain how you believe that it is possible for Visit London to undertake a Section 188 consultation in relation to employees when it is not Visit London who will be making the redundancies?
- If it were possible to undertake a Section 188 redundancy consultation pre-transfer in relation to redundancies which will take place post-transfer (which we are currently advised is not legally possible) how would the GLA envisage that Visit London would be able to deal with a selection process when presumably some selections will be between employees from Think London as well as Visit London, given that Visit London would not have the relevant information relating to the Think London employees in order to consult with the employee representatives in a meaningful way? Or do you propose that another body deals with the selection process and if so, who, and how would you envisage that this works in practice?

As mentioned above, our board is meeting on 22 November 2010 and it would be very helpful if we could have a response to the above queries by the 16 November to assist us in briefing the Board fully in advance of the meeting. It may be that we will have additional queries on the proposals, particularly after the Board has met.

I look forward to hearing from you.

Yours sincerely,



Sally Chatterjee  
CEO, Visit London



# GREATER LONDON AUTHORITY

## Communities and Intelligence

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*Dear Ms Chatterjee*

Thank you for your letter to Anthony Browne of November 11. I am replying on his behalf.

I understand that you will be discussing our proposals with the Visit London Board on November 22 and hope that the answers below will provide clarification to the some of the issues raised in your letter. As you know, the proposals remain subject to funding, which we hope will be resolved shortly.

### **Transfer of assets and liabilities to the new agency**

As regards your queries relating to the transfer of assets and liabilities to Newco, based on our current intentions and subject to further discussions between the relevant parties:

- All of Visit London's operations and assets would be transferred to Newco. The decision as to whether to dissolve Visit London once such transfer has taken place will be a question for the board of Visit London.
- Newco would agree to discharge all liabilities of Visit London directly to third parties as and when they become due following the transfer having taken place. We would be willing to consider the provision by Newco of an indemnity in favour of Visit London in respect of the assumed liabilities on standard commercial terms.
- All contracts of Visit London would be assigned or novated to Newco. Such assignments or novations would of course be subject to obtaining any necessary third party consents and the relevant parties reaching agreement on the terms and conditions of transfer.

We understand that the majority of contracts to which Visit London is currently a party will expire on or before 31 March 2011. We would envisage working with you to identify those contracts that will be expiring so that we can put in place arrangements for Newco going forward as necessary.

### **Transfer of pension liabilities**


It is proposed that Newco will become a participating employer in the BTB Scheme and that Visit London would enter into an apportionment arrangement to apportion its liabilities to Newco. If the Visit London Board agrees with our proposals we would look to approach the trustees and other participating employers soon after next week's meeting. At present it is not proposed to apply for clearance from the Pensions Regulator however this position will be kept under review.

### **Transfer of employees to the new agency**

Regarding the questions you have asked in relation to this matter, the answers will very much depend on the level of funding received for Newco as this will dictate the new structure and, consequently, the number of employees affected by redundancy. It is not yet possible to be definitive until we know how much funding the Government will make available for those activities transferring from the LDA to the GLA. And as the GLA's own government grant for next year is also not yet known, the Mayor is not in a position to determine the amount available for the overall promotion of London.

However, the Mayor remains hopeful that sufficient government grant will be found for him to provide at least the minimum funding required for Newco and we therefore continue to prepare to establish it. But until we are in a position to guarantee funding, you must take the steps you feel are necessary for you to meet your fiduciary responsibilities, including embarking on the wind-up processes you set out in your letter. This means that if we are successful in our funding discussions with Government, once confirmed, we would then need to make new transition arrangements, given that our timetable for establishing Newco has been delayed as a result of the unfavourable CSR outcome, and you may by then have started on your redundancy processes. We would need to discuss new transition arrangements with you urgently at that point in time. We are urgently considering the steps we would need to take at that point and would welcome your views.

I trust the above points provide further clarity. There will no doubt be further points to be raised by your Board and we look forward to working with you in the coming months to complete a successful transition by April 1 2011.

  
Jeff Jacobs  
Deputy Chief Executive and  
Executive Director of Communities and Intelligence

# GREATER LONDON AUTHORITY

## Resources

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**Date:** 25 January 2011

Dear Sirs

### **THE BRITISH TOURIST BOARDS' STAFF PENSION AND LIFE ASSURANCE SCHEME**

We are writing to you in your capacity as Trustees of the British Tourist Boards' Staff Pension and Life Assurance Scheme (the "**Scheme**") to inform you of the proposal for the future promotion of London and its impact on Visit London's ("**VL**") participation in the Scheme, and also to request the Trustees to take certain actions in consequence of this proposal as set out below.

#### **Background**

The overall current proposal is for a new single agency London & Partners Limited ("**L&P**") to take over the current operation of VL, Think London ("**TL**") and the Study London project ("**SL**"), being run by London Higher ("**LH**") with effect from 1 April 2011. L&P was incorporated on 14 January and the Mayor is currently the sole member.

This agency will be independently run and controlled and so the proposals in this letter represent the current suggested options. Any final decisions will be for the Board of L&P to make.

The funding of L&P has been agreed by the Mayor and detailed terms are now being worked up into a formal grant agreement.

#### **Summary**

We are writing to ask the Trustees to:

- agree to the admission of L&P as a participating employer in the Scheme (which will require making an amendment to the Scheme by widening the definition of "Associated Employer"); and
- engage constructively with us to agree on the use of an apportionment arrangement to allow VL to depart from the scheme having paid modified pension liabilities of £1 with the remaining liabilities being apportioned to L&P;
- confirm whether the Trustees and their advisers will draft the necessary Scheme documents to do this.

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We appreciate that it is, of course, for the Trustees and their advisers to form their own view on the proposal and the technical issues involved before coming to a considered decision that is consistent with the interests of the current beneficiaries of the Scheme.

More detail on the proposal is set out below. I am happy to discuss any aspect of it further with the Trustees. In view of the short timescale, I would be grateful for an initial response from the Trustees on these issues by **Monday 10 February**.

### **Corporate structure**

L&P has been incorporated as a company limited by guarantee.

The Mayor envisages that L&P will be owned by members representing both London's business community and the tourism sector, subject to their agreement. The Mayor's officers have informally approached some of the following organisations to assess their willingness and interest to join him as members of the company before 1 April: London First; London Chamber of Commerce; Federation of Small Business; British Hospitality Association; UK Inbound; and the Tourism Alliance. A formal invitation will be sent shortly.

### **Transfer of assets and liabilities to L&P**

Subject to any relevant third party consents being obtained and agreement between L&P and VL, and TL (as appropriate) to the terms of transfer, it is currently proposed that substantially all of VL's and TL's assets and liabilities will be transferred to L&P.

### **Transfer of employees to L&P**

Based on the current proposal as described above, I understand that all employees of VL and TL still in post on 31 March will transfer under applicable law (commonly known as "TUPE") to L&P. My understanding is that the situation with LH is slightly different because SL is part of LH and only those employees working wholly or mainly on the SL project will transfer or alternatively be seconded in to L&P.

### **Transfer of pension liabilities and participation of L&P in the Scheme**

Subject to agreement on the transaction as a whole, it is currently proposed that L&P will become a participating employer in the Scheme (and that active members of VL at the date of transfer will continue to participate as active members of L&P) and that VL would enter into an apportionment arrangement to apportion its liabilities to L&P. Therefore, only a nominal amount of, say, £1 would be triggered when an employment cessation event occurred in respect of VL.

This will of course require the consent of the Trustees and one of the purposes of this letter is therefore to request that the Trustees consider entering into such an apportionment. Our legal advice is that it is likely that a scheme amendment will be required, in addition to the apportionment, to allow L&P to become a participating employer. We are advised that such a scheme amendment would probably be required to admit L&P because it is unlikely to fall within the strict definition of "Associated Employer" under the rules of the Scheme.



We should be grateful if you could confirm whether you envisage the Trustees drafting the necessary scheme documents. If so we would appreciate the opportunity to review them before they are put in place.

Under the Scheme's amendment power, the Trustees require the consent of the other participating employers to these amendments. We shall contact the other participating employers either directly or via VL to pass on a copy of this letter to them. The admission of L&P to the Scheme will also require the relevant Secretary of State's approval and we will liaise with the Secretary of State to obtain this. No final decision has been taken to apply to the Pensions Regulator for clearance, however this position will be kept under review.

We appreciate that the Trustees will have to undertake their own due diligence on the above, both in relation to the participation of L&P and apportionment of VL's liabilities to L&P and will look to provide you with information that you require in due course.

#### **Timing for proposed transfer and apportionment**

It is currently proposed that the transfer of assets and liabilities will take effect on 1 April 2011. We therefore request that the apportionment and the participation of L&P take effect on that date.

#### **Funding of L&P**

VL is currently funded by a grant agreement made between it and the London Development Agency ("LDA") dated 26 January 2007. This agreement does not include an obligation which would require the LDA to fund any residual pension deficits. The agreement is shortly to come to an end. When it does, VL would be unable to afford to meet its residual pension deficit that would fall due in full on its subsequent insolvency.

The Mayor has already agreed, exercising the functions of the Greater London Authority, to enter into a grant agreement with L&P to provide £14 million of funding to L&P over each of the four years commencing 1 April. After the first year, funding will be conditional on the Mayor issuing a supplementary 'award letter' confirming the grant for the next financial year before the start of that financial year.

L&P will therefore be in a stronger financial position than VL and we do not therefore expect there to be any additional provision made for the funding of any pension deficit following the transfer.

Yours sincerely



**Martin Clarke**  
Executive Director

Cc. Jan Boud, TfL Legal  
David Kidd, Chair BTB Pension Trustees

# CAPITA HARTSHEAD

Martin Clarke  
Executive Director  
Greater London Authority  
City Hall  
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London SE1 2AA

8<sup>th</sup> February 2011

Dear Mr Clarke

## **The British Tourist Boards' Staff Pension & Life Assurance Scheme (the "Scheme") Proposals regarding Visit London**

Thank you for your letter of 25 January 2011, the arrival of which was timely as it enabled an initial discussion by the Trustees of the Scheme to take place at their regular quarterly meeting on 3 February 2011. Even so, as you will appreciate, the timetable you have presented to the Trustees is very challenging. The Trustees have therefore taken some initial advice and requested that I provide some initial feedback to you.

The Trustees are working to evaluate your proposal from the point of view of the Scheme and its beneficiaries. As you will appreciate, the Trustees need to ensure that any steps they take are both within the scope of the powers available to them but also that they are satisfied that taking them would be in the best interests of their beneficiaries. As part of the initial consideration of your proposal a number of points have arisen on which the Trustees would welcome your comments and/or further information. I have set these out below. The first two points are the most significant as they may mean that, even if the Trustees were to conclude that they want to implement your proposals (and no decision has yet been taken), they would be unable to do so.

- 1 As you will be aware, there are a number of requirements which must be met in order for a scheme apportionment arrangement ("SAA") to be valid as such. One of those statutory requirements is that the "funding test" is met. This is a highly technical area and the Trustees are taking appropriate professional advice. However, one particular area of concern at this stage is whether and how the Trustees will be able to satisfy themselves that the "funding test" is met given the information you have provided



# CAPITA HARTSHED

regarding the future funding arrangements for London & Partners Limited ("L&P"). The "funding test" requires, among other things, that the Trustees are reasonably satisfied that the remaining employers (which can be read as referring only to L&P) will be reasonably likely to be able to fund the Scheme to cover its technical provisions. The relevant regulation states that the Trustees may consider the test is met if, in their opinion the remaining employer(s) (again this may be L&P alone), will be able to meet the relevant payments as they fall due under the Scheme's schedule of contributions. The law requires that the Scheme's schedule of contributions covers a minimum of five years or the period set out in the Scheme's recovery plan, if longer. As you may know, the current schedule of contributions for the Scheme covers the period up to 30 June 2030 and therefore is considerably in excess of the funding arrangement for L&P which has been agreed by the Mayor. The Trustees are considering this issue further but would very much welcome your views on this point.

- 2 As you indicated in your letter, in order to implement an SAA, an amendment of the rules of the Scheme to permit the adherence of L&P will be required. An amendment would also be necessary in order to introduce a power to enter into an SAA. As you are aware, an amendment to the rules of the Scheme will require the consent of the other participating employers as well as the relevant Secretary of State. The Trustees have observed that, should either of the other participating employers perceive that the agreement of an SAA could potentially increase their respective liabilities, they may not be prepared to provide their consent. The Trustees would therefore be grateful to be kept informed of the responses you receive from those other employers.
- 3 In order to evaluate your proposal, the Trustees need to compare the outcome for the Scheme should they be able and wish to agree to it, with the likely outcome if they are not. In order to do so, they need to understand the extent to which they could expect to recover the section 75 debt which could be triggered on the insolvency of Visit London Limited ("VL"). You have indicated that VL would not be able to meet the debt in full in the event of insolvency. We assume that you believe that this would be the case even if no transfer of assets and liabilities to L&P takes place but would be grateful for your confirmation. Have you estimated the likely percentage recovery for the Scheme? If so, please would you provide this. If not, we should be grateful for an estimate of the value of the assets and liabilities of VL at the termination or expiry of its current grant funding agreement. Please also provide a copy of the current grant agreement for VL with the London Development Agency and that which is proposed for L&P by the Mayor.



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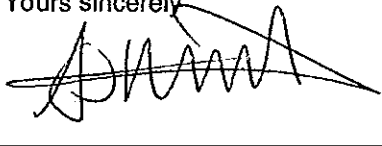
- 4 The Trustees understand that, contrary to the contents of your letter, it may now be your intention that VL transfer all of its assets and liabilities to L&P but that L&P will provide access to the Scheme for the purposes of future benefit accrual for only one transferred employee. We understand that the purpose of retaining the single employee would be to avoid a section 75 debt being triggered in respect of L&P. Please would you confirm that the Trustees' understanding of this change of plan is correct and also confirm that you will promptly inform the Trustees of any other material changes to your proposals as soon as you become aware of them.
- 5 The Trustees will incur costs, principally in the form of advisers' fees, in considering and, if appropriate, implementing your proposal. We would therefore be grateful for your confirmation that you will meet these.

The Trustees have noted that consideration is being given as to whether to apply to the Pensions Regulator for clearance. We appreciate this is entirely a matter for VL, its directors and those considering its future. However, you should be aware that the Trustees have already been in contact with the Pensions Regulator, instigated by the Regulator requesting information regarding the Trustees' assessment of the covenant afforded to the Scheme by the various participating employers. We will therefore be sending to the Regulator copies of our correspondence with you regarding the future of VL's participation in the Scheme.

In your letter you asked whether the Trustees will be arranging for the drafting of the necessary Scheme documents and I can confirm that that would be our intention. We will, of course, ensure that you have the opportunity to review and comment on the appropriate documentation.

Finally, the Trustees are most conscious of the need to move quickly in order to be able to put in place whatever arrangements are agreed. We will do all that we can to facilitate this. However, we also ask that you bear in mind the complexities of the process you are proposing the Trustees enter into and the timing challenges this poses for a board of trustees made up of individuals from around the UK, most of whom are 'lay' trustees rather than professionals. You will understand therefore why the Trustees would be most grateful to receive a considered response from you to the various points raised in this letter within one week.

Yours sincerely

PP 

Andy Mills, Secretary to the Trustees



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From the office of the Chief Executive

**LONDON**  
DEVELOPMENT  
AGENCY

Sally Chatterjee  
Interim Chief Executive  
Visit London Limited  
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London  
SE1 2RR

London Development Agency  
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197 Blackfriars Road  
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Our ref: 3473137

11 February 2010

This matter is being handled

Dear Ms Chatterjee,

**PROJECT: Visit London – Marketing London  
Grant Agreement between the London Development Agency ("LDA") and  
Visit London Limited ("Visit London") dated 26 January, 2007 ("Grant  
Agreement")**

I am pleased to let you know that, with the approval of HM Treasury and the Department for Business, Innovation and Skills, the LDA has approved additional grant funding for the Project.

The maximum amount of additional core grant funding which is available to Visit London is £11,700,000, payable quarterly in advance, for the 2010/11 financial year, which is all revenue expenditure. This amount may be increased by a further sum of up to £3,300,000, to a maximum of £15,000,000 (again all revenue expenditure) at the LDA's discretion. ("Additional Funding")

In order for us to pay you the Additional Funding we will need to extend the period of the Grant Agreement which is due to expire on 31 March 2010 for the period of one (1) year so that it will now expire on 31 March 2011.

The payment of the Additional Funding is subject to the following conditions:

- 1) a Deed of Variation to the Grant Agreement being signed by both Visit London and the LDA to reflect the Additional Funding and the extension of the period of the Grant Agreement;
- 2) the receipt of a valid claim form from Visit London as set out in the Grant Agreement;
- 3) the delivery of the Visit London Business Plan for the financial year 2010/11 to the satisfaction of the LDA; and

**MAYOR OF LONDON**

- 4) the terms of the Grant Agreement, as amended by the Deed of Variation, will continue to apply to the Additional Funding and all other payments made by the LDA under the Grant Agreement.

As you are aware the financial year 2010/11 is the final year of the Project which will expire on 31 March 2011. We look forward to working with you again for the further period.

If you have any queries, please contact [REDACTED] on [REDACTED] or by email: [REDACTED]

Yours sincerely,



**Sir Peter Rogers**  
**Chief Executive**

## GRANT AGREEMENT

### PARTICULARS OF GRANT AGREEMENT

THIS AGREEMENT dated .....2011

#### BETWEEN

- (1) **THE MAYOR OF LONDON** in exercise of the functions of the Greater London Authority of City Hall, The Queen's Walk, London, SE1 2AA, (and its statutory successors) assigns and transferees (the "GLA" or "us" or "we"); and
- (2) **LONDON & PARTNERS LIMITED** a company limited by guarantee (registered number 06900359) whose registered office is at City Hall, The Queen's Walk, London, SE1 2AA (the "Grantee" or "you").

#### BACKGROUND

- (A) We have power to make grant funding available to facilitate certain purposes.
- (B) You have requested grant funding from us for the Business, which falls within one of the purposes for which we are empowered to make grants.
- (C) We have agreed to provide grant funding to you on the terms and conditions set out in this Agreement.
- (D) You have agreed to enter into this Agreement to provide us with remedies (including repayment of Grant) if you fail to comply with your obligations under this Agreement.

#### IT IS AGREED

1. As a condition of us providing the Grant and you accepting the Grant you agree to comply with the terms and conditions of this Agreement.
2. The Maximum Sum to be provided by us under this Agreement shall be as set out in Part 1 of Schedule 2 which shall be distributed as set out in Part 2 of Schedule 2.
3. No funding shall be payable under this Agreement (save at our entire discretion) before we have approved the content of your financial regulations acting reasonably.
4. No funding shall be payable under this Agreement (save at our entire discretion) for any Financial Year prior to our approval of the Corporate Plan to which that Financial Year relates.
5. Where this Agreement refers to funding beyond the Current Financial Year, such funding shall be conditional on us issuing a supplementary Award Letter confirming the maximum sum for that Financial Year before the beginning of the relevant Financial Year. Until an Award Letter is issued, we shall not be obliged under this Agreement or on any other grounds including any claimed or alleged legitimate expectation on your part in relation to funding for Future Financial Years, and any reference in this Agreement or elsewhere relating to potential funding for Future Financial Years is indicative only.
6. The Commencement Date for this Agreement shall be 1 April 2011.

# DRAFT

## Terms and Conditions of the Grant Funding Agreement

### Interpretation

- 1.1 In this Agreement, unless the context otherwise requires words and expressions set out in Schedule 1 (generally identified by capitalisation of the initial letter(s)) shall have the meanings given to them in Schedule 1.
- 1.2 The Schedules and the Particulars at the front of this Agreement are incorporated into and form part of this Agreement.
2. **Grantee's Representations and Undertakings**
- 2.1 You represent and undertake to us as a fundamental condition of this Agreement and you acknowledge that we have relied, and will rely, on such statements in entering into this Agreement and each time we pay an installment of the Grant that:
  - 2.1.1 the information given to us and the statements made by you or on your behalf in connection with the application for the Grant were when given, and continue to be true, complete and accurate and not misleading in any respect and no change has occurred since the date on which such information was supplied which makes any statement incomplete or inaccurate, untrue or misleading in any respect and there has been no material adverse change in your business, assets, operations or prospects since such information was provided;
  - 2.1.2 you have sufficient resources, including competent and qualified personnel, financial resources, premises and other resources as necessary, to carry on the Business;
  - 2.1.3 you will have all consents, approvals, permissions and accreditations necessary for the valid execution of this Agreement and the lawful and proper carrying on of the Business and shall maintain and comply with all the requirements of such consents, approvals, permissions and accreditations;
  - 2.1.4 you will not use the Grant for any purpose other than that of carrying on the Business. In particular, you will not use any Grant for the purpose of supporting, directly or indirectly, any political party, organisation or activities, or for any exclusively religious purpose or for any purpose which is likely to bring the institutions of the GLA, the Mayor of London into disrepute.
  - 2.1.5 you will not without our prior written consent make any material changes to the Business;
  - 2.1.6 any information you provide to us in the future relating to this Agreement or the Project will be true, complete and accurate and not misleading in any way; and
  - 2.1.7 you have the necessary power and authority to enter into this Agreement and each of the obligations imposed on you under this Agreement shall be binding and legally enforceable against you..
- 2.2 The representations and undertakings set out in this Condition 2 shall be deemed to be repeated by you on each occasion when an installment of Grant is paid to you under this Agreement, as if made by reference to the circumstances existing at the date such payment is made.
3. **The Business**
- 3.1 You will carry on the Business and fulfill your obligations in respect thereof in accordance with the terms and conditions of this Agreement.
- 3.2 You and all persons under your control will act in accordance with ethical business standards and will use appropriate procedures and controls to ensure that real or apparent impropriety is avoided.
- 3.3 You will not alter your financial regulations without our prior approval.



# DRAFT

## 4. Procurement

- 4.1 All works, equipment, goods and services to be purchased for the Business shall be procured on the basis of best value, and in accordance with all relevant law (including relevant procurement legislation), rules and regulations.
- 4.2 Subject always to Condition 4.1 you will obtain three written quotes from possible suppliers of any works, equipment, goods and services to be purchased for the Business where the purchase price is £10,000 (excluding VAT) or more. You will not split purchase contracts artificially so as to circumvent this requirement.

## 5. Management and Evaluation

- 5.1 You will nominate an individual who will be responsible on your behalf for ensuring the proper management of the Business and who will be our main point of contact for the Project and this Agreement and you will notify us of any substitute person who may be appointed. The individual nominated by you will carry out his/her functions personally or through directly managing other staff to carry out particular functions. If such individual ceases to hold a position of authority with you, you must immediately inform us, in writing, and provide details of the person who you propose should replace such person.
- 5.2 We will notify you of the person who shall be your main point of contact at the GLA for this Agreement and we will notify you of any substitute person who may be appointed.
- 5.3 You will at no additional cost to us comply fully with the evaluation requirements set out in Schedule 3.
- 5.4 A steering group shall be established to monitor progress and delivery of the Corporate Plan ("Steering Group"). We shall nominate 3 officers to represent the GLA at Steering Group meetings. You shall nominate 3 employees to represent you at Steering Group meetings.
- 5.5 The Steering Group shall meet at least once every calendar quarter.

## 6. Reporting

- 6.1 You shall:
- 6.1.1 No later than one week prior to each date scheduled for a Steering Group meeting provide us with a duly completed Project Progress Report ("PPR"), incorporating at least the elements set out in schedule 4, or such other information or in such form as we may reasonably request from time to time. Each PPR shall detail progress against the Corporate Plan and shall identify the amount of Grant that has been defrayed in meeting expenditure relating to the Business or which will be defrayed in meeting expenditure relating to the Business in the period of 4 weeks following the date of the PPR.
- 6.1.2 Co-operate fully and provide all information and assistance as required by us for the purpose of reviewing the Business, the Corporate Plan, the Grant and/or this Agreement. Such reviews shall be at our discretion and may take place at any time, on reasonable notice to you. Such co-operation shall be provided in good faith and at no additional cost to us; and
- 6.1.3 Ensure that you have in place appropriate procedures to identify and address areas of risk that may arise in relation to the Business at all times for the duration of this Agreement.

## 7. Records and Reconciliation

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- 7.1 You will for at least 10 years after the end of the Term of this Agreement keep complete, accurate and auditable records of all matters relating to the Grant and the Business, including all income and expenditure (including, in particular, expenditure of the Grant) and your overall financial position and will provide us with access to and copies of these records on request from time to time ("Project Records").
- 7.2 You will, if requested to do so, provide us with copies of your internal management accounts or financial records and budget for the Current Financial Year and (in the last two months of each Financial Year, for the next following Financial Year including details of your forecast expenditure for the relevant Financial Year broken down on a month by month basis), and provide oral and/or written explanations relating to the financial status of your business and forecast expenditure as may be requested by us.
- 7.3 Within 10 days of the end of each Financial Year during the term of this Agreement and within 10 days of the termination or expiry of this Agreement for whatever cause, prepare and submit to us a reconciliation statement in respect of the Financial Year just ended (or the final period of this Agreement, as the case may be) ("Annual Reconciliation Statement"), (with such supporting documentation and information as we may reasonably request) which shall detail (a) your aggregate actual expenditure in the Financial Year just ended (or the final period of this Agreement, as the case may be); (b) your actual expenditure in the Financial Year just ended (or the final period of this Agreement, as the case may be) in respect of each of the individual heads of expenditure referred to in your budget ("Heads of Expenditure") for the corresponding period. The Annual Reconciliation Statement shall also contain a statement detailing (i) the amount of Grant received under this Agreement up to the date of such Annual Reconciliation Statement; (ii) the amount of Grant that has been defrayed in meeting the expenditure referred to in the Annual Reconciliation Statement broken down by reference to the Heads of Expenditure; and (iii) the amount of Grant that you hold at the date of the Annual Reconciliation Statement which has not yet been defrayed in meeting expenditure relating to the Business again broken down by reference to the Heads of Expenditure ("Overpayment"). Unless you have previously obtained our consent to build up financial reserves from the Grant and provided that the aggregate level of financial reserves shall not exceed £500,000 (or such other amount that may be agreed between us from time to time) ("Agreed Reserve"), we shall be entitled to demand repayment of the amount of any Overpayment which is in excess of the amount of the Agreed Reserve.
- 7.4 You shall procure that the Annual Reconciliation Statement is audited by your auditors within 30 days of the end of each Financial Year or within 30 days of the termination or expiry of this Agreement (as the case may be) and that such auditors certify to us the amount of Grant received by you from us under this Agreement in the relevant period, your actual expenditure during the corresponding period (in aggregate amount and broken down into the Heads of Expenditure ), the amount of any Overpayment and the amount of any financial reserves created by you from the Grant.
- 7.5 In addition to your obligations to ensure that your annual report and accounts comply with all applicable law and regulation, you will incorporate into your annual accounts and reports by way of a note to the accounts or in such other way which shall be satisfactory to us acting reasonably details of the amount of Grant received by you under this Agreement, details of the amount of expenditure in respect of which such Grant has been provided, the amount of Grant actually defrayed in meeting expenditure relating to the Business and the amount of any financial reserves created from the Grant.

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- 7.6 You will notify us in writing as soon as an under-spend or over-spend is identified in respect of each Head of Expenditure. You may not carry forward funding or build up financial reserves from the Grant without our prior written consent.
- 7.7 You may not use Grant or apply any financial reserves that have been built up in accordance with this Agreement to defray any expenditure in excess of the individual limits imposed on the relevant Head of Expenditure set out in Part 2 of Schedule 2 without our prior written consent.
- 8. Publicity**
- 8.1 If we ask you to you will incorporate our logo in marketing materials for the Project, and we permit the use of our logo solely for this purpose and for no other purpose whatsoever.
- 8.2 We will be entitled from time to time to publish on our website or elsewhere brief details of the existence of this Agreement together with your name and address, brief particulars of the subject matter of this Agreement and the value of this Agreement. By entering into this Agreement, you agree that we can publish such details, as we think fit.
- 9. Freedom of Information**
- 9.1 You acknowledge that we are a public authority for the purpose of the Freedom of Information Act 2000 (the "FOI Act") and the Environmental Information Regulations 2004 (the "EIR") and that we will, as a public authority, determine in our absolute discretion, and be responsible for, all responses to any request for information made to us under the FOI Act and/or the EIR and we shall not be liable to you or any other person for any loss suffered as a result of any bona fide disclosure of information under the FOI Act and/or the EIR or any other statutory information disclosure obligation.
- 9.2 Where information is requested from us relating to you under the FOI Act and/or EIR we will, whenever practicable, consult you regarding the request in order to obtain your views on the disclosure of the information and whether it should be exempt from disclosure.
- 10. Payment of Grant**
- 10.1 Each installment of Grant as set out in Part 3 of Schedule 2 shall be paid in accordance with Condition 10.3.
- 10.2 The parties agree that the Grant does not represent consideration for a taxable supply to us and is therefore not subject to VAT. If HM Revenue and Customs rule that VAT is payable, then the amount of the Grant shall be deemed to be inclusive of VAT. You acknowledge that we shall not be obliged to make any further payment in addition to the Grant in respect of any VAT which may be payable on Grant funded activities.
- 10.3 We shall endeavour to pay each installment of Grant referred to in Part 3 of Schedule 2 within 15 days of the date specified for payment in Part 3 of Schedule 2, but will not be responsible for any delay or the consequences of any delay.
- 10.4 Any sums paid in advance under this Agreement shall remain our property until they have been spent for the reason for they were provided.
- 11. Withholding, Reduction and Recovery of Grant**
- 11.1 We can in our absolute discretion, reduce, suspend or withhold the payment of Grant and may require all or part of the Grant to be repaid if:

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- 11.1.1 there has been an overpayment of Grant in excess of the amount of any Agreed Reserve;
- 11.1.2 there is a breach of any material terms of this Agreement;
- 11.1.3 you make a substantial change to the Business which we have not previously approved in writing;
- 11.1.4 there is evidence of financial irregularity, impropriety or negligence in the operation of the Project or in your business which is not rectified within the timescale specified by us (if any);
- 11.1.5 if you have built up financial reserves from the Grant in excess of the amount of any Agreed Reserve in aggregate amount without our prior written consent;
- 11.1.6 you receive a grant from another funding source towards costs intended to be funded by the Grant;
- 11.1.7 you do not file, by the due date, any accounts, returns or other documents which you are required to file at Companies House, with HM Revenue and Customs or with any other Government body or agency;
- 11.1.8 you do not pay to us when payable any sum due to us under this Agreement;

provided that the amount of the Grant which we may withhold, suspend, reduce or require to be repaid shall be limited to the amount of Grant which we, in our reasonable opinion, consider is affected by the existence of the particular circumstances referred to in this Condition 11.1. We will notify you in writing of any decision we take to reduce, suspend or withhold Grant.

- 11.2 If we demand repayment of the Grant or any part of it, you will make the repayment within 20 days of the notice demanding the repayment. We shall be entitled to charge interest on any late payment at the rate of 2% per annum above the base rate from time to time of Barclays Bank plc.
- 11.3 The provisions of this Condition 15 are without prejudice to any other rights or remedies we have under this Agreement or otherwise at law or in equity.

## **12. Assignment and Sub-Contracting**

- 12.1 You shall not assign the whole or any part of this Agreement or the benefit of this Agreement without our prior written consent.

## **13. Termination and Consequences of Termination**

- 13.1 We may terminate this Agreement by notice in writing to you and demand repayment of all or part of the Grant in our absolute discretion if:
  - 13.1.1 you are in breach of any material term of this Agreement or any other agreement in force between us from time to time relating to the Business that is capable of remedy, and we have served a notice requiring the breach to be remedied, and you have not remedied the breach to our reasonable satisfaction within the period set out in the notice;
  - 13.1.2 you purport to assign your rights under this Agreement without obtaining our prior written consent;
  - 13.1.3 you cease, or threaten to cease, to carry on the whole or a substantial part of your business;
  - 13.1.4 you are convicted or charged (or any of your directors, offices or representatives are convicted or charged) of a criminal offence related to business, professional conduct or dishonesty;
  - 13.1.5 your directors, offices or representatives fail to disclose any material misrepresentation in supplying information required by us in or pursuant to this Agreement; and/or



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- 13.1.6 any event of the sort referred to in Condition 15 occurs in relation to you.
- 13.2 On expiry or termination of this Agreement for any reason, you will return to us within 30 days any unused Grant (unless we give our specific written consent in respect of its retention);
- 13.3 For the avoidance of doubt, any consent given to the creation of financial reserves is not and shall not be construed as being consent for the purpose of Condition 14.2 to the retention of any such financial reserves on or following the expiry or termination of this Agreement.
14. **Insolvency**
- 14.1 You must notify us in writing immediately upon the occurrence of any of the following events in relation to you:
- 14.1.1 a winding up order is made; or
- 14.1.2 a resolution is proposed for voluntary winding up; or
- 14.1.3 the court makes a composition or arrangement with your creditors; or
- 14.1.4 have an administrative receiver, administrator, receiver or manager appointed by a creditor or by the court; or
- 14.1.5 possession is taken of any of your property under the terms of a fixed or floating charge; or
- 14.1.6 you becomes insolvent within the meaning of Section 123(1) of the Insolvency Act 1986.
- 14.2 We may terminate the Grant and/or this Agreement with immediate effect by notice in writing to you if any of the events described above occur.
15. **Insurance**
- 15.1 You will during the term of this Agreement and in respect of claims arising during the term of this Agreement take out and maintain or will procure the maintenance with a reputable insurance company of employers liability insurance of not less than £5 million, with a minimum of £2 million in respect of any one claim at all times while you employ less than 100 people, and of not less than £10 million with a minimum of £2 million in respect of any one claim whenever you employ 100 people or more, and public liability insurance for not less than £2 million with a minimum of £2 million in respect of any one claim, and when requested by us, you shall provide us with satisfactory evidence of such cover.
- 15.2 You will not do or permit anything to be done which may render any policy or policies of insurance void or voidable.
16. **Miscellaneous**
- 16.1 If any part of this Agreement becomes illegal or unenforceable the remaining provisions shall remain in full force and effect. We each shall (in the above circumstances) negotiate in good faith in order to agree the terms of a mutually satisfactory provision to be substituted which as nearly as possible validly gives effect to our intentions as expressed in this Agreement. Failure to agree on such a provision within three months of commencement of those negotiations shall result in automatic termination of this Agreement. Our obligations under any invalid illegal or unenforceable provision of this Agreement shall be suspended during such a negotiation.
- 16.2 A failure by us to exercise any right or to enforce performance of any provision or term of this Agreement shall not be a waiver of that or any later default and no waiver shall be effective unless in writing.

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- 16.3 No amendment or variation of this Agreement shall be effective unless agreed in writing and signed by both of us. You will accommodate any changes to our needs and requirements provided that you shall be entitled to payment for any additional costs you incur as a result of any such changes and the amount of such additional costs shall be agreed in writing.
- 16.4 Service of notices shall be in writing and delivered by hand or sent by facsimile or first class post to the address given in the Particulars. Service shall be deemed to be effective:
- 16.4.1 at the time of delivery if delivered by hand;
  - 16.4.2 if sent by facsimile with confirmed answerback or acknowledgement of receipt to have been served on the date of transmission (if transmitted during normal business hours) or, if transmitted outside normal business hours, on the next Working Day; or
  - 16.4.3 if posted by first class post to be served on the second Working Day after the date of posting.

## **SCHEDULE 1**

### **Definitions and interpretation**

#### **1.1 Definitions**

"Agreement" means the Grant Funding Agreement between us and you comprising the Particulars of Grant Funding Agreement which are attached to these Terms and Conditions, these Terms and Conditions and the Schedules to these Terms and Conditions.

"Business" means

"Commencement Date" means the commencement date set out in the Particulars.

"Condition" means any of the terms and conditions which constitute part of this Agreement.

"Corporate Plan" means the Company's annual corporate and business plan and budgets as prepared, approved and amended from time to time in accordance with the terms of this Agreement and containing the information set out in schedule 5.

"Current Financial Year" means the Financial Year during which the Commencement Date falls.

"Financial Year" means our financial year, being 1 April to 31 March in the following year.

"Future Financial Years" means the Next Financial Year and all Subsequent Financial Years referred to in Part 2 of Schedule 2.

"Grant" means the grant funding to be provided by us pursuant to this Agreement in relation to the Project and subject to the terms of this Agreement.

"Maximum Sum" means the maximum amount of Grant payable by us for the Project under this Agreement as specified in Part 1 of Schedule 2 to this Agreement.

"Next Financial Year" means the Financial Year immediately following the Current Financial Year.

"Particulars" means the Particulars of Grant Funding Agreement which constitute part of this Agreement.

"Project Evaluation Plan" means a plan setting out the process and approach to evaluation as determined by us from time to time (acting reasonably) and notified to you in writing.

"Project Progress Report" means the report containing the information set out in Annexure B to this Agreement, and in the format prescribed by us from time to time, to be completed either electronically and submitted on line or any non-electronic version permitted by us.

"Subsequent Financial Year" means any Financial Year following the Next Financial Year.

"Working Day" means a day on which clearing banks in the City of London are (or would be but for a strike, lock-out or other stoppage affecting a particular bank or banks generally) open during banking hours and "Working Days" shall be construed accordingly.

#### **2. Implementation**

- 2.1 Headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

- 2.2 References to any gender shall include any other gender and the singular shall include the plural and vice versa as the context admits or requires.
- 2.3 References to any statute or any section thereof or legislation generally shall, unless the context requires otherwise, be construed as a reference to that statute or statutory provision as from time to time amended, consolidated, modified, extended or re-enacted and all instruments, orders, by-laws and regulations for the time being made, issued or given thereunder, or deriving validity therefrom, and any reference to law or legislation generally shall, unless the context requires otherwise, be construed as a reference to all law or legislation of England and Wales or the United Kingdom and directives and all other legislation of the European Union that are or is directly applicable to the United Kingdom.
- 2.4 The word "including" shall be construed so as not to limit the generality of any words or expressions in connection with which it is used.

## **SCHEDULE 2**

### **Part 1**

#### **Maximum Sum**

£56,000,000

### **Part 2**

#### **Grant distribution (subject to clause 3 of the Particulars)**

<b>Financial Year</b>	<b>£</b>
Current Financial Year	
£14,000,000	
Next Financial Year	
£14,000,000	
Subsequent Financial Year 2013/14	
£14,000,000	
Subsequent Financial Year 2014/15	
£14,000,000	

### **Part 3**

#### **Grant Payment Terms**

Subject to the provisions of this Agreement, we shall pay funding not exceeding the Maximum Sum into the bank account details of which are notified to us in writing:

Quarterly in advance

on 1 April, 1 July, 1 October and 1 January in each Financial Year.

#### **Particular items of expenditure to be funded by Grant to be capped**

In respect of each Financial Year the total amount of funding for the relevant head of expenditure shall not under any circumstance be exceeded without our express prior written consent.

#### **Payments in Advance**

Grant which is paid in advance shall be the amount of your projected expenditure for the period in respect of which the payment is made plus or minus the amount of any variation to your disclosed projected expenditure agreed in writing with us.

**SCHEDULE 3**  
**Evaluation Requirements**

1. The process and approach to evaluation is determined by a Project Evaluation Plan approved by us from time to time.
2. You will be required to facilitate and support us, so far as reasonably required, in relation to all requests for assistance in connection with the implementation of the project evaluation including: provision of beneficiary details to enable surveys (by telephone, email etc.) to be undertaken; assistance with consultation exercises; facilitating contact with project delivery staff, stakeholders and partners for interview purposes; providing access to project management information systems including project-related financial data; and assistance to identify examples of good practice case studies.
3. You will be required to collect relevant monitoring and evaluation data (qualitative and quantitative) as set out in the Project Evaluation Plan to support the implementation of the evaluation required. This may include tracking, where appropriate, the achievement of outcomes throughout the Financial Years in which the Grant is payable.



#### **SCHEDULE 4**

##### **Project Progress Report format as at the date of this Agreement**

Pursuant to Condition 6.1.1 you will provide the following information to us via our Project Progress Return reporting system in hard copy format or if required by us, using a web-based system:

A progress statement against each of the Specification items in Annexure A

Cash forecasts

Cash actuals (costs)

Output forecasts

Output actuals

Milestones

Risks & Opportunities

Statement of Grant Expenditure

#### SCHEDULE 4 Corporate Plan

Each Corporate Plan will include the following information:

- 1 Review of performance against the previous Corporate Plan.
- 2 Detailed particulars of the aims, objectives and targets for the financial year to which the Corporate Plan relates (the "Immediate Aims") including detailed information on:
  - (a) principal activities to achieve the Immediate Aims;
  - (b) material investments and expenditures projected for that financial year in support of the Immediate Aims;
  - (c) assumptions which underpin the Immediate Aims;
  - (d) assessment of risks in relation to the proposed activities and plans to mitigate such risks;
  - (e) significant milestones/announcements during that financial year;in such a form as the GLA shall from time to time by notice to the Company reasonably require.
- 3 An outline of the aims, objectives and targets for the three financial years following the financial year to which the Corporate Plan relates (the "Medium Term Aims"), including outline information on:
  - (a) the principal activities to achieve the Medium Term Aims;
  - (b) material investments and expenditure projected for those financial years;
  - (c) assumptions which underpin the Medium Term Aims;
  - (d) assessment of risks in relation to the proposed activities and plans to mitigate such risks;
  - (e) significant milestones/announcements during those financial years;in such a form as the GLA shall from time to time by notice to the Company reasonably require.
- 4 Forecast financial statements and budgets for the financial year to which the Corporate Plan relates in such format and with such content as the GLA shall from time to time by notice to the Company reasonably require.
- 5 General information on:
  - (a) management structures;
  - (b) staffing;
  - (c) governance structures; and
  - (d) business continuity plans.
- 6 Such other information as the GLA shall from time to time by notice to the Company require.

## Schedule of Contributions

### British Tourist Boards' Staff Pension and Life Assurance Scheme ("the Scheme")

#### Status

This schedule of contributions has been prepared by the Trustees after obtaining the advice of the actuary to the Scheme, Lyndon Jones, and has been agreed by the employers.

#### Period Covered by the Schedule

The schedule shows the rates and due dates of contributions (other than voluntary contributions) payable towards the Scheme during the period from 1 July 2010 to 30 June 2030.

#### Contributions to be paid by the active Scheme members

Contributions	Due Payment Dates
5% of Pensionable Salary, payable monthly.	To be deducted from members' earnings by the employers and paid to the Scheme on or before the 19 <sup>th</sup> of the following calendar month.

#### Contributions to be paid by the Employers

Contributions in respect of future service benefits, death-in-service costs and administration expenses (see Note 1)	Due Payment Dates
17.3% of active members' Pensionable Salaries, payable monthly.	To be paid monthly to the Scheme on or before the 19 <sup>th</sup> of the following calendar month.

Plus

Contributions in respect of the shortfall in funding	Due Payment Dates
Annual contributions from each employer as follows. The amounts shown below should increase by 3.2% at 1 July each year, commencing in 2011:  <b>VisitBritain</b> £603,450  <b>VisitLondon</b> £71,520  <b>VisitScotland</b> £219,030	To be paid in monthly instalments to the Scheme on or before the 19 <sup>th</sup> of the following calendar month.  These contributions are payable over the 20 year period from 1 July 2010 to 30 June 2030.

## **Schedule of Contributions**

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### **Notes**

1. The allowance for administration expenses in the table is inclusive of Pension Protection Fund (PPF) Levies; for this purpose it has been assumed that annual PPF Levies will be paid by the Scheme.
2. Payments will be monitored against the amounts and dates on this schedule. Any amount unpaid must be treated as a debt due to the Trustees from the employer.
3. The employers and the Trustees can agree payment of contributions exceeding those set out above and contributions may be paid in advance of a due payment date.
4. Additional contributions over and above those set out in this schedule are payable by the Welsh Assembly Government (WAG) under the withdrawal agreement between WAG and the Trustees.

## Schedule of Contributions

---

### Employers

Name:

Position:

Signature:

Date:

For and on behalf of the employers of the British Tourist Boards' Staff Pension Scheme (excluding Welsh Assembly Government)

### Trustees

Name:

Position:       Trustee

Signature:

Date:

For and on behalf of the Trustees of the British Tourist Boards' Staff Pension Scheme

# VISIT LONDON LIMITED

## Balance Sheet 31 March 2010

	Note	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	1,097,491	904,853
Investments	9	300	-
		<b>1,097,791</b>	<b>904,853</b>
<b>CURRENT ASSETS</b>			
Debtors-amounts due within one year	10	1,431,019	1,929,266
Debtors-amounts due after one year	10	412,556	362,400
Cash at bank and money market deposits		3,666,567	3,078,568
		<b>5,510,142</b>	<b>5,369,234</b>
<b>CREDITORS: amounts falling due within one year</b>	11	<b>3,928,204</b>	<b>3,547,379</b>
<b>NET CURRENT ASSETS</b>		<b>1,581,938</b>	<b>1,821,855</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,679,729</b>	<b>2,725,708</b>
<b>TOTAL NET ASSETS before pension liability</b>		<b>2,679,729</b>	<b>2,725,708</b>
Pension scheme liability	13	(2,202,000)	-
<b>TOTAL NET ASSETS including pension liability</b>		<b>477,729</b>	<b>2,725,708</b>
<b>CAPITAL AND RESERVES</b>			
Income and expenditure account	14	2,613,729	2,725,708
Pension reserve	14	(2,136,000)	-
		<b>477,729</b>	<b>2,725,708</b>

Approved by the Board of Directors and authorised for issue on 22 July 2010  
Directors

Tamara Ingram  
Chairman

Martin Springfield  
Finance Director

The notes on pages 11 to 20 form part of these financial statements.



# VISIT LONDON LIMITED

## Notes to the accounts (cont'd) 31 March 2010

### 8 Tangible Fixed Assets

	Fixtures Fittings & Equipment £	Computers £	Leasehold Improvements £	Plant & Equipment £	Total £
Cost					
As at 1 April 2009	355,500	453,740	1,179,288	649,564	2,638,092
Additions	128,870	221,686	-	-	348,556
Disposals	(40,459)	(157,321)	-	-	(197,780)
At 31 March 2010	441,911	518,105	1,179,288	649,564	2,788,868
Depreciation					
As at 1 April 2009	341,511	412,954	329,210	649,564	1,733,239
Charge for year	28,084	64,802	72,932	-	155,918
Disposals	(40,459)	(157,321)	-	-	(197,780)
At 31 March 2010	329,136	310,535	402,142	649,564	1,691,377
Net book value					
At 31 March 2010	112,775	207,570	777,146	-	1,097,491
At 31 March 2009	13,989	40,786	850,078	-	904,853

### 9 Investments

	Associate £
Cost	
As at 1 April 2009	-
Additions	300
Disposals	-
As at 31 March 2010	300

Visit London Limited owns 30% of the 1,000 ordinary shares of £1 each of London Restaurant Festival Limited, a company which incorporated in England and Wales and specialises in the promotion of the annual London Restaurant Festival. The following figures have been extracted from the unaudited financial statements of London Restaurant Festival Limited for the period ended 31 March 2010:

	2010 £
Profit for the period	-
Paid up share capital	1,000
Accumulated reserves	-
Net assets	1,000

London Restaurant Festival Limited did not trade in the period ended 31 March 2010. It has a wholly owned subsidiary undertaking, London Restaurant Festival Management Limited, which promoted the London Restaurant Festival, which took place in October 2009. The following figures have been extracted from the unaudited financial statements of London Restaurant Festival Management Limited for the period ended 31 March 2010:

# VISIT LONDON LIMITED

## Notes to the accounts (cont'd) 31 March 2010

### 9 Investments (cont'd)

	2010 £
Loss for the period	(68,712)
Paid up share capital	100
Accumulated reserves	(86,712)
Net deficit	(88,612)

The effect of accounting for London Restaurant Festival Limited as an associate under the equity accounting method if consolidated financial statements were produced would be for net assets to decrease by £28,014 and the deficit for the year to increase by £28,014

### 10 Debtors

	2010 £	2009 £
Amounts due within one year		
Trade debtors	622,056	606,466
Other debtors	18,496	14,559
Interest receivable	29,661	11,197
Prepayments and accrued income	700,806	997,024
	1,431,019	1,929,268
Amounts due after one year		
Rent deposit	288,940	288,940
Interest receivable	73,616	73,460
Loans to associate undertaking	50,000	-
	412,556	362,400

### 11 Creditors - amounts falling due within one year

	2010 £	2009 £
Trade creditors	2,589,995	1,705,867
Social security and other taxation	212,879	65,226
Accruals and deferred income	771,576	1,457,503
Deferred grant income	79,067	9,212
Deferred membership subscription income	274,887	292,209
Corporation tax	-	17,362
	3,928,204	3,547,379

### 12 Financial Commitments

The annual commitment under operating leases was as follows:

	Property 2010 £	Property 2009 £
Leases expiring:		
Over 5 years	721,227	709,718

# VISIT LONDON LIMITED

## Notes to the accounts (cont'd) 31 March 2010

### 13 Pensions

Visit London participates in the British Tourist Boards' Staff Pension and Life Assurance Scheme, a defined benefit pension scheme in the United Kingdom. The scheme is a multi-employer scheme including other Tourist Boards where the employer's contributions are affected by a surplus or deficit in the scheme. A full actuarial valuation was carried out as at 1 April 2009. The results of that valuation have been projected to 31 March 2010 by a qualified independent actuary on an FRS17 basis.

The actuary has computed the following information about the financial position of the Scheme as at 31 March 2010:

The amounts recognised in the balance sheet are as follows:

	2010 £000	2009 £000
Present value of scheme liabilities	14,157	8,547
Fair value of scheme assets	11,955	8,821
(Deficit)/surplus in the scheme	(2,202)	274
Restriction of scheme surplus		(274)
Net liability	(2,202)	

### Asset and Liability Reconciliation

#### Reconciliation of Assets

	2010 £000	2009 £000
Assets at start of period	8,821	11,052
Expected return on assets	854	780
Actuarial gain/(loss)	2,518	(3,183)
Employer's contributions	201	273
Death in service premiums	(4)	(11)
Employee's contributions	117	111
Benefits paid	(252)	(201)
Asset value at year end	11,955	8,821
Actual return on scheme assets	3,072	

#### Reconciliation of Liabilities

	2010 £000	2009 £000
Liabilities at start of period	8,547	9,210
Service cost	257	335
Interest cost	564	629
Employee's contributions	117	111
Past service costs	-	24
Actuarial loss/(gain)	4,928	(1,650)
Death in service premiums	(4)	(11)
Benefits paid	(252)	(201)
Liability value at year end	14,157	8,547

# **VISIT LONDON LIMITED**

## **Notes to the accounts (cont'd)**

**31 March 2010**

### **13 Pensions (cont'd)**

Amounts recognised in the income and expenditure statement:

	2010	2009
	£000	£000
Included in expenditure:		
Current service costs	(267)	(335)
Past service costs	-	(24)
add: employer's contributions	201	273
	(56)	(86)
Included in interest (payable)/receivable:		
Interest cost	(564)	(629)
Expected return on assets	564	780
	(10)	151

Amounts recognised in the statement of total recognised gains and losses

	2010	2009
	£000	£000
Actual return less expected return on pension plan assets	2,518	(3,183)
Experience gains and losses arising on scheme liabilities	(4,920)	1,550
Opening surplus on pension scheme not recognised	274	1,842
Closing surplus on pension scheme not recognised	-	(274)
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses	(2,136)	(65)
Amounts recognised in previous periods	(65)	-
Cumulative amount of actuarial gains and losses	(2,201)	-

### **Principal Actuarial Assumptions**

	31 March 2010	31 March 2009
Inflation assumption	3.40%	2.65%
Rate of increase in salaries	3.40%	2.66%
Increase for pensions in payment	3.40%	2.65%
Revaluation of deferred pensions	3.40%	2.65%
Liability discount rate	5.50%	6.70%
Expected return on assets	6.35%	6.70%
Proportion of employees opting for early retirement	N/A	N/A
Proportion of pensions commuted for cash at retirement	10%	10%
Future expected lifetime of current employee at age 65:		
Male born 1944:	22.5	22.0
Female born 1944:	24.3	24.9
Future expected lifetime of future pensioner at age 55:		
Male born 1964:	24.9	23.1
Female born 1964:	25.8	25.9

# VISIT LONDON LIMITED

## Notes to the accounts (cont'd) 31 March 2010

### 13 Pensions (cont'd)

The assets in the scheme and the expected rates of return are:

	Long-term rate of return expected at 31 March 2010	Value at 31 March 2010 £000	Long-term rate of return expected at 31 March 2009	Value at 31 March 2010 £000
Equities	7.40%	4,807	8.75%	4,263
Bonds	5.50%	4,437	6.70%	2,207
Property	7.40%	871	6.75%	1,066
Cash	4.40%	492	3.75%	76
Total market value of cash accumulation asset		10,607		7,612
Annuities	5.50%	1,302	6.70%	1,172
Cash in bank		46		37
Total	6.35%	11,955	6.70%	8,821

Amounts for the current and previous period are as follows:

	2010 £000	2009 £000
Scheme liabilities	(14,157)	(8,647)
Scheme assets	11,955	8,821
Scheme (deficit)/surplus	(2,202)	274
Experience adjustments on scheme liabilities	(537)	249
Experience adjustments on scheme assets	2,518	(3,183)

The necessary information to prepare a five year history of experience gains and losses was unavailable.

The employers expect to contribute 17.3% of pensionable salaries to the scheme in respect of future service benefits in the year ending 31 March 2011. In addition, the employer expects to pay deficit recovery contributions of about £70,000 per annum over the next 20 years.

### 14 Reserves

	Income and expenditure account £	Pension reserve £	Total £
As at 1 April 2009	2,725,708	-	2,725,708
Retained profit/(loss) for the year	(111,979)	-	(111,979)
Actuarial gain/(loss) on pension and other post-retirement schemes	-	(2,136,000)	(2,136,000)
At 31 March 2010	2,613,729	(2,136,000)	477,729

# GREATER LONDON AUTHORITY

## Resources

### David Kidd

Chairman of the Trustees  
The Law Debenture Pension Trust Corporation plc  
Fifth Floor  
100 Wood Street  
London EC2V 7EX

City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
Switchboard: 020 7983 4000  
Minicom: 020 7983 4157  
Web: [www.london.gov.uk](http://www.london.gov.uk)

Our ref: kidd160211

Date: 16 February 2011

Dear Mr Kidd

Thank you for your letter of 8 February 2011 and for providing some helpful initial feedback on the current proposal to admit London & Partners Limited ("**L&P**") into the British Tourist Boards' Staff Pension and Life Assurance Scheme (the "**Scheme**") and apportion Visit London's ("**VL's**") section 75 liability to it.

I will address each of the points you raise, using the numbering adopted in your letter. We have given titles to each of your points for ease of reference.

### Summary

We confirm that L&P will meet the Trustees' reasonable costs in considering and, if appropriate, implementing the current proposal.

We note the Trustees two main concerns are meeting the funding test and obtaining the consents and agreements needed from Visit Britain, Visit Scotland and the Secretary of State to carry out the proposal. Answers to these concerns and the other questions raised by your letter are set out in more detail below. We are confident that the Trustees will be able to satisfy themselves that the 'funding test' can be met and that the necessary consents and agreements can be obtained.

We enclose a draft of the grant agreement between the Greater London Authority ("**GLA**") and L&P. We do not expect its final form to be substantially different and will let you have the completed agreement as soon as possible after it is exchanged which is expected to be later in March.

Please could you:

- instruct the Scheme actuary to provide L&P through ourselves with up to date details of VL's section 75 debt if an employer cessation event happened; and
- provide a copy of the Scheme's latest schedule of contributions.

Direct telephone: 020 7983 4435 Fax: 020 7983 4241 Email: [martin.clarke@london.gov.uk](mailto:martin.clarke@london.gov.uk)

## **The Funding test**

- 1.1 We note that you are taking professional advice and are happy to let your advisers have any information they need to provide that advice to the Trustees and which is in our possession or the possession of L&P.
- 1.2 You ask for our views on whether and how the Trustees will be able to satisfy themselves that the 'funding test' will be met. We believe that the Trustees will be able to satisfy themselves that the funding test is met.
- 1.3 You point out that the Trustees will need to be satisfied that L&P will be reasonably likely to be able to fund the Scheme so that, after the apportionment is entered into, the Scheme will have sufficient and appropriate assets to cover its technical provisions. This will be the case if the Trustees consider, in their opinion, that L&P is able to meet the relevant payments as they fall due under the schedule of contributions.
- 1.4 The current schedule of contributions will be reviewed at each actuarial valuation. VL will have no funding after March 2011 with which to meet its obligations under that schedule of contributions. L&P will have a grant agreement in place from April 2011 providing initial funding of £14 million and therefore offers a stronger covenant.
- 1.5 To assist the trustees in considering the funding test, we enclose the latest draft of the proposed grant agreement between the GLA and L&P. We do not expect its final form to be substantially different.
- 1.6 Please could the Trustees provide a copy of the schedule of contributions to L&P to help it assess its ongoing liability if it were to participate in the Scheme.
- 1.7 We would anticipate that the Trustees' particular concern when considering the funding test is regarding the future funding arrangements for L&P. If funding for L&P was not renewed in any year, then L&P may become insolvent and the Trustees could, in such circumstances, seek to recover any section 75 debt that arose in respect of it in the same way as on the insolvency of any other of the Scheme's employers (see also our comments at section 3).
- 1.8 L&P however is in the same position in relation to the security of public sector funding in financial years after 2012 as VL was for each of the financial years it has been a participating employer in the scheme. Visit Britain and Visit Scotland are equally dependent of public sector funding.
- 1.9 From L&P's perspective, it needs to understand the current potential size of VL's section 75 debt since it will become responsible for all but a nominal amount when the proposal goes ahead. Please could you instruct the Scheme actuary to provide L&P with up to date details of VL's section 75 debt as soon as possible.

## **Scheme Amendment**

- 2.1 As you rightly note, two amendments will be required to the Scheme Rules to implement the proposal.
- 2.1 In relation to both amendments, under rule 29 of the Scheme rules, the consent of the principal employer (Visit Britain) and of the participating employer (Visit Scotland) will be required.



- 2.3 The Secretary of State and the principal employer must agree to the admission of L&P as an 'Associated Employer' under rule 24 of the Scheme rules.
- 2.4 Visit Britain has received a copy of our letter to the Trustees of 25 January. We will enter into formal dialogue with them and with Visit Scotland shortly. As requested, we will keep you updated of the responses we receive.
- 2.5 If the Trustees, L&P and the scheme employers agree on the proposal, we will also seek to obtain the Secretary of State's agreement. We believe that L&P will be able to obtain this.
- 2.6 The Scheme employers' considerations are similar to those the Trustees will be considering in respect of the funding test. We will be able to demonstrate to the other Scheme employers that the apportionment agreement will not potentially increase their liabilities.
- 2.7 This is because the alternative to the apportionment would be to allow VL to become insolvent. This will happen when the grant agreement for VL expires. When this occurs, VL will have no income and insufficient assets to sustain its operation. If this happens, VL will become insolvent and the Scheme would be an unsecured creditor of VL. To the extent that it could not recover the amount due, any unpaid liability would be 'shared' by the remaining employers in the Scheme, Visit Britain and Visit Scotland. If L&P participated in the Scheme and had VL's section 75 debt apportioned to it, Visit Britain and Visit Scotland would not need to fund VL's unpaid liabilities.

#### **The insolvency of VL**

- 3.1 We note your need to assess the relative covenant strengths of VL and L&P.
- 3.2 Our understanding of the alternative outcome for the Scheme if the proposal did not go ahead is set out at paragraph 2.7 above. VL will have no material covenant after 31 March 2011 when its funding expires, whereas L&P will have a grant agreement in place from April 2011 providing initial funding of £14 million (see paragraph 1.4 above).
- 3.2 We have not estimated the likely percentage recovery for the Scheme if VL were to become insolvent. Our understanding is it will be pence in the pound and not full recovery. VL's funding comes from its grant agreement which will expire at the end of March 2011. A copy of the current balance sheet is attached confirming this.
- 3.3 A copy of the grant agreement for VL is provided with this letter. Do let us know if you need a more detailed breakdown of VL's assets and liabilities at the termination of its current funding agreement.

#### **Future benefit accrual**

- 4.1 Can we please take this opportunity to update the Trustees. We confirm that no decision has yet been taken by L&P on what benefit provision will be offered to former VL employees when L&P takes over the current operation of VL on 1 April 2011. Under the current proposal, it is anticipated that active members of the Scheme employed by VL at the date of transfer will continue to participate as active members of the Scheme whilst employed by L&P.

- 4.2 We know that the Trustees will be mindful to identify, monitor and manage any conflicts of interest that may arise on its board in respect of VL's planned departure from the Scheme.
- 4.3 We will promptly inform you of any material change to the proposals set out in our letter of 25 January 2011.

#### **Costs**

- 5.1 We confirm that L&P will meet the Trustees' reasonable costs (including adviser's fees) incurred in considering and, if appropriate, implementing the proposal.
- 5.2 We have instructed Wragge & Co LLP to advise on all legal aspects of the transfer of VL's operation to L&P. Our advisers in the Wragge & Co LLP pensions team are Christopher Nuttall and Paul Carberry. Do please copy them in on your response and discuss any concerns you have with them. Christopher can be contacted at [christopher.nuttall@wragge.com](mailto:christopher.nuttall@wragge.com) or 0121 685 2835. Paul can be contacted at [paul.carberry@wragge.com](mailto:paul.carberry@wragge.com) or on 0121 260 9836.
- 5.3 It might be helpful if our respective legal advisers could speak with one another. Please could you let us know who your advisers are so that they may instigate this.

We note the Pension Regulator's current involvement in the Trustee's assessment of the covenant of its participating employers. We are happy for you to share our correspondence regarding L&P's potential future participation in the Scheme with them.

Thank you for confirming that the Trustees will arrange for the necessary documents to be drawn up if, after all parties have assessed the proposal, it goes ahead. Thank you also for confirming that we will be able to review and comment on the documentation before it is prepared for signature.

We hope that our letter provides the considered response addressing the various points raised in your letter. Please could you work to get an estimate of VL's section 75 liability and the schedule of contributions to us by the close of business on 22 February. Electronic copies can be provided if this is easier to do within the timescale.

We look forward to hearing from you.

Yours sincerely



**Martin Clarke**  
Executive Director

**Lisa Price**

---

**From:** Jan Boud  
**Sent:** 19 February 2011 17:43  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** FW: Letter from Martin Clarke (W&Co Ref: 2046584)  
**Attachments:** BTB Schedule of Contributions 2009 FINAL.pdf

Dear both, please see attached. Jan

---

**From:** [REDACTED]  
**Sent:** 19 February 2011 12:43  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: Letter from Martin Clarke

[REDACTED]

Further to the letter from Martin Clarke dated 16<sup>th</sup> February 2011, I confirm that the estimated section 75 debt that would fall on Visit London if a cessation event happened would be £9 million. I also attach a copy of the schedule of contributions as requested.

With regards

Andy

Andy Mills  
Consultant

[REDACTED]

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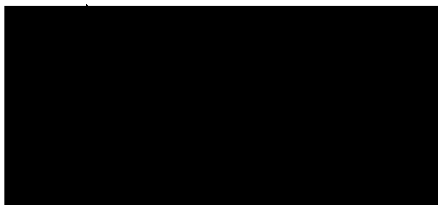
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**From:** [REDACTED]  
**Sent:** 16 February 2011 16:47  
**To:** Mills, Andy (L & P - Hartshead)  
**Cc:** Jan Boud  
**Subject:** Letter from Martin Clarke

Please find attached a letter and attachments from Martin Clarke.

<<kidd160211.pdf>> <<directors\_written\_resolution.pdf>> <<member\_s\_resolution - london & partners limited (adopting articles).DOC>> <<articles of association.DOC>>  
 <<WS\_BinaryComparison\_#18485283v9\_Legal01\_ - articles of association-#18485283v10\_Legal01\_ - articles .PDF>> <<Visit\_London\_Grant\_Agreement\_06\_07\_-\_09\_10.PDF>>  
 <<Deed\_of\_Variation\_to\_the\_Grant\_Agreement\_22\_April\_2010.PDF>> <<VL Balance Sheet.pdf>> <<Draft L&P Grant Agreement.pdf>>



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#### GREATERLONDONAUTHORITY

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# CAPITA HARTSHEAD

Martin Clarke  
Executive Director  
Greater London Authority  
City Hall  
The Queen's Walk  
More London  
London  
SE1 2AA

2<sup>nd</sup> March 2011

Dear Mr Clarke

**British Tourist Boards' Staff Pension and Life Assurance Scheme  
Visit London Ltd / London & Partners Ltd**

Thank you for your letter of 16 February and the various attachments to it, which the Trustees have now had the opportunity to consider in some detail and discuss with their professional advisers.

We appreciate, first of all, your confirmation that L&P will meet the Trustees' reasonable costs in considering and (if appropriate) implementing the current proposal. We also appreciate the offer of more detail about VL's likely assets and liabilities as at the termination of the present funding agreement and, via our legal advisers, have already requested that arrangements are made for such information to be provided to us in the early course.

Secondly, we confirm that we will be sharing copies of correspondence regarding L&P's future participation in the Scheme with the Pensions Regulator. You are also, of course, already aware of the Regulator's existing interest in the Scheme in respect of the "employer covenant" in favour of it, as a result of the recovery plan under the most recent triennial valuation having "triggered".

More substantively, the Trustees have considered matters at some length under the following heads, namely:

- can they agree to the proposal (i.e. are they prohibited, by statute or otherwise, from doing so?);
- should they agree to the proposal (i.e. would it be in the best interests of their beneficiaries to do so?); and
- if so (on each count), on what terms will they so agree to it?

The Trustees note with interest, to begin with, the restriction in the Articles of Association of L&P that, during the Mayor's tenure as a shareholder in the company, it is not permitted to "establish or amend any pension scheme". We should be interested to hear how you believe this fits with its participation in the Scheme (the rules of which include the requirement that all employers are party to any amendments to its terms).



INVESTOR IN PEOPLE



# CAPITA HARTSHEAD

Secondly, the Trustees are keen to ensure that any progress with yourselves regarding the proposals is not countered by difficulties in obtaining the agreement to the proposal – to the extent, naturally, that they have a proper interest in it – from the Scheme's other employers and from the relevant Secretary of State. We note the contents of your letter in this regard and would very much appreciate your confirmation that a dialogue has now commenced with both VisitBritain and VisitScotland, and with the relevant Government department, regarding the proposal and their potential involvement with it.

Thirdly and most substantively, however, the Trustees do – as you are already aware – have concerns about whether the statutory "funding test" will (or indeed can) be met by the current proposal, and the wider associated question of the security for members' benefits in the light of the overall employer covenant in favour of the Scheme. In this regard our respective legal advisers are already in direct touch with one another but we feel it sensible to explain directly to you that, on the basis of the legal advice we have received, the question of whether the Trustees should agree to the current proposal will not even arise as it does not appear that the employer debt legislation allows them to.

We should stress in this connection that the Trustees see no reason *per se* to stand in the way of, or in any way block or delay, what is proposed. Whilst the Trustees do fully recognise how it is likely that there will be no diminution (and possibly some considerable improvement) in the employer covenant were L&P to replace VL, this is they understand not enough to meet the more rigorous requirements of the funding test. That test might well not be met now but it does not have to be until an event of the kind proposed occurs in practice.

The particular stumbling block is the funding test set out in the legislation and which must be met in order for a 'scheme apportionment arrangement' to be effective. The legislation requires that the Trustees are reasonably satisfied that it is reasonably likely that the employer in question (namely, here, L&P) will be able to "cover its technical provisions" under the Scheme. This means the Trustees need to be reasonably satisfied that L&P is reasonably likely to be able to pay off the deficit (calculated on an ongoing basis) or, at the very least, meet the requirements of the Scheme's schedule of contributions as they fall due. The Trustees' concern is that this is something they cannot conclude if the grant arrangements for L&P have a long-stop date shorter than that of the schedule of contributions, unless the financial aspects of the proposal were to be altered quite significantly.

The Trustees appreciate that the question of what variations VL / L&P may be willing and able to offer is very much a matter for them. However, in order to assist they have considered the sort of proposal which might be sufficient. For example the Trustees have been advised that a cash injection of £500,000 would[, combined with the savings anticipated as a result of the changes from RPI to CPI for calculating pension increases,] enable a revised recovery plan to be agreed in respect of VL / L&P which would end within the time horizon of the proposed grant agreement. Other alternatives could include the provision of a similar cash amount in a separate escrow account, and/or some form of non-cash third party contingent security in the Trustees' favour.



INVESTOR IN PEOPLE





# CAPITA HARTSHEAD

The Trustees are mindful of their duty to act in the best interests of their members. They appreciate that, on the information they have received so far, one possible outcome for those members previously employed by VL is a partial wind-up of the Scheme with their benefits being reduced (as a consequence of VL being unable to meet its 'section 75 debt' in full) or entry into the PPF (with again lower benefits being provided). They value the potential for all existing VL members to continue accruing future service benefits under the current proposal, but must balance this against the risk that in future L&P cannot continue to fund the Scheme (perhaps even as early as the expiry of the proposed initial grant) nor meet its section 75 debt. That debt is expected to rise by approximately £300,000 to £400,000 per year, resulting in the same or even lower ultimate benefit payments for those members. A cash injection or some form of contingent asset of the kind considered above would go a long way to resolving this dilemma for the Trustees.

As noted above, what VL / L&P is willing and able to provide is a matter for them. Accordingly – mindful of the very tight time pressures that are now being faced – the Trustees look forward to receiving the GLA's proposals in this respect in the very early course.

Yours sincerely

*[Handwritten signature]*  
PP

Andy Mills, Secretary to the Trustees

cc (by email)



INVESTOR IN PEOPLE



Certificate No. 027531191

# GREATER LONDON AUTHORITY

## Resources

### Visit Britain

Thames Tower  
Black's Road  
Hammersmith  
London W6 9EL

City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
Switchboard: 020 7983 4000  
Minicom: 020 7983 4157  
Web: [www.london.gov.uk](http://www.london.gov.uk)

Our ref: vb040311

Date: 4 March 2011

Dear Sirs,

We are writing to you in your capacity as the Principal Employer of the British Tourist Boards' Staff Pension and Life Assurance Scheme (the "**Scheme**") to inform you of the proposal for the future promotion of London and its impact on Visit London's ("VL") participation in the Scheme, and also to request that you agree to certain actions in consequence of this proposal as set out below.

### Background

The overall current proposal is for a new single agency London & Partners Limited ("L&P") to take over the current operation of VL and Think London ("TL") with effect from 1 April 2011. L&P was incorporated on 14 January and the Mayor is currently the sole member.

This agency will be independently run and controlled and so the proposals in this letter represent the current suggested options. Any final decisions will be for the Board of L&P to make.

The funding of L&P has been agreed by the Mayor and detailed terms are now being worked up into a formal grant agreement.

### Summary

We are writing to ask you, as the Principal Employer of the Scheme, to:

- agree to the admission of L&P as a participating employer in the Scheme (which will also require your consent to an amendment to the Scheme widening the definition of "Associated Employer"); and
- engage constructively with us to allow VL to depart from the Scheme having paid modified pension liabilities of £1 with the remaining liabilities being apportioned to L&P, including giving your consent to an amendment to introduce a power to do this.

Direct telephone: 020 7983 4435 Fax: 020 7983 4241 Email: [martin.clarke@london.gov.uk](mailto:martin.clarke@london.gov.uk)

We appreciate that it is, of course, for you and your advisers to form your own view on the proposal and the technical issues involved before coming to a decision.

More detail on the proposal is set out below. I am happy to discuss any aspect of it further with you. We are confident that the proposal is achievable even in view of the short timescale. I would therefore be grateful for an initial response on these issues by **Wednesday 9 March**.

#### **Corporate structure**

L&P has been incorporated as a company limited by guarantee.

The Mayor envisages that L&P will be owned by members representing both London's business community and the tourism sector, subject to their agreement. The Mayor's officers have informally approached the following organisations to assess their willingness and interest to join him as members of the company before 1 April: London First; London Chamber of Commerce; Federation of Small Business; Confederation of British Industry.

#### **Transfer of assets and liabilities to L&P**

Subject to any relevant third party consents being obtained and agreement between L&P and VL, and TL (as appropriate) to the terms of transfer, it is currently proposed that substantially all of VL's and TL's assets and liabilities will be transferred to L&P.

#### **Transfer of employees to L&P**

Based on the current proposal as described above, I understand that all employees of VL and TL still in post on 31 March will transfer under applicable law (commonly known as "TUPE") to L&P.

#### **Transfer of pension liabilities and participation of L&P in the Scheme**

Subject to agreement on the transaction as a whole, it is currently proposed that L&P will become a participating employer in the Scheme (and that active members employed by VL at the date of transfer will continue to participate as active members of L&P) and that VL would enter into an apportionment arrangement to apportion its liabilities to L&P. Therefore, only a nominal amount of, say, £1 would be triggered when an employment cessation event occurred in respect of VL.

Our legal advice is that it is likely that a scheme amendment will be required, both to introduce a power to enter into the apportionment and to allow L&P to become a participating employer. We are advised that a scheme amendment would probably be required to admit L&P because it is unlikely to fall within the strict definition of "Associated Employer" under the rules of the Scheme.

Under the Scheme's amendment power, the participating employers, including the Principal Employer, are required to consent to any amendment made by the Trustees. We have contacted the other participating employers and the Trustees. The admission of L&P to the Scheme will also require the relevant Secretary of State's approval and we will liaise with the Secretary of State to obtain this. The Trustees have not yet taken a decision on whether to implement the proposal; neither has any final decision been

taken on whether to apply to the Pensions Regulator for clearance, however this position will be kept under review and we will keep you advised of developments.

We appreciate that the you will have to undertake your own due diligence on the above, both in relation to the participation of L&P and the apportionment of VL's liabilities to L&P and will provide you with any information that you require in due course.

#### **Timing for proposed transfer and apportionment**

It is currently proposed that the transfer of assets and liabilities will take effect on 1 April 2011. It is planned that any apportionment and participation of L&P in the Scheme will also take effect on that date.

#### **Funding of L&P**

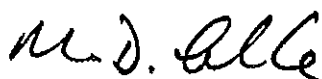
VL is currently funded by a grant agreement made between it and the London Development Agency ("LDA") dated 26 January 2007. This agreement does not include an obligation which would require the LDA to fund any residual pension deficits. The agreement is shortly to come to an end. When it does, VL would be unable to afford to meet its residual pension deficit that would fall due in full on its subsequent insolvency.

The Mayor has already agreed, exercising the functions of the Greater London Authority, to enter into a grant agreement with L&P to provide £14 million of funding to L&P over each of the four years commencing 1 April. After the first year, funding will be conditional on the Mayor issuing a supplementary 'award letter' confirming the grant for the next financial year before the start of that financial year.

L&P will therefore be in a stronger financial position than VL. We expect you will appreciate the confidence that this gives to L&P as a grant funded body yourself.

We do not therefore anticipate that L&P's proposed entry into the Scheme or the apportionment of VL's liabilities to it will increase the respective liabilities of the other participating employers or that there will be any need for additional provision to be made for the funding of any pension deficit by the other participating employers following the transfer.

Yours sincerely



**Martin Clarke**  
Executive Director

# GREATER LONDON AUTHORITY

## Resources

### Visit Scotland

23 Ravelston Terrace  
Edinburgh  
EH4 3EU

City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
Switchboard: 020 7983 4000  
Minicom: 020 7983 4157  
Web: [www.london.gov.uk](http://www.london.gov.uk)

Our ref: vs040311

Date: 4 March 2011

Dear Sirs,

We are writing to you in your capacity as a participating employer in the British Tourist Boards' Staff Pension and Life Assurance Scheme (the "**Scheme**") to inform you of the proposal for the future promotion of London and its impact on Visit London's ("VL") participation in the Scheme, and also to request that you consent to certain actions in consequence of this proposal as set out below.

### Background

The overall current proposal is for a new single agency London & Partners Limited ("**L&P**") to take over the current operation of VL and Think London ("**TL**") with effect from 1 April 2011. L&P was incorporated on 14 January and the Mayor is currently the sole member.

This agency will be independently run and controlled and so the proposals in this letter represent the current suggested options. Any final decisions will be for the Board of L&P to make.

The funding of L&P has been agreed by the Mayor and detailed terms are now being worked up into a formal grant agreement.

### Summary

We are writing to ask you, as a participating employer in the Scheme, to:

- consent to an amendment to the Scheme to widen the definition of "Associated Employer" (in order to allow the admission of L&P as a participating employer in the Scheme); and
- consent to an amendment to the Scheme to introduce a power to allow VL to depart from the Scheme having paid modified pension liabilities of £1 with the remaining liabilities being apportioned to L&P.

Direct telephone: 020 7983 4435 Fax: 020 7983 4241 Email: [martin.clarke@london.gov.uk](mailto:martin.clarke@london.gov.uk)

We appreciate that it is, of course, for you and your advisers to form your own view on the proposal and the technical issues involved before coming to a decision.

More detail on the proposal is set out below. I am happy to discuss any aspect of it further with you. We are confident that the proposal is achievable even in view of the short timescale. I would therefore be grateful for an initial response on these issues by **Wednesday 9 March**.

### **Corporate structure**

L&P has been incorporated as a company limited by guarantee.

The Mayor envisages that L&P will be owned by members representing both London's business community and the tourism sector, subject to their agreement. The Mayor's officers have informally approached the following organisations to assess their willingness and interest to join him as members of the company before 1 April: London First; London Chamber of Commerce; Federation of Small Business; Confederation of British Industry; British Hospitality Association and the Society of London Theatres.

### **Transfer of assets and liabilities to L&P**

Subject to any relevant third party consents being obtained and agreement between L&P and VL, and TL (as appropriate) to the terms of transfer, it is currently proposed that substantially all of VL's and TL's assets and liabilities will be transferred to L&P.

### **Transfer of employees to L&P**

Based on the current proposal as described above, I understand that all employees of VL and TL still in post on 31 March will transfer under applicable law (commonly known as "TUPE") to L&P.

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Subject to agreement on the transaction as a whole, it is currently proposed that L&P will become a participating employer in the Scheme (and that active members employed by VL at the date of transfer will continue to participate as active members of L&P) and that VL would enter into an apportionment arrangement to apportion its liabilities to L&P. Therefore, only a nominal amount of, say, £1 would be triggered when an employment cessation event occurred in respect of VL.

Our legal advice is that it is likely that a scheme amendment will be required, both to introduce a power to enter into the apportionment and to allow L&P to become a participating employer. We are advised that a scheme amendment would probably be required to admit L&P because it is unlikely to fall within the strict definition of "Associated Employer" under the rules of the Scheme.

Under the Scheme's amendment power, the participating employers are required to consent to any amendment made by the Trustees. We have contacted the Principal Employer and the Trustees. The Trustees have not yet taken a decision on whether to implement the proposal; neither has any final decision been taken on whether to apply to the Pensions Regulator for clearance, however this position will be kept under review and we will keep you advised of developments.

We appreciate that the you will have to undertake your own due diligence on the above, both in relation to the participation of L&P and the apportionment of VL's liabilities to L&P and will provide you with any information that you require in due course.

#### **Timing for proposed transfer and apportionment**

It is currently proposed that the transfer of assets and liabilities will take effect on 1 April 2011. It is planned that any apportionment and participation of L&P in the Scheme will also take effect on that date.

#### **Funding of L&P**

VL is currently funded by a grant agreement made between it and the London Development Agency ("LDA") dated 26 January 2007. This agreement does not include an obligation which would require the LDA to fund any residual pension deficits. The agreement is shortly to come to an end. When it does, VL would be unable to afford to meet its residual pension deficit that would fall due in full on its subsequent insolvency.

The Mayor has already agreed, exercising the functions of the Greater London Authority, to enter into a grant agreement with L&P to provide £14 million of funding to L&P over each of the four years commencing 1 April. After the first year, funding will be conditional on the Mayor issuing a supplementary 'award letter' confirming the grant for the next financial year before the start of that financial year.

L&P will therefore be in a stronger financial position than VL. We expect you will appreciate the confidence that this gives to L&P as a grant funded body yourself.

We do not therefore anticipate that L&P's proposed entry into the Scheme or the apportionment of VL's liabilities to it will increase the respective liabilities of the other participating employers or that there will be any need for additional provision to be made for the funding of any pension deficit by the other participating employers following the transfer.

Yours sincerely



**Martin Clarke**  
Executive Director

# GREATER LONDON AUTHORITY

## Resources

City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
Switchboard: 020 7983 4000  
Minicom: 020 7983 4157  
Web: [www.london.gov.uk](http://www.london.gov.uk)

Our ref: kldd040311

Date: 4 March 2011

[REDACTED]  
The Law Debenture Pension Trust Corporation plc  
Fifth Floor  
100 Wood Street  
London EC2V 7EX

[REDACTED]  
Thank you for your letter of 2 March 2011 and for detailing the Trustees' concerns about whether the statutory 'Funding test' can be met if the current proposal to admit London & Partners Limited ("L&P") into the British Tourist Boards' Staff Pension and Life Assurance Scheme (the "Scheme") and apportion Visit London's ("VL's") section 75 liability to it goes ahead.

We thought it would be helpful to provide a brief initial response on the particular issue that the Trustees have identified as a 'stumbling block', namely their understanding that they must be "reasonably satisfied that it is reasonably likely that L&P will be able to 'cover its technical provisions' under the Scheme."

### 1. The remaining employers

- 1.1 Regulation 2(4A)(a) of the Occupational Pension Scheme (Employer Debt) Regulations 2005 (the "Employer Debt Regulations") requires the Trustees to be reasonably satisfied that:

"when the arrangement takes effect, the remaining employers will be reasonably likely to be able to fund the scheme ... to cover its technical provisions...."

- 1.2 The test is therefore a wider consideration of whether the remaining employers (the British Tourist Authority, the Scottish Tourist Board and L&P) will be reasonably likely to be able to fund the Scheme to cover the technical provisions of the whole Scheme.
- 1.3 The funding test does not require the Trustees to consider L&P (or L&P's technical provisions) in isolation from the other employers.
- 1.4 Although L&P is being admitted, consideration of the 'remaining employers' does not have to include the new employer. Indeed, some apportionments are done without a new employer being admitted.

Direct telephone: 020 7983 4435 Fax: 020 7983 4241 Email: [martin.clarke@london.gov.uk](mailto:martin.clarke@london.gov.uk)



- 1.5 Our understanding is that the remaining employers participating in the Scheme after the apportionment agreement will be reasonably likely to be able to fund the Scheme to cover its technical provisions.

## **2. The schedule of contributions**

- 2.1 Under regulation 2(4C) of the Employer Debt Regulations, the Trustees can consider the funding test set out in regulation 2(4A)(a) met if, in their opinion, the remaining employers are able to meet the relevant payments as they fall due under the schedule of contributions.
- 2.2 It is the ability of the remaining employers to meet payments as they fall due at points in time that the Trustees assess. Although the schedule of contributions covers the period to 20 June 2030, it is likely to be revised every three years as part of the valuation cycle. The Trustees can take this into account and look at payments falling due over a shorter term.
- 2.3 Of course, the Trustees are also allowed to take account of any changes in the technical provisions that they think need to be made as a result of the scheme apportionment arrangement, for example because of a consequential reduction or improvement in covenant strength.
- 2.4 We note that the Trustees recognises that it is likely that there will be no diminution (and possibly some considerable improvement) in the employer covenant were L&P to replace VL.
- 2.5 Under the Scheme's present schedule of contributions, VL pays annual deficit contributions of £71,520 whereas, the British Tourist Authority pays £603,450 and the Scottish Tourist Board pays £219,030. L&P will be the smallest employer in the Scheme. We understand that the Treasury stands behind the contributions of the other employers.
- 2.6 On that basis, we do not think that the Trustees will need to make any changes to the technical provisions as a result of the scheme apportionment arrangement and that the remaining employers will be able to meet the relevant payments as they fall due under the schedule of contributions.

## **3. Articles of Association**

- 3.1 You also raised a query in relation to a restriction in the Articles of Association of L&P.
- 3.2 To clarify, the Articles of Association do not prevent L&P from establishing or amending any pension scheme. They prevent L&P from doing so without the consent of the Mayor, for so long as the Mayor is a member of L&P. The Mayor will act reasonably in giving his consent.
- 3.3 In practice, we expect the British Tourist Board, the Scottish Tourist Board and VL to consent to the Trustee's amendments to widen the definition of Associated

Employer and introduce a scheme apportionment rule before L&P is admitted to the Scheme.

- 3.4 Arguably, the Mayor's consent will not be needed in these circumstances as the Scheme is already established and the anticipated order of events will not involve L&P consenting to amendments to the Scheme.

We consider that the funding test can be met and hope that the above will be helpful to the Trustees in their consideration of this issue. The Articles of Association of L&P do not prevent L&P's admission to the Scheme and there will be no net reduction of employer covenant when L&P is admitted to the Scheme. The apportionment of VL's liabilities to L&P will not create any need for additional provision to be made for the funding of any pension deficit by the remaining employers.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. D. Clarke'.

**Martin Clarke**  
Executive Director

# GREATER LONDON AUTHORITY

## Resources

City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
Switchboard: 020 7983 4000  
Minicom: 020 7983 4157  
Web: [www.london.gov.uk](http://www.london.gov.uk)

**Our ref:** kldd110311

**Date:** 11 March 2011

[REDACTED]  
The Law Debenture Pension Trust Corporation plc  
Fifth Floor  
100 Wood Street  
London EC2V 7EX

Dear [REDACTED]

We write further to our letter of 4 March and write to respond as far as we are able to the remaining points raised in your letter of 2 March.

### 1 L&P

- 1.1 We thought it would be helpful to explain the relationship between the Greater London Authority ("GLA") and London & Partners Limited ("L&P") and what the GLA's role has been in the discussions to date.
- 1.2 The Mayor of London is the executive arm of the GLA which is the organisation responsible for strategic government in London. The GLA is independent of L&P.
- 1.3 The Mayor set up the Promote London Council ("PLC") to advise him on promotion in order to better fulfil his statutory duties of furthering economic development and the creation of wealth in London and to encourage tourism to London both business and visitor. The PLC advised that London required a single coherent voice to promote it internationally. It was decided that the functions currently performed by Think London, Visit London and the Study London team in London Higher should be merged into one entity to make promotion more effective and efficient.
- 1.4 The current economic climate, the Government's Comprehensive Spending Review resulting in reductions to public sector spending, the decision by government to abolish regional development agencies, including the London Development Agency which as you are aware provided funding for the above bodies, formed a backdrop for such a decision. Importantly this reinforces the imperative to improve value for money in light of a significantly lower level of public sector funding from the GLA.
- 1.5 L&P is a company limited by guarantee, incorporated on 14 January and which held its first board meeting on 31 January. The Mayor is currently the sole member of L&P. The Mayor has formally invited a number of organisations which represent both London's business community and the tourism sector to be members of L&P, all of which have expressed their willingness to join the Mayor. L&P is not part of the GLA group.

**Direct telephone:** 020 7983 4959 **Fax:** 020 7983 4241 **Email:** [martin.clarke@london.gov.uk](mailto:martin.clarke@london.gov.uk)

- 1.6 The GLA cannot give a view on what L&P may be willing and able to offer to the Trustees in terms of a cash injection or third party contingent security. As your letter makes clear, that is a question for L&P. Clearly, the board of L&P has a duty to act in the best interests of the company.
- 1.7 The role of the GLA to date has been to open communication with the Trustees and the relevant parties. The GLA's role has come to a close. The expectation is that L&P will be in a position to make a decision in the week commencing Monday 14 March. Future correspondence will therefore be with L&P.
- 1.8 As you know, no formal decision has yet been taken on what future benefit provision will be offered to L&P employees. That decision will be taken by the board of L&P.

## **2 The Proposal**

- 2.1 The GLA wrote on 4 March to the British Tourist Authority and the Scottish Tourist Board, the other participating employers in the British Tourist Boards' Staff Pension scheme, because their consent and that of Visit London's will be required to any Trustees' amendment. We have received no acknowledgement or response to our letter.
- 2.2 Subject to the outcome of the L&P Board's decision on the future benefit provision it will offer its employees, the Mayor will be able to speak to the Secretary of State to expedite matters if L&P request that he does so.

## **3 Timescale**

- 3.1 The GLA notes the Trustees' concern about the time pressures faced and our swift response to any correspondence between us or your requests for information shows that we act accordingly.
- 3.2 For the reasons set out at section 1 above, a substantive response to the issues raised in your letter of 2 March can only come from L&P. The GLA anticipate that L&P will be able to provide the Trustees with a substantive response next week.

The Trustees have three working weeks until the proposed transfer. The GLA hopes that the Trustees will work co-operatively with L&P and the participating employers of the Scheme to deliver a positive outcome.

L&P's registered address for the time being is also City Hall and correspondence should be marked for the attention of Danny Lopez, Interim Chief Executive, with a copy to Jan Boud.

Yours sincerely



**Martin Clarke**  
Executive Director

**MINUTES** of a meeting of the Board of Directors held at City Hall The Queen's Walk London on 17 March 2011 at 6pm

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**PRESENT:** Dame Judith Mayhew Jonas (Chair)  
Daniel Lopez  
Jean-Louis Bravard  
Kevin Murphy  
Mike Thompson (by telephone)  
Grant Hearn

**IN ATTENDANCE:** Jan Boud  
Stephen Sellers Wragge & Co LLP (by telephone)

**1     Notice of Quorum**

The Chair reported that due notice of the meeting had been given and that a quorum was present.

**2     Disclosure of Interests**

No declarations of interest were made.

**3     Participation in British Tourist Board Pension Scheme**

The board continued the discussion on options for pensions provision from 1 April for the employees of London & Partners which began at the meeting on 9 March. Jan Boud presented a further paper drafted by Wragge & Co about the potential implications of a decision not to pursue participation in the British Tourist Board Scheme. Stephen Sellers spoke to the paper and after careful consideration it was RESOLVED

- (a) not to pursue the proposal to become a participating employer in the British Tourist Board Pension Scheme;
- (b) to offer all employees access to the Standard Life group personal pension scheme provided by Think London on the same terms as apply to Think London staff;
- (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.

**4     Close**

There being no further business the meeting terminated.

**LONDON & PARTNERS LIMITED**

**(the “Company”)**

**MINUTES** of a meeting of the Board of Directors held at City Hall The Queen’s Walk London on 9 March 2011 at 2pm

---

**PRESENT:** Dame Judith Mayhew Jonas (Chair)  
Daniel Lopez  
Jean-Louis Bravard  
Kevin Murphy  
Mike Thompson (participating by telephone)  
Grant Hearn (participating by telephone)

**IN ATTENDANCE:** Jan Boud  
Andrew Cooke (for first part of meeting)

**Notice of Quorum**

The Chair reported that due notice of the meeting had been given and that a quorum was present.

**Disclosure of Interests**

No declarations of interest were made.

**Corporate Plan**

Andrew Cooke presented the draft corporate plan to the board. A brief discussion took place and it was agreed that the board needed further time to study the plan and that the board would provide comments to Andrew Cooke in due course.

**Participation in British Tourist Board Pension scheme**

Jan Boud presented a paper drafted by the pension advisers at Wragge & Co on the options for pensions provision from 1 April for the employees of London & Partners. A lengthy discussion took place and it was agreed to resolve the issue at the next board meeting.

**Close**

There being no further business the meeting terminated.

.....

Chair

City Hall  
The Queen's Walk  
London SE1 2AA  
0207 983 4000

[REDACTED]  
Fifth floor, 100 Wood Street  
London EC2V 7EX

18.3.11

Dear David

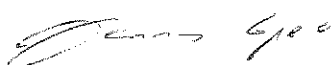
**London & Partners Limited: The British Tourist Board Pension Scheme**

I am writing further to the GLA's letter of 11 March.

As expected the board of London & Partners have met to consider the pension provision they intend to offer to their employees. As part of that consideration they decided at a board meeting yesterday not to pursue further the proposal to become a participating employer in the BTB Scheme.

It follows that the commitment from the company to meet your reasonable legal fees in considering that proposal is now at an end.

Yours sincerely,



Danny Lopez  
Interim CEO

cc. Martin Clarke, GLA

[REDACTED]

---

**Sent:** 30 March 2011 09:44  
**Subject:** FW: URGENT (W&Co Ref: 2046584)  
**Importance:** High

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**From:** [REDACTED]  
**Sent:** 28 March 2011 11:08  
**To:** [REDACTED]  
**Subject:** FW: URGENT L&P LAUNCH AND VL  
**Importance:** High

Dear Judith and Danny,

Please see below a letter that has gone to the Mayor from the board. I'm looking forward to resolving these issues so that we can move forward.

All my best,

Tamara

---

**From:** [REDACTED]  
**Sent:** 28 March 2011 11:05  
**To:** [REDACTED]  
**Subject:** URGENT L&P LAUNCH AND VL  
**Importance:** High

Dear Boris,

Please find below an urgent email which we will also send as a letter later today. This needs your urgent attention.

Thank you in advance for your support and consideration.

All my best,

Tamara

Dear Mayor

I am writing to you about the proposed transfer of the employees, assets and liabilities of Visit London Limited (VL) to a new agency, London & Partners Limited ("L&P"). I am extremely concerned that a recent decision by L&P's Board not to accept the transfer of VL's pension fund jeopardises the launch of L&P itself and may force VL into insolvency, and that the Board of L&P has not fully considered the implications of this decision. As it currently stands, VL will be unable to transfer any of the assets required for the successful operation of the majority of L&P's operations. I would urge you to consider delaying the launch of L&P and to assist us and L&P to find a solution that ensures the effective operation of L&P from launch while ensuring that adequate steps are taken to protect the pension rights of VL's current and former employees and protects VL.

We had understood from correspondence on this matter with the Greater London Authority ("GLA") that Newco would accept a transfer of all of VL's assets and liabilities. However, on Monday 21 March 2011, a week before the intended launch of the new agency, we received a letter from Danny Lopez of L&P stating



that the pension liabilities would not be transferred. This is an unwelcome and unfortunate development that puts both VL and its directors in a most difficult position.

The issue of pension liabilities was raised in some detail in Sally Chatterjee's letter of 11 November 2010 to Anthony Browne of the GLA. In that letter, Ms Chatterjee explained that if Visit London ceased employing any members of the BTB Scheme a debt under section 75 of the Pensions Act 1995 would be triggered and that consequently it was important to ensure that a solution was found. In a response to Ms Chatterjee's letter dated 18 November 2010, Jeff Jacobs of the GLA confirmed that the proposed solution was for Visit London to apportion its pension liabilities to the intended newco (i.e. L&P), which would become a participating employer in the

Scheme. It would now appear that L&P is not prepared to accept this solution and decided that the pensions liabilities are to remain with VL. In the light of the assurances provided in this correspondence, the GLA's/L&P's apparent refusal to allow VL's pensions liabilities to be transferred to L&P is both disappointing and ill-timed and I am concerned that you may not have had the opportunity to consider the implications of their decision in full.

We have a number of concerns relating to our pension scheme if it were to be the case that L&P were unwilling to continue to sponsor Visit London's section of the scheme.

First there is the impact on member's benefits. Like all schemes, the VL Scheme is not funded on a basis that would allow all benefits to be secured with an insurance company on a wind up of the scheme. That means that if L&P is unable to act as an on-going sponsor, the trustees may have to wind up the VL Scheme and benefits would have to be cut back. At the moment we do not have any sense of the extent of the cut back, but given the estimate of the shortfall is £9 million we anticipate that the cut backs may be substantial. Clearly the Board are concerned from a social responsibility perspective in relation to any proposal that leads to members losing benefits that they have already earned and we would hope that you share that concern.

Second, it may be necessary for the scheme to fall back on the "Pension Protection Fund" ("PPF"). As you may be aware, this is a compensation scheme which is funded by a levy paid by all occupational pensions schemes which can provide compensation to pension scheme members up to a minimum level. If it were necessary for the VL Scheme to fall back on the PPF not only would we be faced with members' benefits being cut back, but there would be the added issue that the Visit London Board would be supporting a course of action that could be construed as "dumping" its liabilities on the PPF. Clearly, we would be extremely uncomfortable with such a course of action.

Third, any course of action that involved separating the VL Scheme from the business that supports it (which you propose will be transferred to L&P) may be considered to be scheme abandonment and may leave the directors of Visit London exposed to personal liability under the "moral hazard" provisions of the Pensions Act 2004. This means that there is no possible way that VL can agree in the present circumstances to give L&P access to the assets of its business.

If VL cannot agree an arrangement with the Trustees and the Pension Regulator which enable it to continue to service the pension deficit on an on-going basis, VL's directors would have no choice but to place VL into liquidation or another insolvency process, which would be most unfortunate given that we had been assured that the proposed reorganisation would enable VL to be wound down in an orderly and solvent manner. This would involve the appointment of an independent insolvency officeholder who would be required to examine the circumstances of VL's demise.

The timing of this change of heart is particularly damaging as it occurred only 2 weeks before the proposed transfer. This gives us insufficient time to develop alternative plans to continue to fund our obligations, especially as the staff and office premises of VL transfer to L&P on April 1<sup>st</sup>. Had we known that L&P was not prepared to accept these obligations at the time the original proposal was made, we may have been able to do so. We believe that this change of heart is not on the basis of new information - we have provided comprehensive information on the VL Scheme and our obligations regarding it over the past 9 months to Dame Judith Mayhew Jonas and her Project team, and it is discussed at every VL Board Meeting, where both the GLA and LDA are represented.

VL has also committed both cash and people resources over the past 6 months to L&P to develop their business plans and operational capability, all on the assumption that the assets and liabilities of VL would transfer in full to L&P on April 1<sup>st</sup>.

Given the high profile role that the new agency is intended to take, and the hard work we have all put in to make the promotion of London a success to date, we want to ensure that there is a smooth handover to the new agency and that none of the parties is tarnished by any bad publicity that could arise from VL's insolvency or any legal action that could be taken by the pension trustees or pension regulator; this could clearly have a negative impact on the work of L&P in promoting London going forward.

Given all of the above I would ask that you give this matter your urgent attention to ensure that a solution can be found that serves the interest of all parties concerned.

I look forward to hearing from you as a matter of urgency, preferably by close of business today.

Yours sincerely

Visit London Board

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London Development Agency, Palestra, 197 Blackfriars Road, SE1 8AA

<http://www.lda.gov.uk>

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VL has also committed both cash and people resources over the past 6 months to L&P to develop their business plans and operational capability, all on the assumption that the assets and liabilities of VL would transfer in full to L&P on April 1<sup>st</sup>.

Given the high profile role that the new agency is intended to take, and the hard work we have all put in to make the promotion of London a success to date, we want to ensure that there is a smooth handover to the new agency and that none of the parties is tarnished by any bad publicity that could arise from VL's insolvency or any legal action that could be taken by the pension trustees or pension regulator; this could clearly have a negative impact on the work of L&P in promoting London going forward.

Given all of the above I would ask that you give this matter your urgent attention to ensure that a solution can be found that serves the interest of all parties concerned.

I look forward to hearing from you as a matter of urgency, preferably by close of business today.

Yours sincerely

Visit London Board

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29 March 2011

## Mayor's Office

City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
Switchboard: 020 7983 4000

Stephen Soper  
DB Funding [Office of the Pensions Regulator]  
Interim Director  
Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

Minicom: 020 7983 4458  
Web: [www.london.gov.uk](http://www.london.gov.uk)

Dear Mr Soper

### **British Tourist Boards Staff Pension and Life Assurance Scheme (the "Scheme")**

Thank you for your letter earlier today. I have been asked to reply on behalf of the Mayor.

#### **L&Ps decision**

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.

To be clear, the GLA's role in this matter has simply been to expedite and facilitate discussions with both VL and the Scheme trustees on behalf of L&P, prior to L&P becoming able to do so of its own accord. The GLA did not influence L&P's decision as to whether or not to participate in the Scheme.

The L&P board made their decision not to participate in the Scheme after taking into account all the relevant circumstances. As part of their deliberations the L&P board considered the letter from the Scheme trustees dated 2 March 2011. In this letter the trustees indicated that before they would be able to agree to L&P participating in the Scheme, and thereby taking on Visit London's Scheme liabilities, L&P would need to commit to:

- providing a cash injection to the Scheme in the order of £500,000; and
- funding the Scheme liabilities attributable to former employees of Visit London over the life of the four year grant agreement with the Mayor, and not as previously agreed with Visit London over a twenty year period from April 2010.

Providing a cash injection of the size requested, and funding the Scheme on such a basis cannot be achieved without L&P making further cuts to staff and the services provided to promote London in addition to those already made. The L&P board was also conscious that the funding of defined benefit pension arrangements is unpredictable.

In particular, the L&P board are very mindful of the fact that L&P may become liable to pay a section 75 debt to the Scheme in the event that all of the current Visit London Scheme members cease to be employed by L&P, or if L&P's future funding is materially reduced or terminated.

Consequently, in the directors' view, to participate in the Scheme and to take on Visit London's Scheme liabilities would put them at risk as directors if L&P was unable to meet those liabilities in the future.

I hope the above clarifies the roles of the Mayor, the GLA and L&P in relation to this matter.

### Correspondence

By way of further background we will forward by email copies of all the relevant correspondence between the Scheme trustees, GLA and VL.

## Meeting

We agree that it would be helpful to have a meeting tomorrow and have agreed to meet with you at 4pm at the London offices of Wragge & Co to discuss your concerns and to discuss how the Pensions Regulator believes these matters should now be brought to a conclusion.

It would also be helpful if the Pensions Regulator could please expand on the comments it has made in respect of scheme abandonment and the use of its “anti-avoidance” powers.

Yours sincerely

Jan Boud  
Mayor’s Principal Legal Adviser

Cc  
Sir Simon Milton  
Anthony Browne  
Dame Judith Mayhew-Jonas  
Danny Lopez  
Martin Clarke

# GREATER LONDON AUTHORITY

## Mayor's Office

City Hall  
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More London  
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Web: [www.london.gov.uk](http://www.london.gov.uk)

**Tamara Ingram**  
Managing Director  
Grey Group  
The Johnson Building  
77 Hatton Garden  
London EC1V 8JS

**Date:** 29 March 2011

Dear Tamara

### **Visit London and London & Partners Limited: Pension Liabilities**

Thank you for your letter earlier today. I have been asked to reply on behalf of the Mayor.

You mention Jeff Jacobs' letter of 18 November 2010 where he states it is proposed that:

- L&P become a participating employer in the British Tourist Board's Staff Pension and Life Assurance Scheme (the "Scheme"); and
- Visit London (together with the other relevant parties) would enter into an apportionment arrangement to in essence transfer Visit London's Scheme liabilities to L&P.

That letter makes it clear that the overall proposals, and therefore L&P's proposed participation in the Scheme, are subject to the eventual level of funding that was still to be agreed for L&P.

Funding for L&P has now been agreed at £56m over four years, with £16m in the first financial year. You will know that at the time Jeff Jacob's letter was written the Mayor's office were looking to government for funding of around £20m each year. No funding was forthcoming and therefore funding from GLA resources of the size eventually agreed was a huge achievement, even though it fell well short of what was anticipated.

Nonetheless, as you know, GLA officers did act on the proposals in opening a dialogue with the Scheme trustees as part of facilitating the formation of L&P.

The decision however about whether or not to participate in the Scheme must, of course, be one for the board of L&P. It is not for the Mayor to interfere in such decisions. It

**Direct telephone:** 020 7983 4000 **Fax:** 020 7983 4057 **Email:** [simon.milton@london.gov.uk](mailto:simon.milton@london.gov.uk)

would be wrong for him to do so without risking taking on the role of a shadow director or bringing into question the confidence he has in the board itself.

L&P has to manage the business it takes over within the grant provided by the Mayor aggregated with other income available to it. The L&P board made their decision in relation to L&P's participation in the Scheme after taking into account all the relevant circumstances. As part of their deliberations the L&P board considered the letter from the Scheme trustees dated 2 March 2011. In this letter the trustees indicated that before they would be able to agree to L&P participating in the Scheme, and thereby taking on Visit London's Scheme liabilities, L&P would need to commit to:

- providing a cash injection to the Scheme in the order of £500,000; and
- funding the Scheme liabilities attributable to former employees of Visit London over the life of the four year grant agreement with the Mayor, and not as previously agreed with Visit London over a twenty year period from April 2010.

While the trustees indicated that they would consider alternative funding solutions it was apparent from the letter that the trustees would require a significant and ongoing financial commitment from L&P before they would be able to agree to L&P's participation in the Scheme.

Providing a cash injection of the size requested, and funding the Scheme on such an aggressive basis cannot be achieved without L&P making further cuts to staff and the services provided to promote London in addition to those already made.

The L&P board is also conscious that the funding of defined benefit pension arrangements is unpredictable. The funding commitments proposed by the trustees may themselves have to be increased and thereby place further strain on L&P's ability to deliver the services for which it has been created.

In particular, the L&P board are very mindful of the fact that L&P may become liable to pay a section 75 debt to the Scheme in the event that all of the current Visit London Scheme members cease to be employed by L&P, or if L&P's future funding is materially reduced or terminated. Consequently, in the directors' view, to participate in the Scheme and to take on Visit London's Scheme liabilities would put them at risk as directors if L&P was unable to meet those liabilities in the future.

I appreciate that L&P's decision leaves Visit London with a major issue and I can only urge all involved to work as quickly as they can to see the changes in the arrangements for promoting London come into operation as soon as practicably possible.

Regarding the request to consider the delay of launching L&P this is simply something we cannot do especially as all 112 staff will be on the L&P payroll from 1 April willing and able to promote London's offer.

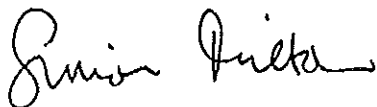
I understand that following meetings on 22 March involving Visit London and L&P and lawyers and the Mayor's representative, it was agreed that signing a short-term licensing agreement would a) as requested give Visit London time to write a new proposed business plan to continue operating on a reduced scale and avoid triggering the section 75 debt; b) allow L&P to commence operations on 1 April without unnecessary



disruption. Our offer to acquire VL's capital assets at market value remains and we have had an independent valuer on standby since that date.

L&P awaits a decision from you regarding the licensing route and the sale of your capital assets and requires by tomorrow a response from you on this matter in order to equip all staff with the necessary means to perform their jobs.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Simon Milton', with a stylized, cursive script.

**Simon Milton**  
Deputy Mayor and Chief of Staff

City Hall  
The Queen's Walk  
London SE1 2AA  
Switchboard: 020 7983 4000  
Minicom: 020 7983 4458  
Web: [www.london.gov.uk](http://www.london.gov.uk)

Boris Johnson  
Mayor of London  
Greater London Authority  
City Hall  
The Queen's Walk  
London SE1 2AA

**7 April 2011**

Dear Mayor,

**Visit London**

I understand that Visit London Limited went into administration on 1 April 2011 following London & Partners' decision not to take on the pension liabilities of the 39 staff transferring to London and Partners who are members of the British Tourist Board (BTB) pension scheme.

The Budget and Performance Committee spoke to the Interim Chief Executive of London & Partners on 3 March. He explained that Visit London staff would transfer over to London & Partners under TUPE on 1 April. There was no indication of potential risks to the pension rights of staff at Visit London nor the ability of Visit London to meet its liabilities on being wound up if London and Partners decided not to allow staff transferring staff from Visit London to continue to accrue pension rights in the scheme.

It seems possible that this decision could have negative implications for these staff and presumably other potential creditors of Visit London. I would be grateful therefore if you could provide some further information, including responses to the following specific questions:

- What are the risks to the accrued pension rights of the 39 former Visit London staff within the BTB scheme as a result of Visit London going into administration?
- What assessment was made of the risks to the pension rights of Visit London staff and the financial position of Visit London when the decision was made to merge Visit London, Think London and Study London?
- How were the potential consequences taken into account when the decision was made to wind up Visit London and establish London & Partners?
- What factors did the board of London and Partners take into account when making its decision about the pension arrangements for transferred staff? Who was present at the meeting where the decision was taken, including non-Board members?
- When did it become clear that London & Partners would not become a participating employer in the BTB scheme and when was this communicated to staff of Visit London?

I assume this information is readily available and so would be grateful if you could provide it by Wednesday 20 April. If this is likely to prove difficult, please could you arrange for me or staff in the Scrutiny Team to be contacted [REDACTED]

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Len Duvall'.

**Len Duvall AM**

Chair of the Economic Development, Culture, Sport and Tourism Committee

**From:** Danny Lopez  
**Sent:** 07 April 2011 15:02  
**To:** [REDACTED]  
**Subject:** FW: London Assembly Budget and Performance Committee

Information received from Danny Lopez, Interim Chief Executive of London & Partners:

"I can confirm that all staff from Visit London and Think London transferred to London & Partners on April 1<sup>st</sup>. Study London have come on secondment.

"As you know, London & Partners has a 4 year funding agreement with the Mayor of London that will continue to deliver the tourism remit of Visit London, along with the remits of Think and Study London. The board of London & Partners concluded that it couldn't pursue the proposal to become a participating employer in the British Tourist Board (BTB) Scheme. By entering into the BTB Scheme London & Partners would inherit liabilities that go far beyond the period that funding has been provided for. Only 39 of Visit London's employees are members of the scheme, whilst the remainder 31 members of staff had no pension scheme. London & Partners will be offering a competitive defined contribution scheme to all staff.

"As per the above, the decision by the board of L&P doesn't have an impact on the transfer of staff from Visit London and indeed all staff are L&P employees now."

**TO ALL MEMBERS OF  
THE BRITISH TOURIST BOARDS' STAFF PENSION & LIFE ASSURANCE SCHEME  
WHO ARE FORMER EMPLOYEES OF VISIT LONDON LTD**

**FROM THE TRUSTEES OF THE SCHEME**

**PENSION PROTECTION FUND: COMMENCEMENT OF "ASSESSMENT PERIOD"**

**This notice is important and requires your immediate attention.**

**Please keep it safely with your other papers relating to membership of the Scheme.**

**You are not, however, required to take any action at present. The Trustees will write to you again with more detail as soon as they are able to.**

**Why we are writing to you**

We are writing to you because, according to the Trustees' records, you were either an employee of Visit London Ltd ("VL") on 31 March this year or, before that date, you were employed by VL and are now either a deferred or a pensioner member of the Scheme. If you have received this announcement and you do not fall into either such category, it is important that you contact the Trustees (at the address stated at the foot of this announcement) straight away.

Due to the recent merger of Visit London, Think London and Study London into London & Partners (a transaction to which the Trustees were not a party), and London & Partners' decision not to participate in the BTB Pension Scheme, we must regrettably advise you of the situation in relation to your pension benefits from the Scheme.

**Cessation of pensionable service**

If you were no longer employed by VL on 31 March this year and did not then start working for another Scheme employer (Visit Britain or Visit Scotland), then your benefits will have stopped accruing in the Scheme when you left VL's employment. If you were employed by VL on 31 March, the Trustees understand that your employment was transferred to London & Partners Ltd ("L&P") automatically, as a matter of law, at midnight on that date. Because L&P is not a participating employer in the Scheme, your benefits will have stopped accruing on 31 March.

**Status of Visit London Ltd**

The Trustees have been informed that VL was placed into administration on 1 April. The decision to seek an administration order was taken by VL's directors because, in their opinion (having taken professional advice), VL was unable to meet its debts as they fell due. Following an application to Court, joint administrators of VL were appointed last Friday, 1 April.

**Commencement of Pension Protection Fund "assessment period"**

The fact that VL has gone into administration has a number of potential implications for your membership of the BTB Pension Scheme and the benefits payable to you from it. In particular, because VL's section of the Scheme is under-funded (i.e. it is in deficit, or put another way does not have enough assets to meet all of its liabilities), this has resulted in:

- a debt falling due from VL to the Trustees, equal to VL's share of the Scheme's deficit;
- a deemed "segregation" of that part of the Scheme relating to former VL employees; and
- the potential commencement of a "PPF assessment period" in respect of that section.

The Trustees therefore regret to inform you that it is unfortunately likely to be the case that:

- the VL section of the Scheme will enter the Pension Protection Fund; and
- whether or not it does so, unless the debt due from VL can be paid in full, your benefits from the Scheme will be reduced to reflect the extent of its underfunding.

#### **What happens next?**

The VL section of the Scheme is currently being "validated" by the Pension Protection Fund ("PPF"). As part of this process they will look at the reasons behind VL having appointed administrators, and ascertain whether this "qualifies" the VL section of the Scheme for the PPF. Assuming it does, an "assessment period" will then follow, lasting in the region of two years, during which time all aspects of the VL section of the Scheme will be looked at closely from a legal and actuarial perspective.

Then, on the assumption that the VL section of the Scheme is sufficiently under-funded that it enjoys PPF protection (something that is anticipated to be the case), in due course the PPF will take over responsibility from the Trustees for paying your benefits. Instead of receiving regular benefit payments from the Trustees you will receive payments of "compensation" from the PPF, and this is likely to be at a lower level – and with lower increases – than your Scheme benefits.

#### **Further information**

The Trustees of the Scheme fully appreciate that this will be unwelcome news. They also appreciate that for many of you it will come at a time of uncertainty, shortly after your employment was transferred to another employer. That said, the Trustees did feel it appropriate to bring the current situation to your attention as soon as practicable. The Trustees also wish to inform you that they are working (and will continue to work) with their professional advisers to ensure the best outcome for you, their members, as these undesirable circumstances allow.

The Trustees will write to you again, with more detail as to the current state of play and what it may mean for you, as soon as they are able to. In the meantime, however, if you should have any queries, you should please contact the Scheme's administrators as follows:

Capita Hartshead  
Hartshead House  
2 Cutlers Gate  
Sheffield  
S4 7TL

T: 0114 273 7331  
E: BTBStaffPension@capita.co.uk

Alternatively if you wish to know more about the Pension Protection Fund and what this might mean for you, please visit [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk).

Please note that the Trustees will be unable to give you any advice about your own particular circumstances: if this is what you need, you should contact an IFA or solicitor. The Trustees are also not in a position to discuss the pension and life assurance benefits that those of you, whose employment transferred on 31 March, may now enjoy as a result of your employment with L&P: such questions should be directed to your line manager of HR department at London & Partners Ltd. The Trustees would also ask that, if you do nonetheless endeavour to contact them, you please bear with them during what is likely to be a particularly difficult and busy time.

The Trustees will write to you again with more information as soon as they are able to.

  
Chairman of the Trustees, BTB Staff Pension & Life Assurance Scheme

Thursday 7 April 2011

**From:** ylva french [mailto: ]  
**Sent:** 11 April 2011 12:17  
**To:** Tim Jarvis  
**Subject:** Re Len Duvall's letter to Mayor abt VisitLondon pensions

Dear Tim Jarvis

I have read Len Duvall's letter to the Mayor dated 8th April. I am not sure whether you and Len Duvall are aware that existing pensioners of the British Tourist Board scheme who were previously employed by the London Tourist Board (or VisitLondon) have been informed that their pensions are at risk. A letter dated 7 April from Capita stated that VisitLondon's section of the scheme is underfunded and that an approach will be made to transfer this section of the scheme to the Pension Protection Fund and that my (and other pensioners) existing pensions will be reduced to reflect the extent of the underfunding.

I would be very grateful if you could pursue this from your end as I am getting no further information from Capita Hartshead, just told that it will come in due course.

I look forward to hearing from you.

Best wishes  
Ylva French

Ylva French

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The Queen's Walk  
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Web: [www.london.gov.uk](http://www.london.gov.uk)

Rachel Wilson, Associate Director,  
Cork Gully LLP  
52 Brook Street  
London  
W1K 5DS

**15 April 2011**

Dear Ms Wilson

**Visit London**

The London Assembly's Economic Development, Culture, Sport and Tourism Committee is investigating the circumstances surrounding, and potential consequences of, the decision by Visit London's directors to seek an administration order.

Could you advise me whether the Visit London brand itself, and databases and other information held by the company for the purposes of promoting London as a visitor destination, form part of Visit London's remaining assets? It would also be helpful if you could indicate, as far as is possible, what the likely timescale is for winding up the company and when creditors are likely to be advised what funds, if any, they might receive.

If you have any queries about this request, please contact staff in the Assembly's Scrutiny Team  
( [REDACTED] ) .

Yours sincerely,

**Len Duvall AM**

Chair of the Economic Development, Culture, Sport and Tourism Committee



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The Queen's Walk  
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Minicom: 020 7983 4458  
Web: [www.london.gov.uk](http://www.london.gov.uk)

Sir Peter Rogers  
Chief Executive  
London Development Agency  
Palestra  
197 Blackfriars Road  
London  
SE1 8AA

**15 April 2011**

Dear Sir Peter,

### **Visit London**

You may be aware that I have written to the Mayor with a series of questions about the decisions which led to Visit London going into administration. I enclose a copy of this letter for reference. On behalf of the Committee I would like to ask you to set out the London Development Agency's position in relation to Visit London.

The Committee's interest in the recent developments at Visit London arises from representations we have received. We have been approached by companies which have been advised that their outstanding invoices to Visit London are unlikely to be met by the administrators because of a lack of assets. Similarly, we understand that pensioners who are members of the British Tourist Board scheme, and who were previously employed by Visit London and its predecessor bodies, have been informed that their pensions are now at risk because the scheme was underfunded. The Committee is therefore keen to establish the circumstances that led to the collapse of Visit London and the role of the public sector bodies which provided funding to it.

There was clearly a close financial relationship between Visit London and the London Development Agency (LDA). According to Visit London's annual accounts, LDA grant funding made up around 70 per cent of Visit London's annual income. Its most recent published accounts for 2009/10 note discussions with the LDA about the proposed merger of promotional bodies into a new single promotion agency for London. The Directors of Visit London reported at that stage that they "do not believe that the uncertainty associated with these discussions poses a material risk to our financial position". The accounts also report that "Pending the outcome of these discussions, the LDA has extended our current grant agreement by a further year, which will provide Visit London with £11.7 million of grant funding in 2010/11."

I also note that under Mayoral Decision 658 (MD658), which set out the proposal to establish a new single agency to promote London, the LDA was directed to "allocate up to £400k from its 2010/11 budget towards the establishment of the new agency including legal advice, HR advice and other associated transition costs". MD 658 also sets out that the LDA should work with the GLA in a joint project team and that the LDA's Group Director of Business Support & Promotion would lead the preparations for the creation of the single agency.

I would be grateful therefore if you could set out for the Committee answers to the following questions:

1. How much grant was paid by the LDA to Visit London in 2010/11?
2. What advice did the LDA give to Visit London about available funding to wind down the organisation in preparation for the creation of London and Partners?
3. What role did LDA staff or board members play in the discussions about the formation of a new single promotional agency, London and Partners? What meetings have they attended on the creation of a single promotional agency since October 2010?
4. What assessment did the LDA make of the pension liabilities of Visit London when preparing for the creation of the new single promotion agency?
5. What information did the LDA provide to the Board of London and Partners in advance of the Board's decision not to take on Visit London's pension scheme?
6. What information did the LDA provide to the Mayor and GLA officers about the pension liabilities at Visit London and the consequences if they were not transferred to the new single promotion agency?
7. When were you, or other LDA staff or board members, advised that Visit London risked going into administration if London and Partners decided not to pursue the proposal to become a participating employer in the British Tourist Board (BTB) Pension Scheme?
8. What consideration, if any, was given to using LDA grant funding to facilitate an orderly wind down of Visit London which would not have involved administration and unmet liabilities to creditors and members of the occupational pension scheme? What discussions did you have with the Mayor or GLA officers about the consequences of Visit London's administration?
9. What Visit London assets have transferred to London and Partners? Do these include the Visit London brand and information held by the company?

Given the uncertainty created by the administration of Visit London, I would be grateful if you could provide this information to the Committee by Thursday 28 April. If you have any queries about this, please contact me or staff in the Scrutiny Team [REDACTED].

Yours sincerely,

**Len Duvall AM**

Chair of the Economic Development, Culture, Sport and Tourism Committee

cc. Boris Johnson, Mayor of London

**Direct telephone:** 020 7983 4368 **Email:** len.duvall@london.gov.uk

Boris Johnson  
 Mayor of London  
 City Hall  
 The Queens Walk  
 London SE1 2AA

23 April 2011

Dear Mayor

I am writing to you on behalf of the members of the Visit London/London Tourist Board Pension Action Group. We represent the pension members who have until now been part of the British Tourist Boards' Staff Pension and Life Assurance Scheme.

As a result of Visit London (successor body to London Tourist Board) going into administration on 1<sup>st</sup> April, the trustees of the BTB Scheme informed us by letter on 8<sup>th</sup> April that our pensions would be segregated from the main scheme and of "the potential commencement of a Pension Protection Fund assessment period in respect of that section." We understand that the Pensions Regulator is reviewing the overall situation but it is not certain that the Visit London Pension liability will be accepted by the PPF.

We understand from documents available on your website that London & Partners was due to take over Visit London with all its assets and liabilities as part of the reorganisation. We also understand that the shortfall of £2.2 million relating to pensions was covered by assets and that there was a plan in place to contribute £70,000 extra a year over time to the BTB Scheme. We believe that this last minute decision to put Visit London into administration has put our future pensions at risk.

The BTB fund is a well run pension scheme to which we have all contributed during our working lives – in the service of promoting London. Our aim is for pension members to be reinstated into this scheme through the support of you as Mayor and of the Greater London Authority. You may be aware that when the Wales Tourist Board was wound up, the Welsh Assembly took responsibility for their pension scheme. We feel that it is the duty of you as the Mayor of London and of the Greater London Authority to do the same.

We urge you to settle this matter by taking action, saving not only money but time and worry, and providing an outcome which will be of benefit not only to London Tourist Board and Visit London pension members, but also to Londoners.

We would like to receive a reply to this letter and an indication of the action you plan to take by 4 May, before we continue our campaign through other means.

Yours sincerely

Ylva French  
 Chairman

*Copies to John Bigg, Chairman, Budget and Performance Committee, Len Duvall, Chairman, Economic Development, Culture, Sport and Tourism Committee*

Len Duvall OBE AM, Chair of the Economic Development, Culture, Sport and Tourism Committee

**Sir Peter Rogers**

Chief Executive  
London Development Agency  
Palestra  
197 Blackfriars Road  
London  
SE1 8AA

City Hall  
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Switchboard: 020 7983 4000  
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27 April 2011

Dear Peter

**Economic Development, Culture, Sport and Tourism Committee Meeting**

I would like to invite you formally to the Economic Development, Culture, Sport and Tourism Committee meeting on 24 May 2011. The meeting will start at 10am in Committee Room 5 at City Hall. The main item of business will be to discuss the Mayor's role in economic development.

If you have any questions about the meeting, please either contact myself or the scrutiny officer, [REDACTED]

Yours sincerely

**Len Duvall OBE AM**

**Chair of the Economic Development, Culture, Sport and Tourism Committee**

# GREATER LONDON AUTHORITY

## Mayor's Office

City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
Switchboard: 020 7983 4000  
Minicom: 020 7983 4458  
Web: [www.london.gov.uk](http://www.london.gov.uk)

**Len Duvall AM**  
City Hall  
The Queen's Walk  
More London  
London SE1 2AA

**Our ref:** MGLA210411-6606

**Date:** 03 MAY 2011

Dear Len

### Visit London

Thank you for your letter of 8 April.

As you know London & Partners Limited:

- was established following advice from the Promote London Council that London required a single coherent voice to promote London internationally;
- became operational on 1 April after the funding for Visit London, Think London and Study London from the LDA came to an end;
- has to work within a reduced budget compared with its predecessors.

I have stepped in to provide £56m for the company over four financial years beginning 1 April without which the 120 employees now employed by London & Partners and its subsidiaries would have lost their jobs. Turning to your questions:

- 1 *What are the risks to the accrued pension rights of the 39 former Visit London staff within the BTB scheme as a result of Visit London going into administration?*

The accrued rights of a former Visit London employee now employed by London & Partners may be replaced by compensation from the Pension Protection Fund equal to at least 90% of the pension that individual had accrued. Increases before the date pension payments would otherwise start to be made on account of inflation are capped at 5% compound per annum in respect of compensation attributable to pensionable service prior to 6 April 2009, and 2.5% compound per annum in respect of compensation attributable to pensionable service on or after 6 April 2009. Compensation is capped overall at an annual sum which at April 2011 is £29,897.42 at age 65 after the 90% has been applied. Once compensation comes into payment, increases are applied each year on account of inflation but capped at 2.5%. These increases are only applied to benefits attributable to pensionable service on and after 6 April 1997 and not to the full benefits as may have been provided under the pension scheme.

- 2 *What assessment was made of the risks to the pension rights of Visit London staff and the financial position of Visit London when the decision was made to merge Visit London, Think London and Study London?*

The working assumption in November last year was that the new company would become a participating employer in the BTB scheme. This was at a time when the Mayor's office was looking to government for funding of around £20m each year for the new body and subject to the consent of the BTB pension trustees, the existing participating employers in the BTB scheme, the Secretary of State, and the decisions of the board of that company once it was formed.

- 3 *How were the potential consequences taken into account when the decision was made to wind up Visit London and establish London & Partners?*

See answer to 2 above.

- 4 *What factors did the board of London and Partners take into account when making its decision about the pension arrangements for transferred staff? Who was present at the meeting when the decision was taken, including non-Board members?*

The Board considered the matter at its meetings on 9 March and 17 March. They included in their considerations:

- the impact on all employees transferring to the company of the different pension provision which might be made for them;
- the current pension arrangements being made by Think London and Visit London for their staff which in the case of approximately half of Visit London staff was nothing;
- the impact on staff transferring to the company from Visit London who were currently members of the BTB scheme;
- the indication from the BTB trustees that they were not satisfied that the company could be admitted into the BTB scheme as a participating employer because of the limited funding available over four years and their belated proposal that to overcome this obstacle could mean the company having to pay considerably more into the fund as repayment of the London Tourist Board/Visit London's debt than Visit London had been required to do for the transferring staff together with a one off cash injection;
- the uncertainties about future employer contributions following the fund valuation due in 2012 and the potential for further increases;
- the impact on jobs and service delivery of diverting scarce resources into preserving the current pension provision for the staff concerned as opposed to offering an above market private sector package for all staff, including those with no current provision, based on the Think London package;
- the risks for the company's solvency if it became a participating employer and my grant was reduced or not renewed at the end of the four years; and

# GREATER LONDON AUTHORITY

- the consequences for Visit London of the company not joining the BTB scheme and the transfer of their operations to the company in time for 1 April.

The directors in attendance at both meetings were Dame Judith Mayhew Jonas (Chair), Daniel Lopez (CEO), Jean-Louis Bravard, Kevin Murphy, Mike Thompson and Grant Hearn. Jan Boud (Mayor's Principal Legal Adviser) was in attendance at both meetings. Stephen Sellers (partner at Wragge & Co LLP, Solicitors) was in attendance for the second meeting.

- 5 *When did it become clear that London & Partners would not become a participating employer in the BTB scheme and when was this communicated to staff at Visit London?*

It only became clear that London & Partners would not become a participating employer in the BTB scheme at the end of the meeting on 17 March. Visit London was informed the next day. I do not know when Visit London informed their staff.

It is a fact that the new joined up arrangements for the delivery of the international promotion of London have been achieved for 1 April. Against the background of cuts and the worst recession for decades, it is an outstanding result to find the funds and save jobs. The impact on the pension benefits accrued to date of the 39 staff you refer to is clearly a blow but the loss of 10% of such benefits when the alternative was an extra cut to the services provided by London & Partners and inevitably a significant cut in the number of its staff meant that it was a decision that could not be avoided. I hope you therefore support in this context the principle of pooling our assets to ensure maximum impact when we market London abroad.

Yours ever,



**Boris Johnson**  
Mayor of London

Dee Doocey AM, Chair of the Economy, Culture and Sport Committee

City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
Telephone: 020 7983 4000  
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**Boris Johnson**  
Mayor of London  
City Hall  
The Queen's Walk  
London SE1 2AA

4 May 2011

Dear Boris

**Visit London**

Thank you for your letter to Len Duvall dated 3 May regarding Visit London's administration. The Economy, Culture and Sport Committee has also received correspondence from Visit London's administrators, a number of Visit London creditors and affected members of the British Tourist Board pension scheme.

Members consider there are a number of outstanding questions that it would be important for the Committee to explore. As such, we have agreed to discuss the issue at our meeting on 24 May at 10 am. On behalf of the Committee, I am therefore asking you to attend, or to nominate one of your advisers or officials to attend on your behalf.

In advance of the meeting, please provide copies of all GLA and LDA communication relating to Visit London's administration; its pension liability; and London & Partners' decision not to take it on. This should include all correspondence and legal advice between the Mayor/GLA/LDA (and lawyers acting on their behalf) and the following parties: London & Partners; DCLG; the trustees of the British Tourist Board pension scheme; and the Pensions Regulator.

I would be grateful if you could respond indicating who will attend by Wednesday 11 May, and with copies of the requested correspondence by Wednesday 18 May. If this is likely to prove difficult, please could you arrange for me or staff in the Scrutiny Team to be contacted (email: [tim.steer@london.gov.uk](mailto:tim.steer@london.gov.uk); telephone: 020 7983 4250).

Yours sincerely



**Dee Doocey AM**  
Chair of the Economy, Culture and Sport Committee



Mr Len Duvall AM  
Chair, Economic Development, Culture, Sport and Tourism Committee  
London Assembly  
City Hall  
The Queen's Walk  
London SE1 2AA

4 May 2011

Dear Len,

**RE: Visit London**

Thank you for your letter enquiring about the LDA's position in relation to Visit London (VL). As you are aware, VL was the recipient of LDA grant funding in 2010/11, an arrangement that came to an end on 31 March 2011.

Below, I have set out responses to each of your questions:

1. How much grant was paid by the LDA to Visit London in 2010/11?

VL's grant from the LDA was scheduled to end on 31 March 2010. They were awarded a 12 month extension in order for their contract to be co-terminus with those for the other promotional bodies. VL were fully aware of this arrangement and the reasoning behind it.

During the period of the 2010/11 extension, under the core grant agreement the LDA paid a grant of £11,700,000 to VL.

An additional grant of £40,000 was awarded for the design and print of a 'Welcome to London' publication as part of the Visitor Experience 2012 project.

2. What advice did the LDA give to Visit London about available funding to wind down the organisation in preparation for the creation of London and Partners?

Given the uncertainties around the funding for economic development activity, the LDA wrote to the Chair of VL in November 2010 to confirm that no additional funding would be available beyond the 2010/11 grant extension. No request for additional funding was made to the LDA by VL or any other party, as such, no further advice was given.

3. What role did LDA staff or board members play in the discussions about the formation of a new single promotional agency, London and Partners? What meetings have they attended on the creation of a single promotional agency

since October 2010?

The Mayor's Promote London Council reviewed and reported on the promotional agencies during 2010. This work was supported in part by the International Promotion team at the LDA.

Additionally, the GLA established a joint GLA/LDA project team to lead the preparations for the creation of a single promotional agency. This team reported to GLA Executive Directors and was led by the LDA Group Director of Business Support and Promotion, as set out in MD658. Three other LDA staff were on the project team and attended a range of meetings as part of its work. There was no LDA Board involvement in these activities, although the Board was provided with updates for information.

The LDA Group Director of Business Support and Promotion was later seconded to the role of Interim Chief Executive of London & Partners.

4. What assessment did the LDA make of the pension liabilities of Visit London when preparing for the creation of the new single promotion agency?

None - the LDA was not required to make any assessment of the pension liabilities of VL, this was a matter for the VL Board. The grant agreement with VL did not include any obligation which would require the LDA to fund any residual pension deficits. I understand that the pension scheme in which VL were a participating member pre-dates any grants from the LDA to VL.

5. What information did the LDA provide to the Board of London and Partners in advance of the Board's decision not to take on Visit London's pension scheme?

No information was provided by the LDA to the Board of London & Partners. As requested in MD658, the LDA allocated funding to a project team, some of which was used to fund legal advice. Any advice was provided directly by lawyers to the Board of London & Partners.

6. What information did the LDA provide to the Mayor and GLA officers about the pension liabilities at Visit London and the consequences if they were not transferred to the new single promotion agency?

None - see answer to question 4. The joint project team instructed lawyers to contact the trustees of the pension scheme in order to provide advice to the Board of London & Partners. Matters relating to pensions were a matter for the Board of London & Partners.

7. When were you, or other LDA staff or board members, advised that Visit London risked going into administration if London and Partners decided not to

pursue the proposal to become a participating employer in the British Tourist Board (BTB) Pension Scheme?

Following a meeting on 30 March 2011, between London & Partners and the pensions regulator, that was attended by LDA officers, it became apparent that VL might be placed into administration. By way of information, I was advised by the Interim Chief Executive of London & Partners, after the decision had been taken.

8. What consideration, if any, was given to using LDA grant funding to facilitate an orderly wind down of VL which would not have involved administration and unmet liabilities to creditors and members of the occupational pension scheme? What discussions did you have with the Mayor or GLA officers about the consequences of Visit London's administration?

Please see my answer to questions 2 and 4. VL were always aware that their grant extension was for one year and no request for additional funding was made to the LDA. Neither would it have been possible given the LDA's settlement through the spending review.

The decisions that led to London & Partners not entering the BTB pension scheme were taken by the Board of London & Partners. London & Partners is funded by the GLA and I was not therefore consulted on these decisions.

9. What Visit London assets have transferred to London and Partners? Do these include the Visit London brand and information held by the company?

I am not aware of any such transfer of assets from VL to London & Partners. Any transfer is principally a matter for London & Partners and Visit London's administrators, however the LDA does have an interest in some of VL's assets under the terms of our grant agreement.

I trust that my answers to the Committee's questions will be helpful to your investigation.

Yours sincerely,

Peter Rogers  
**CHIEF EXECUTIVE**

cc: Boris Johnson, Mayor of London  
Lurene Joseph, Deputy Chief Executive, LDA

Dee Doocey AM, Chair of the Economy, Culture and Sport Committee

City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
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**Mr D Lopez**

Interim Chief Executive  
London & Partners  
2 More London Riverside  
London SE1 2RR

5 May 2011

Dear Mr Lopez

**Visit London**

I am writing regarding Visit London's administration. The Economy, Culture and Sport Committee has written to and received responses from the Mayor, the LDA and Visit London's administrators about the decision and the consequences of it. We have also received correspondence from a number of Visit London creditors and affected members of the British Tourist Board pension scheme.

Members consider there are a number of outstanding questions that it would be important for the Committee to explore. As such, we have agreed to discuss the issue at our meeting on 24 May at 10 am. On behalf of the Committee, I am therefore asking you to attend. We would also welcome the attendance of the Chair of the London & Partners board.

In advance of the meeting, please could you provide the minutes of the London & Partners board meetings on 9 and 17 March. I would also request that you provide copies of all London & Partners communication relating to Visit London's administration; its pension liability; and London & Partners' decision not to take it on. This should include all correspondence and legal advice between London & Partners (and lawyers acting on its behalf) and the following parties: DCLG; the trustees of the British Tourist Board pension scheme; and the Pensions Regulator. Correspondence between London & Partners and the GLA/LDA has already been requested from the Mayor.

I would be grateful if you could respond indicating who will attend the Committee's meeting by Wednesday 11 May, and with copies of the requested minutes and correspondence by Wednesday 18 May. If this is likely to prove difficult, please could you arrange for me or staff in the Scrutiny Team to be contacted (email: [tim.steer@london.gov.uk](mailto:tim.steer@london.gov.uk); telephone: 020 7983 4250).

Yours sincerely



**Dee Doocey AM**

Chair of the Economy, Culture and Sport Committee

cc: Mayor of London

**Direct telephone:** 020 7983 4921 **Email:** [dee.doocey@london.gov.uk](mailto:dee.doocey@london.gov.uk)

Dee Doocey AM, Chair of the Economy, Culture and Sport Committee

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**Mr B Galvin**  
Chief Executive  
The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton BN1 4DW

5 May 2011

Dear Mr Galvin

**Visit London**

I understand that the Pensions Regulator is examining the pension liability in the Visit London section of the British Tourist Board pension scheme following Visit London's move into administration on 1 April.

The London Assembly's Economy, Culture and Sport Committee has written to and received responses on this issue from the Mayor, the LDA and Visit London's administrators. We have also received correspondence from a number of affected members of the British Tourist Board pension scheme. A copy of this correspondence is enclosed.

Members consider there are a number of outstanding questions that it would be important for the Committee to explore. As such, we have agreed to discuss the issue at our meeting on 24 May at 10 am. On behalf of the Committee, I am therefore inviting a representative of the Pensions Regulator to attend.

It would also be helpful if in advance of the meeting you could set out the role of the Pensions Regulator in this case and what actions it is taking.

I would be grateful if you could respond indicating availability by Friday 13 May. If you would like any further information, please feel free to contact me or staff in the London Assembly secretariat (email: [tim.steer@london.gov.uk](mailto:tim.steer@london.gov.uk); telephone: 020 7983 4250).

Yours sincerely



**Dee Doocey AM**  
Chair of the Economy, Culture and Sport Committee

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**& PARTNERS**

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Dee Doocey AM  
Chair of the Economy, Culture and Sport Committee  
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10<sup>th</sup> May 2011

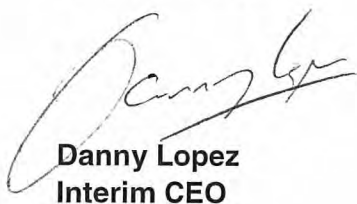
Dear Ms Doocey,

Thank you for your letter dated 5<sup>th</sup> May regarding your committee meeting scheduled for the 24<sup>th</sup> May. I can confirm that both myself and Dame Judith Mayhew Jonas, the Chair of the London & Partners Board, are available and would be happy to attend the committee meeting.

I note your request for information relating to Visit London's administration. I can confirm that we will be able to provide such relevant information which is appropriate to share with the committee by the 18<sup>th</sup> of May as you request. In your letter you explain that you have received correspondence from a number of Visit London creditors and affected members of the British Tourist Board pension scheme. In order for myself and Judith to be in the best position to assist you at the committee meeting, could you please provide me with copies of such correspondence? I would be grateful if we could also receive this by the 18<sup>th</sup> of May.

I look forward to meeting with you on the 24<sup>th</sup>.

Yours sincerely,



**Danny Lopez**  
Interim CEO



**From:** Dan Wardle [REDACTED]  
**Sent:** 12 May 2011 13:20  
**To:** Dee Doocey  
**Cc:** [REDACTED]  
**Subject:** Visit London's Administration

Dear Ms Doocey,

I have been liaising with [REDACTED]s regarding Visit London – they owed our company, Surveylab Limited, £8,640 which was already 2 weeks overdue for payment when they entered administration (my original email to [REDACTED]s below).

We have since taken advice from our lawyers and have been told that we have a strong case against London & Partners for breach of terms of licence. This is because London & Partners have access to our survey data without permission. We are hoping to settle the issue amicably (please see letter attached) but still considering our options.

If you can offer any assistance in this matter I would be very grateful. We feel very let down by Visit London and its backers (specifically, the LDA and the London Mayor) in (1) not paying its creditors on time and choosing administration (while creating a “super” agency to carry on where the last left off) and (2) allowing an illegal transfer of assets to take place, believing they can carry on as if no-one was affected. The effort involved in trying to resolve this issue has significantly impacted on Surveylab’s productivity but we cannot afford to write off such a sum of money. (We don’t have a £15 million pound grant!)

I hope this information helps in calling those responsible to account. If you have any questions, please do not hesitate to ask.

Yours sincerely,

Dan Wardle

--  
Dan Wardle  
Director  
Surveylab Limited  
[REDACTED]  
[REDACTED]



Surveylab Limited  
Camelia House  
Epsom Road  
Epsom  
Surrey KT17 1LB

Tel: [REDACTED]  
Email: [REDACTED]

12th May 2011

Mr Danny Lopez  
Interim Chief Executive Officer  
London & Partners  
6th Floor 2 More London Riverside  
London SE1 2RR

Dear Mr Lopez

**Visit London Limited (In Administration)**

Surveylab Limited was a supplier to Visit London providing online survey services to your marketing team (evaluating the performance of advertising campaigns). We are currently a creditor awaiting the outcome of the administration process.

Our invoice 626 dated 16<sup>th</sup> February 2011 is outstanding amounting to £8,640 for work conducted in January and February and due for payment on 16<sup>th</sup> March (copy enclosed). Upon checking with Visit London's accounts department in March we were assured that the payment was "on our next payment run".

We understand that the data provided to Visit London but not paid for is currently being used by London & Partners without our authority and in breach of our General Terms & Conditions. Surveylab would be happy to grant London & Partners a licence to use our survey data purely for London & Partners' internal business purposes upon payment of the outstanding amount of £8,640 including VAT.

Ideally we hope that we can continue our previous Visit London relationship with London & Partners but as a small organisation we cannot afford to write off this debt. Our lawyers have advised that we have a strong case against London & Partners for breach of terms of licence but we would prefer to resolve this matter amicably.

I would appreciate your comments to help us bring this matter to a satisfactory close

Yours sincerely

John Kemp  
Customer Service Director  
Surveylab Limited

c.c. Ms. Dee Doocey - Chair Economy Culture & Sport Committee, London Assembly

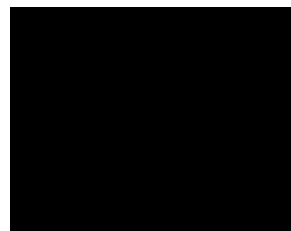


13 May 2011

# The Pensions Regulator

**Private & Confidential**

Dee Doocey AM  
Chair of the Economy, Culture & Sport Committee  
London Assembly  
City Hall  
The Queens Walk  
More London  
London  
SE1 2AA



[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)  
[www.trusteetoolkit.com](http://www.trusteetoolkit.com)



Our Ref: TM10032  
Tel: 01273 627792

Dear Ms Doocey

**British Tourist Boards Staff Pension and Life Assurance Scheme (the "Scheme")**

*The Administration of Visit London Limited*

Thank you for your letter to our Bill Galvin dated 5 May 2011, kindly inviting the Pensions Regulator (the "Regulator") to attend the meeting of the Economy, Culture and Sport Committee (the "Committee") on 24 May 2011. Your letter has been passed to me for reply as the Case Manager with conduct of this matter for the Regulator.

Whilst the Regulator is keen to assist the Committee, I should explain that a very significant amount of the information which the Regulator has obtained in relation to this matter is "restricted information" as defined by section 82 of the Pensions Act 2004 (the "Act"). The disclosure of "restricted information" by the Regulator, or any person who receives information directly or indirectly from the Regulator, is a criminal offence punishable by fine and/or imprisonment.

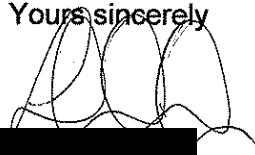
Consequently, the Regulator is conscious that it would be unable to answer many of the questions which the Committee may wish to ask. Therefore, rather than attend the meeting, we propose to write more fully to the Committee providing a summary of the Regulator's position by 17 May 2011.

We understand that the Scheme's trustees have also been invited to attend the Committee meeting on 24 May 2011 and that, should they be able to attend, they would only be constrained by the restrictions imposed by section 82 of the Act in relation to information which has been obtained directly or indirectly from the Regulator.

We therefore trust that our written submissions, together with the trustees' evidence in the event that they are able to attend, will be of assistance to the Committee in its considerations. We also trust that the Committee understands the reasons for our having to decline their invitation.

Should you wish to discuss the contents of this letter further, then please do not  
hesitate to contact me by email [REDACTED] or  
telephone [REDACTED]

Yours sincerely



[REDACTED]  
Case Manager  
Defined Benefit Regulation

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department for  
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16 May 2011

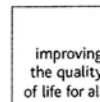
Dear Ylva,

Thank you for your email of 5 May about the GLA and its responsibility for the Visit London/London Tourist Board Pension Scheme. I understand your concerns and, of course, this is initially a matter for the GLA and the Mayor of London to discuss and find a solution. However, you're absolutely right that there could be a subsequent impact on VisitBritain, under the VisitBritain/VisitEngland element of the Scheme, so I will be continuing to monitor the situation closely. Thank you for taking the time to write, and obviously I hope (and expect) a sensible solution must be found quickly, for everyone's sake.

Yours sincerely

A handwritten signature in black ink that reads 'John Penrose'. The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

John Penrose MP  
*Minister for Tourism and Heritage*



17 May 2011

# The Pensions Regulator

**Private & Confidential**  
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Dear Ms Doocey

**British Tourist Boards Staff Pension and Life Assurance Scheme (the  
"Scheme")**  
*The Administration of Visit London Limited*

I write further to your letter of 5 May 2011 to Bill Galvin, Chief Executive of the Pensions Regulator (the "Regulator"), and to my interim response dated 13 May 2011.

I now write to more fully set out the Regulator's position in respect of the administration of Visit London Limited ("VLL"), in advance of the meeting of the Economy, Culture & Sport Committee (the "Committee") on 24 May 2011.

The Regulator became aware of this matter in late March 2011. We were informed that the funding to VLL from the London Development Agency (the "LDA") would cease with effect from 31 March 2011 and that VLL's functions would be taken on by a new company, London & Partners Limited ("L&P"). We were informed that L&P, rather than VLL, would receive funding from the Greater London Authority in future.

One of the Regulator's objectives is to protect the benefits of members of occupational pension schemes (of which the Scheme is an example). Therefore, we were greatly concerned by the withdrawal of funding from VLL, as the company is a sponsoring employer in relation to the Scheme.

As you may know, the Regulator wrote to the Mayor on 29 March 2011 in order to set out its concerns and a meeting subsequently took place on 30 March 2011, attended by representatives from the Regulator, L&P, VLL, the GLA and the Scheme's trustee. At that meeting, the trustee outlined the impact on members if VLL was to become insolvent: a statutory debt would become due from VLL which, we understand, it will be unable to pay. This would lead to an assessment period beginning during which the Pension Protection Fund (the "PPF") would ascertain whether the VLL section of the Scheme is eligible for protection. If, as the trustee felt likely, the VLL section was eligible, then members would receive benefits (which will be reduced in many cases) under the PPF.

Despite this clear explanation of the impact on members, no party took steps to prevent this situation arising. We therefore understand that the appointment of administrators to VLL occurred on 1 April 2011, and that the VLL section of the Scheme is currently being assessed by the PPF.

The Regulator has significant concerns in relation to the decision to withdraw funding from VLL. The decision to fund L&P rather than VLL appears to detrimentally affect the likelihood of full benefits being received by the members of the VLL section of the Scheme. As outlined during the meeting on 30 March 2011, the Regulator has a number of 'anti-avoidance' powers under the Pensions 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 and so it is not yet possible to give any indication as to what powers, if any, will ultimately be available to the Regulator. We can confirm, however, that the Regulator has written to a number of the relevant parties in order to request further information.

I trust that this letter will assist the Committee in its considerations, however please do not hesitate to contact me should I be able to assist further.

Yours sincerely

A black rectangular box redacting the signature of the Case Manager.

Case Manager  
Defined Benefit Regulation

## BRITISH TOURIST BOARDS' STAFF PENSION AND LIFE ASSURANCE SCHEME

### LONDON ASSEMBLY ~ PUBLIC MEETING ON 24 MAY 2011 WRITTEN SUBMISSION OF THE SCHEME'S TRUSTEES

The Trustees are very grateful to the Assembly and its ECS Committee for having invited them to make written submissions in advance of the public meeting on Tuesday 24 May. The Trustees also very much appreciate the opportunity afforded to them to be present at that meeting. The Trustees remain of the opinion that a satisfactory outcome to the current matter can be achieved without any member losing any benefits, and remain committed – as they always have been – to facilitating this. In that light, their written submissions to the Committee are set out below, by reference to the seven questions asked of them.

The Chair of Trustees would also like to take this opportunity to remit to the Assembly his deep regret that he personally will not be able to attend the meeting on Tuesday 24 May. He does however hope to have the opportunity to meet with members of the ECS Committee prior to next Tuesday or afterwards, and trusts in any event that the presence of two of his fellow members of the trustee board – alongside the Trustees' actuarial and legal advisers – will be helpful to the Committee in its investigations.

For good order the Trustees wish to clarify that their views and observations are expressed for the sole purpose of assisting the London Assembly and should not be taken outwith the context in which they are made. No communication by the Trustees in this Submission or at the public meeting itself may be relied upon by any person or entity to found or maintain any action involving allegations of defamation (whether of libel or slander or otherwise howsoever) or any other claim, allegation or complaint of any nature whatsoever and whether in tort or otherwise.

#### **Question One**

***Were the Trustees not initially satisfied that London & Partners could be admitted into the Scheme and, if not, on what basis did they reach this conclusion?***

The Trustees were initially (and continued to remain) satisfied, on the basis of what they knew about the proposed funding for the new entity, that L&P could properly be admitted to participation in the Scheme. Please see further Question Five below regarding the considerations they made in reaching this position.

As for whether L&P could properly also be permitted to assume responsibility for VL's deficit in the Scheme, something which would require that debt to be apportioned to L&P and for a statutory funding test to be met, the Trustees were never given the opportunity by the GLA / L&P to make an informed decision as to whether this test would be met by L&P or, as a consequence, on what basis L&P could be permitted to take over responsibility for that deficit.

In spite of tirelessly seeking engagement with the GLA ever since the first communication from them as to the basis on which L&P could participate in the Scheme and assume VL's responsibilities thereunder, this was never forthcoming despite timescales becoming increasingly tight. In mid-March 2011 both the GLA and then L&P made it very clear that they wished no further involvement with the Scheme or the Trustees.

We comment more about the communications that took place as between the GLA (and then L&P) and the Trustees in response to Question Four below.

#### **Question Two**

***What assessment did the Trustees make of the differences in the long-term viability of London & Partners compared with Visit London given that both relied on public funding?***

The Trustees had previously considered that VL, being a publicly-funded body which had existed for nearly half a century and that had fulfilled its current role for well over 40 years (many of which were

understood to be on the basis of annual grant funding), was viable from a long-term perspective. It was also considered almost unthinkable that such a body could be manoeuvred into a position by Government such that it would be unable to meet its pension liabilities, in spite of its status as a company limited by guarantee rather than a statutory body. The news that it was in fact to lose its funding and be replaced by L&P was a shock of some magnitude.

This sentiment was heightened by the Trustees subsequently learning that it had been debated for some time by the GLA and VL whether, instead of a new entity being established to promote London tourism, VL should continue to be the vehicle with this remit. This was understood by the Trustees to have been VL's preferred course of action but during Q4 2010 it was confirmed not to be the GLA's. The Trustees' understanding is that utilising the same entity would have obviated the vast majority of the pensions issues created by VL's withdrawal from the Scheme, and in particular the cutbacks to members' benefits that necessarily follow when a pension scheme or portion of one goes into the PPF.

By contrast to the position with VL, the Trustees were aware that funding for L&P had been hard to come by and was only envisaged for a four-year period, and only guaranteed for the first of those four years. Accordingly this was a material factor in their deliberations when considering whether L&P should be admitted to participation in the Scheme and the basis on which it might assume responsibility for VL's past service deficit. The first did not cause the Trustees any undue concerns (see Question Five below) whilst the second is inextricably linked with the question of whether the statutory funding test would be met by L&P (see Question Four below).

### **Question Three**

#### ***Did the Trustees change their position on offering London & Partners the option of becoming a participating employer in the Scheme; and if so, why?***

No. The Trustees were at all times prepared to permit L&P to become a participating employer in the Scheme (and to take responsibility for VL's deficit). This was their position:

- from the outset, when they were first informed (by letter from the GLA dated 25 January 2011) that L&P would be taking over the role of VL;
- right up until L&P informed the Trustees (by letter dated 18 March 2011) that they did not wish to participate in the Scheme;
- and thereafter, up to and including the meeting with the GLA and L&P on 30 March 2011, at which they were informed that this was categorically not an option from L&P's perspective.

The only material pre-requisites to such participation were:

- that it would be in members' best interests for such participation to occur, which was never the subject of any real doubt (in which respect please also see Question Five below); and
- that, to the extent that it also involved L&P taking responsibility for VL's existing deficit within the Scheme, the statutory funding test (as required by the employer debt legislation) would be met by L&P, something about which the Trustees consider they were at no point afforded a proper opportunity by the GLA or L&P to form a definitive view.

Please note in this regard that, where in this Submission and its Appendices we refer to L&P 'assuming responsibility for' VL's deficit in the Scheme, we do not mean 'paying it immediately'.

- The section 75 debt attributable to VL's participation in the Scheme is in the order of £7m. This is in essence the difference between (i) the assets attributable to contributions made by VL and its members, and (ii) the cost of securing those benefits in members' own names under insurance company buyout policies. A section 75 debt falls due when an employer leaves a scheme or when a scheme winds up; and in line with this, it is effectively calculated on a termination basis.
- The 'ongoing deficit' in the Scheme attributable to VL is in the region of £500,000. This in broad terms is the difference between (i) VL's assets, as above, and (ii) the assumed cost to a scheme itself of providing members' benefits from its own resources, on the assumption that the scheme continues operating (and, by definition, investing its assets itself). The ongoing deficit forms the

basis of the 'deficit repair' contributions which pension trustees require from participating employers and which, in the case of VL, amounted to some £70,000 per annum.

When an entity 'assumes responsibility for' the deficit of another employer in a pension scheme, its obligations are thereafter (i) to pay its deficit repair contributions and (ii) (but if and only if the section 75 debt is triggered in circumstances such as those referred to above) to pay that section 75 debt. Accordingly, aside from any additional steps to ensure satisfaction of the statutory funding test, the ongoing cost to L&P of assuming responsibility for VL's deficit in the Scheme would have simply been (i) in the region of £70,000 per annum deficit repair contributions for the next six years, plus (ii) the cost of future service benefit accrual for the 39 active members of the Scheme whose employment transferred to L&P. Any additional sums (namely the full section 75 debt) would only have become due from L&P if either the entire Scheme had wound up or if L&P had withdrawn from the Scheme without another entity in turn assuming responsibility for what was by then its deficit in the Scheme.

#### **Question Four**

***What consideration was given to offering London & Partners the same long-term arrangement as Visit London to reduce the deficit in the Scheme?***

Subject to any additional requirements necessary to satisfy the statutory funding test, L&P's participation in the Scheme would have been on the basis of exactly the same long-term funding arrangements as enjoyed by VL.

In this regard the Trustees would respectfully point out what they consider to be certain inaccuracies in the letter dated 3 May 2011 from the Mayor of London to Mr Len Duvall AM. In particular, in the fourth bullet under paragraph 4 of that letter, reference is made to a "*belated proposal*" from the Trustees to overcome the fact that L&P did not in their eyes meet the statutory funding test, as well as to the fact that in order to achieve this L&P would have to pay "*considerably more into the [Scheme] ... than VL had been required to do*" together with a one-off cash injection. The Trustees' categoric position on these two assertions, which they firmly believe to be misplaced, is set out in **Appendix 1** to this Submission.

#### **Question Five**

***How did the Trustees balance the risks of admitting London & Partners into the Scheme compared with the effect on members of winding up the Scheme with a deficit?***

The Trustees' duties are to act in the best (financial) interests of their membership as a whole. Accordingly, they considered whether members would be better-off:

- without L&P participating in the Scheme (or taking responsibility for VL's deficit), in which case the VL portion of it would terminate in an under-funded state (and almost undoubtedly enter the PPF);
- with L&P as a participating employer (and having taken on such responsibility), paying its way on a basis that would not result in a deterioration in the financial position of the Scheme (and, in particular, the VL portion of it); and
- with L&P as a participating employer (and having taken on such responsibility), in circumstances in which it transpired that the financial position of the Scheme / the VL portion of it would worsen as a result of that participation.

The Trustees concluded on actuarial and legal advice, and after all due consideration, that the third such scenario was extremely unlikely, given that the ongoing funding requirement from L&P was well within the financial abilities of an entity such as L&P. That commitment would have been no different to what was required at the time from VL (namely the sum of approximately £470,000 per annum), comprising future service costs (*circa* £400,000 per annum) and an annual contribution towards the past service deficit (£70,000).



The Trustees further concluded that, of the remaining scenarios, the second would be demonstrably in members' better interests, allowing as it did the continued accrual of benefits for future service coupled with the improvement of the Scheme's position as far as the past service deficit was concerned.

### **Question Six**

***To what extent was the potential to secure a satisfactory arrangement with London & Partners affected by the need to complete the transfer by 1 April? Would a longer negotiating period have increased the chances of an agreement?***

A scheme apportionment arrangement of the kind initially proposed by the GLA, whereby L&P would both be admitted to participation in the Scheme and assume responsibility for VL's deficit, can under the employer debt regulations be entered into both before and after the event that causes a statutory debt to arise in favour of the pension scheme concerned, namely (here) the placing of VL into administration by its directors. Naturally there is a greater risk on the employers if matters are undertaken *post hoc* as by then the statutory debt will already have arisen (and can be called in if an appropriate scheme apportionment arrangement is not agreed), but the legislation explicitly envisages that one can be entered into both before and after an employer's withdrawal from a scheme. This is relevant to Question Seven below.

The Trustees' understanding is that the decision not to use VL as the vehicle for future promotion of London tourism (see Question Two above) was made in or around October 2010 and communicated to VL shortly thereafter. The Trustees further understand that at various stages during the subsequent three months VL urged the GLA to contact them in order to discuss the possible impact on the Scheme. Contact from the GLA was not however received until late January 2011; thereafter, in the eyes of the Trustees, the pensions aspects of this matter continued to be afforded the same low level of priority by the GLA as had hitherto been the case.

As to timings the view of the Trustees and their advisers, on being informed that a scheme apportionment arrangement was proposed regarding VL, was that the timescale was somewhat tight but, with a following wind (and a willingness from the various parties involved to negotiate their way to a solution that is mutually-acceptable to each of them), achievable. Thereafter the Trustees took every opportunity to engage with the GLA and to seek their substantive proposals for L&P's participation in the Scheme and assumption of VL's responsibilities thereunder. This included, in particular, regular requests for more dialogue concerning the statutory funding test, and in particular as to the basis on which the GLA already felt that it was met by L&P.

The response, however, was always simply that the GLA believed the test would be met, but with no further reasoning ever being provided. This information, along with the GLA's substantive proposal for L&P's participation in the Scheme and assumption of responsibility for VL's deficit, was still awaited during March 2011 when first the GLA and then L&P distanced themselves from the idea of a scheme apportionment arrangement along with that of L&P becoming a participating employer in the Scheme. During this time the Trustees had regularly made it very clear to the GLA that they were concerned at how little progress was being made and, in particular, at the continued lack of anything concrete from GLA regarding the basis for L&P's involvement with the Scheme. They had also stressed on various occasions that, because the question of whether the statutory funding test can be met is something about which the legislation requires pension scheme trustees (and not any other body) to form a view, the lack of engagement from the GLA in this regard was not helping to progress matters.

It is therefore questionable whether a longer timescale would have allowed the appropriate arrangements to be put in place, because:

- they can be effected *post hoc* (and could still be implemented now);
- there was sufficient time, with proper engagement from all parties and timely seeking of third party input, to have put them into place between late January and late March 2011; and
- the GLA's and then L&P's withdrawal from negotiations during mid-March 2011 – and the subsequent confirmation of the same two weeks later – was absolutely categorical such that, without further intervention to bring those parties back to the table, no amount of additional time would have (or will) allow agreement to be reached.

Digressing slightly but on a related point, the Trustees' sentiments that the GLA were not sufficiently prioritising pensions-related matters are further backed-up by the manner in which it appears to them that third party consents (necessary for L&P to become involved with the Scheme) were handled. In order for a scheme apportionment arrangement to be entered into in respect of VL's deficit, a change to the Scheme's rules would have been necessary. This in turn requires, under those rules, the consent of the other employers in the Scheme (namely Visit Britain and Visit Scotland) as well as the relevant Secretary of State. Whilst such consents could have been obtained *post hoc* in the same way that a scheme apportionment arrangement need not be entered into before a statutory debt is triggered (see above), the Trustees did sense – and as time passed became increasingly concerned – that despite constant reminders to the GLA, no steps were being taken in either regard.

It was in fact only on 4 March 2011 (and in spite of those various reminders from the Trustees) that the GLA wrote to Visit Britain and Visit Scotland, which in the Trustees' opinion would not have realistically given them sufficient time to seek and obtain legal advice and then make a properly-informed decision as to whether to agree to the changes to the Scheme's rules necessary to allow a scheme apportionment arrangement involving VL and L&P to take effect by 1 April. Furthermore those letters were not received until 14 March as a result of being sent to the wrong addresses (and, in one instance, to an address that the organisation concerned had vacated some six years previously).

As far as Secretary of State consent is concerned, which is required for various matters under the Scheme's rules and which the Trustees are aware from experience is difficult to obtain in timely fashion, their view is that credence was not (again despite regular reminders) given to this by the GLA until 11 March 2011; and even then, the Trustees were simply informed by the GLA in its letter of that date that *"the Mayor will be able to speak to the Secretary of State to expedite matters"* if necessary. And the 'icing on the cake' from the Trustees' perspective was the closing comment in the GLA's letter reminding them that there were only three working weeks until go-live and expressing their hope that the Trustees would work co-operatively with all concerned to deliver a positive outcome.

### **Question Seven**

***What potential, if any, is there now to reopen negotiations with London & Partners and the GLA with a view to reaching a mutually-agreeable arrangement, that would enable them to assume responsibility for the VL portion of the Scheme and ensure the protection of members' benefits?***

Whilst the VL portion of the Scheme has been accepted into a PPF assessment period, that process will come to an end if a 'scheme rescue' is possible that will provide members with better benefits from the Scheme than the PPF would provide. The Trustees have always been and remain to this day willing to talk to the GLA and L&P about the participation of L&P in the Scheme and the basis on which it might assume responsibility on an ongoing basis for VL's deficit. Accordingly, with goodwill and engagement from both sides of the table, the potential is considerable.

### **Additional points**

***These questions are not intend to be limiting and if there are other relevant points that the Trustees would like to make about their discussions with the Mayor and London & Partners, please feel free to do so.***

In the same context, albeit not in direct response to any of the questions posed, the Trustees are grateful for the opportunity to make certain further observations about how matters have progressed since their involvement began back in January. These observations are set out in **Appendix 2** to this Submission.

## **APPENDIX 1 ~ DETAILED RESPONSE TO QUESTION FOUR**

### **By whom was any proposal made, and when**

There was no “belated proposal” from the Trustees to the GLA or L&P. In fact, the Trustees did not make any kind of proposal whatsoever to either such entity regarding the future involvement of L&P with the Scheme, and nor would it have been within their remit to do so. From the outset the idea of a scheme apportionment arrangement was mooted as a proposal by the GLA, on behalf of L&P (such that there was never any indication of any lack of contiguity between those two entities), to the Trustees. The matter thereafter became categorised, and rightly so, as the GLA / L&P’s proposals to the Trustees regarding the latter’s future involvement with the pension Scheme. The Trustees diligently sought to engage with the GLA regarding their proposal and the statutory funding test on various subsequent occasions, but never received anything substantive in either regard. The participation of L&P in the Scheme and its assumption of responsibility for VL’s deficit was described by the GLA as their / L&P’s proposal right up until L&P’s own letter dated 18 March 2011 withdrawing from the process.

The idea of a cash injection into the Scheme was indeed suggested by the Trustees on 2 March 2011, to assist the GLA with its thinking, as they (the Trustees) currently felt it was unlikely that the funding test would be met without an improvement in the employer covenant of L&P (given, in particular, its potentially limited lifespan: see Question Two above). The Trustees’ legal advisers had previously set out their thoughts on the funding test in an effort to stimulate dialogue with the GLA and its advisers, but with no success. Other suggestions raised in the Trustees’ letter included cash into escrow, and a non-cash third party ‘contingent asset’ in favour of the Scheme, of the kind commonly granted nowadays by private sector employers to their pension schemes.

Thereafter the Trustees sought and continued to seek engagement with the GLA as to whether the funding test would be met without additional security being provided (or, if it could not, what kind of arrangement might be needed), so that all parties could achieve the stated objective of L&P participating in the Scheme and assuming responsibility for VL’s deficit; but all of the foregoing was ultimately to no avail as the GLA’s only responses were to the effect that they believed the funding test to be met (without further elaboration), following which they and then L&P made it very clear on 11 and 18 March 2011 respectively that they each wanted no further involvement with the Scheme / its Trustees.

### **The extent of L&P’s ongoing funding obligations to the Scheme**

There was never any suggestion that L&P would have to pay more into the Scheme on an ongoing basis than VL had previously been required to pay. VL’s annual contributions comprised approximately £400,000 in respect of future service benefit accrual and £70,000 in respect of deficit repair. In their letter of 2 March 2011, in order to assist the GLA’s understanding how a cash injection would help ensure the security for members’ benefits, the Trustees also indicated the extent to which VL’s ‘section 75 debt’ was likely to increase in years to come. A section 75 debt is the amount required on the wind-up of a pension scheme (or part of it) to ensure that all members’ benefits can be bought-out with insurance company annuity policies. It has no direct correlation to the ongoing funding requirements of a pension scheme.

In spite of it being clear to what situations these additional amounts were relevant, the letter was wrongly interpreted by the GLA as referring to an additional annual funding commitment in order for L&P to participate in the Scheme (over-and-above the sum of £470,000 of which they would already have been aware from direct discussions with VL). The fact that the letter just did not say this was pointed out to the GLA by the Trustees, their advisers and VL’s advisers at the all-parties meeting convened by the Pensions Regulator on 30 March 2011.

The GLA should properly realise and/or accept their mis-understanding of the statement in question; but it seems clear, from their submissions to the Committee, that they still hold that erroneous view. A proper understanding would also have been possible had the GLA sought any actuarial advice regarding any aspect of the proposal for L&P to become involved with the Scheme; but it was confirmed by them at the meeting on 30 March that they had not taken any such advice and, in fact, had not retained the services of any actuarial advisers.

## **APPENDIX 2 ~ ADDITIONAL OBSERVATIONS**

### **The relationship between L&P and the GLA**

The Trustees were first informed of the fact that VL's remit would pass to L&P with effect from 1 April 2011 in a letter from the GLA dated 25 January 2011. That letter proposed the apportionment arrangement by which L&P, in addition to participating in the Scheme going forwards, would assume responsibility for VL's deficit within it. Whilst written by the GLA it was clear in certain respects that L&P would take certain steps or make certain arrangements, and that negotiations should be conducted with the GLA itself. Furthermore, whilst duly caveated with a statement about the new agency's independence, the Trustees saw no reason to foresee that any assurances made by the GLA would not be honoured by L&P, nor that the two organisations would subsequently and without warning seek to distance themselves from the Scheme or in fact from each other.

All subsequent negotiations were conducted by the Trustees with the GLA on a similar basis. In addition, in their letter of 8 February 2011 the GLA confirmed that L&P would meet the Trustees' reasonable costs in considering the proposal to admit L&P into the Scheme; and in their own letter of 18 March to the Trustees, L&P confirmed that its commitment to do so was now at an end. Noteworthy too is that the GLA's legal advisers on pensions-related matters, who were involved until mid-March this year, are now formally retained by L&P.

### **The extent to which trustee agreement was sought**

The letter from the GLA dated 25 January was caveated with a statement that any involvement with the Scheme by L&P would be subject to agreement with the Trustees. This is fully understandable as the terms of any such agreement can be complex, and require time to be negotiated and agreed. However, the Trustees did see this statement as indicating that some proper attempt would be made to reach such agreement by either the GLA or L&P prior to the end of March. In spite of their subsequent efforts to engage fully with the GLA (see further points below, and in response to Question Six) no detailed dialogue ever took place before the GLA, and then L&P, distanced themselves from the Scheme on 11 and 18 March respectively.

### **The likelihood of an up-front payment to the Scheme**

The GLA's letter also stated that in their view, because the financial position of L&P (with up to four years of grant funding available) was now stronger than that of VL (which would have no funding after 31 March), it would not be appropriate for the Trustees to require additional funding of any pension deficit after L&P had begun participating in the Scheme. In their response dated 8 February 2011 the Trustees noted that the statutory funding test, which was a prerequisite of any scheme apportionment arrangement, actually required matters to be looked at not on a comparative basis (as between the respective strengths of the two employers) but simply by reference to that of the new employer; and that, on the basis of the information with which they had currently been provided (and in particular the limited lifespan of L&P), it was not clear whether it would in fact be met. They also invited the GLA's further observations on this point. Subsequently the Trustees suggested to the GLA (see above) that, amongst other things, a cash injection to the Scheme in the order of £500,000 – being the current estimate of VL's share of the 'ongoing' (as opposed to 'buy-out') deficit in the Scheme – might make it easier for L&P to satisfy the funding test.

In this regard the 25 January letter from the GLA to the Trustees also indicated that no firm decision had yet been taken by the parties whether to apply to the Pensions Regulator for clearance to the proposed transaction, but that this would be kept under review. Clearance is a formal assurance from the Pensions Regulator that, on the basis of matters as it understands them, it will not use its anti-avoidance powers against any parties to a transaction in spite of any potential weakening of the employer covenant that is brought about. It is accepted without question throughout the pensions industry that there is 'a price for clearance', generally in the form of some kind of mitigation of any adverse impact on the pension

Scheme, which might take the form of a cash injection into the Scheme such as that suggested by the Trustees. The Trustees also understand that the possible need for clearance had been mooted in correspondence between the GLA and VL during November 2010 when the GLA's plans for L&P were first formally notified to VL.

As a consequence it cannot, in the Trustees' eyes, have been outwith the contemplation of the GLA that some kind of mitigation or up-front cash payment could at some point need to be made into the Scheme, whether as payment for Clearance or otherwise. The Trustees therefore find it all the more surprising that their suggestion of a £500,000 payment to enhance the prospects of the funding test being satisfied by L&P met with the reaction that it did. Furthermore, opportunities to discuss with the GLA other ways forward, that might involve the satisfaction of alternative conditions to the statutory funding test, never became available to the Trustees due to the GLA's general reluctance to engage substantively with them about the basis for L&P's future involvement with the Scheme.

### **GLA then L&P's withdrawal from the process**

Subsequent exchanges of correspondence followed, including in particular the letter dated 2 March 2011 from the Trustees to the GLA. That letter received a reply from the GLA dated 4 March which described itself as a "brief initial response", and discussions between the respective advisers the following week confirmed that a substantive proposal would be forthcoming from the GLA in spite of uncertainties about the funding test not having been entirely cleared up.

However, the GLA's subsequent letter dated 11 March 2011 focused not on the proposal to admit L&P into the pension Scheme but almost entirely on the relationship (and in particular lack of connection) between L&P and the GLA. In it, and in spite of all previous assurances (whether explicit or otherwise), the GLA distanced itself from the pension Scheme and the negotiations and indicated, without warning and much to the Trustees' surprise, that a substantive response to their 2 March letter could only come from L&P.

On 18 March, still awaiting that substantive proposal, the Trustees received their first and only communication from L&P. Notable for its brevity, it read as follows:

*"I am writing further to the GLA's letter of 11 March.*

*As expected the Board of London & Partners have met to consider the pension provision they intend to offer to their employees. As part of that consideration they decided at a board meeting yesterday not to pursue further the proposal to become a participating employer in the [Scheme].*

*It follows that the commitment from the company to meet your reasonable legal fees in considering that proposal is now at an end."*

The Trustees were astounded at this latest turn of events.

### **Further actions by the Trustees**

When it became clear to them on 11 March 2011 that the GLA wished to have no further involvement with the proposal to admit L&P into the Scheme, the Trustees became concerned that the GLA's assurances that VL were fully in-the-loop might not also be borne out. Accordingly they took the initiative to write to VL in respect of the current state of affairs and how things were progressing, and suggesting that VL and its directors take legal advice urgently as to their respective positions. The Trustees also wrote to Visit Britain and Visit Scotland who, by this time, it was known were seeking their own independent legal advice.

As a result of their mounting concerns at the ramifications of L&P's letter of Friday 18 March, the Trustees wrote again to VL on 21 March, met with them on 24 March, spoke at length with the Pensions Regulator on Friday 25 March, met with VL and the Pensions Regulator in person on 28 March, wrote to the Mayor himself on 29 March and participated in the all-parties meeting convened by the Regulator (at which VL, L&P and the GLA were also present) on 30 March. That latter meeting involved 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, albeit without L&P going so far as to become a participating employer; but the GLA and L&P confirmed to VL and the Trustees the following day that they did not wish to take matters further.

### **The position of L&P and the GLA**

It was made very clear by the Chair of L&P at the 30 March meeting that it was not felt commercially viable to assume responsibility for VL's deficit in the Scheme, and the Trustees understand this to have been the main driver behind the decision at their 17 March board meeting not to become involved with the Scheme. L&P's Chair also then expressed how it would have been 'madness' for a limited lifespan company such as L&P to assume responsibility for a deficit which would, on its (L&P's) own wind-down, crystallise in lump sum form and drive the company into insolvency (in the same way as would shortly happen to VL). However, why this only became apparent on or shortly before 17 March, and why it had escaped the GLA ever since their representations to VL in November 2010 (which they continued to repeat to the Trustees right up until March of this year) that L&P would participate in the Scheme and assume responsibility for their (VL's) deficit, continues to puzzle the Trustees.

Furthermore, at that same meeting, the Interim CEO of L&P expressed the opinion that the former VL staff are, or should be, 'just happy that they have still got jobs'. Whilst naturally the preservation of one's own employment status is preferable to a redundancy situation, the context in which the Trustees feel such comments were made – namely that saving jobs now is inherently and objectively preferable to honouring one's existing pension commitments – only serves to bear out further, in the Trustees' eyes, the low regard in which L&P and the GLA hold the concepts of (i) employers honouring their pension obligations and (ii) protecting the security of members' benefits in occupational pension schemes.

The sentiments of the GLA, both at that meeting and subsequently in the press, have been to the effect that, due to the Government's comprehensive spending review, no money at all was to be made available going forwards for the promotion of London tourism. They have in addition stated that, whilst the Mayor has now been able to procure four years' funding via separate means, this would be sufficient to fund L&P but not the legacy pension deficits of its predecessor agency, an end to which they did not feel able to commit vast sums of money.

The Trustees have considerable sympathy with the GLA's predicament and agree that it is for the benefit of London that some alternative funding has been found: the Mayor's office is to be applauded for this. However, the Trustees do 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. The 'moral hazard' provisions of the Pensions Act 2004 were introduced specifically in order to prevent private sector (and other) employers treating pension schemes in a less favourable manner than other creditors or commitments or, *in extremis*, 'washing their hands' of unaffordable pension deficits and re-emerging in another vehicle, free of their pension millstone, yet undertaking essentially the same functions as their predecessor.

If the VL portion of the Scheme does enter the Pension Protection Fund, it is those same private sector employers who will ultimately have to fund VL's pension obligations through their own levy payments to the PPF. The Trustees feel it is somewhat ironic that this additional liability will arise as a consequence of a publicly-funded body's pension scheme having been left bereft of financial support in a manner which, were it to occur in the private sector, whilst arguably not unlawful would certainly be of the ilk that could well result in sanctions being imposed by the Pensions Regulator. The fact that at the same time members' benefits (some built up over many years and even decades, and all earned whilst diligently promoting London tourism) will by necessity be cut, perhaps considerably, only serves to heighten the Trustees' sense of injustice at what has come about.

## BRITISH TOURIST BOARDS' STAFF PENSION AND LIFE ASSURANCE SCHEME

### LONDON ASSEMBLY ~ PUBLIC MEETING ON 24 MAY 2011 SUPPLEMENTAL WRITTEN SUBMISSION OF THE SCHEME'S TRUSTEES

This document constitutes a supplemental Submission to the ECS Committee by the Trustees of the BTB Staff Pension & Life Assurance Scheme in response to an additional question asked of them since their initial, substantive Submission was provided. It is made on the same basis as, and forms an integral part of, that first Submission.

#### **Question Eight**

#### ***What options were considered at the all-parties meeting on 30 March 2011 and ultimately rejected by London & Partners?***

The meeting, which was chaired by representatives of the Pensions Regulator, was held in order to explore the possible solutions that could be achieved vis-à-vis VL and the pension entitlements of its current and former staff.

After each of L&P, VL and the Trustees had set the scene from their respective perspectives, discussions turned to possible solutions. It was made very clear by L&P that:

- because of the risk of a section 75 debt falling upon their shoulders in four years' time (or earlier, if grant funding for L&P is not renewed at a prior anniversary); and
- due to their (erroneous) understanding of the level of annual contributions L&P would have to make to repair VL's existing deficit in the Scheme (see Question Four);

it (L&P) was simply not prepared to participate in the Scheme, and that this aspect of matters was now non-negotiable. Any way forward that was to be found, would have to be found on this basis.

There are various procedures under the employer debt legislation that allow a section 75 debt to be satisfied other than by a cash payment. These each require either (i) a guarantor or (ii) an entity participating in the scheme to assume responsibility for the former employer's deficit. As neither of these routes was possible, the parties at the meeting focused on the level of one-off cash payment that would be needed in order to allow the Trustees to provide members' benefits in full.

The Trustees' starting point was the £7m section 75 debt. However, they indicated that they would properly be able to accept a lesser sum, in the region of £4.5m, of which some £1m could come from the assets VL already had. (Accordingly, £3.5m would be needed from other sources.) This amount would, the Trustees had been advised by the scheme actuary, bring about the full-funding of the VL portion of the Scheme on what is known as a 'self-sufficiency' basis.

Self-sufficiency funding would allow the VL portion of the Scheme to continue as a frozen arrangement with assets still being held by the Trustees and benefits paid from the Scheme itself. It would most likely be accompanied by a move to bond-based investments to lock in to current asset values; it would also be of such a magnitude as to give rise to no material risk of the VL portion of the Scheme 'running out of money' before the final benefit was paid to its last member.

The difference between this £4.5m payment and the £7m buyout deficit was essentially, it was explained, the premium charged by the insurance market for taking on the risks associated with a buy-out of members' benefits. Payment of that lesser sum, coupled with an agreement to 'compromise' the full section 75 debt in return for this £4.5m payment, would entirely exonerate each and all of VL, L&P and the GLA from any further obligations to contribute to the Scheme.

This possible solution was fully considered and debated by the parties to the meeting, and then privately by L&P and the GLA, and they subsequently requested further time off-line to give it additional thought. However, it was confirmed by L&P to VL and the Trustees the following day that insufficient funds were available to make a £3.5m payment to the Scheme and that accordingly there could be no deal.

**BRITISH TOURIST BOARDS' STAFF PENSION AND LIFE ASSURANCE SCHEME**  
**LONDON ASSEMBLY ~ PUBLIC MEETING ON 24 MAY 2011**  
**SECOND SUPPLEMENTAL WRITTEN SUBMISSION OF THE SCHEME'S TRUSTEES**

This document constitutes a second supplemental Submission to the ECS Committee by the Trustees of the BTB Staff Pension & Life Assurance Scheme in response to three of the points raised by L&P in their own recent letter to the Chair of the Committee. It is made on the same basis as, and forms an integral part of, the Trustees' overall Submission.

**Submission One**

***The Trustees' position on L&P's statement that it is a separate corporate entity from the GLA that is outside the GLA's control?***

The Trustees agree absolutely with L&P's summary of the position, and understand it to be accurate from both a legal and a practical perspective. However, the Trustees do 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.

What the Trustees also find particularly difficult to come to terms with is the apparent buck-passing between the GLA and L&P, which commenced with their distancing themselves from each other during March of this year and which continues to be evident in their respective submissions to the Committee. L&P was created at the behest of, is currently owned by, is funded by, and as its remit to carry out the requirements of, the GLA. In all but legal status the Trustees consider that its staff, as those of VL, are/were employees of City Hall. In the Trustees' eyes, collectively the GLA and L&P have occasioned a situation which has resulted in VL's insolvency and its portion of the Scheme entering the PPF. In the Trustees' view, collectively they should take responsibility for this.

**Submission Two**

***The Trustees' position on L&P's assertions that annual deficit repair contributions of only £70,000 either could not have been a correct figure or would, in the future, have to increase.***

The Trustees find it very surprising that L&P consider themselves better-qualified than the Trustees (and therefore the Scheme actuary himself) to assess the likely level of deficit repair contributions due to the Scheme.

L&P's share of the deficit in the Scheme on an ongoing basis now stands at c.£500,000, as the Trustees have consistently said. It has reduced considerably, as a consequence of market movements alongside savings resulting from the move to CPI-based indexation. This in turn will allow a much shorter recovery period than 20 years, with the same level of annual contributions (£70,000).

L&P mention that the section 75 deficit is increasing and that the deficit repair contributions must do likewise. This is not the case. A section 75 debt reflects only annuity pricing and has no bearing on deficit repair contributions that are calculated, as required by law, on an ongoing basis.

The position remains, in the Trustees' eyes, quite simply that L&P mis-interpreted (and continue to mis-interpret) the clear statement that annual deficit recovery payments would be in the sum of £70,000. Accordingly it was, and remains, categorically correct that L&P would have been required to contribute simply what VL was contributing towards the past service deficit.



### **Submission Three**

#### ***The Trustees' position on L&P's assertions that, contrary to their submission, they were not at all times ready and willing to admit L&P into the Scheme as a participating employer?***

The Trustees have always been willing to allow L&P to become involved with the Scheme and remain so to this day.

Contrary to L&P's suggestions, the Trustees never made out any kind of case as to why L&P should not (or indeed could not) participate in the Scheme, and nor did they ever express concerns as to whether L&P as an entity could meet the funding test. The scheme funding test does not simply relate to an employer; instead, it relates both to an employer and to the basis on which it will be (i) contributing to the Scheme and (ii) ensuring the security for its members' benefits. Accordingly, the Trustees simply informed GLA / L&P of their doubts as to whether, on the basis currently proposed for L&P's participation in the Scheme, the funding test would be met.

In so doing they left the door open for (i) an explanation as to why the test was in fact met on the current basis, and/or (ii) an improved proposal from L&P for becoming a participating employer that would have allowed the Trustees to conclude that the test was met. The £500,000 cash injection was very clearly only one suggestion by the Trustees as to the kind of improvement to the proposal that would allow them to conclude that the test was met, and they mentioned various alternative possibilities at the same time in an effort to assist the GLA and to stimulate further thought and discussion.

The one thing that the Trustees both expected and hoped for but never received from either the GLA or L&P was engagement, a counter-proposal, or some attempt to negotiate a compromise position that would suit both them and the Trustees. Had this been forthcoming, and had discussions then progressed on the normal basis that one customarily sees in a commercial context, the Trustees see no reason to believe that agreement would not have been forthcoming. Similarly, they see no reason to believe that it cannot properly be reached now either, with goodwill and understanding from both sides of the table.

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Dee Doocey AM  
Chair of the Economy, Culture and Sport Committee  
London Assembly  
City Hall  
The Queen's Walk  
More London  
London SE1 2AA

18<sup>th</sup> May 2011

Dear Ms Doocey,

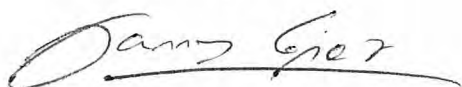
Following my letter of the 10<sup>th</sup> May, I now write to provide you with relevant information pertaining to your request in your letter of 5<sup>th</sup> May. Your request was for copies of London & Partners' Board minutes, legal advice from our lawyers and correspondence between London & Partners and DCLG; the trustees of the British Tourism Board pension scheme; and the Pensions Regulator.

Having taken legal advice, we believe we are not required to make London & Partners' Board minutes available to the committee upon request. However, in the interests of assisting the committee in this matter, in this instance we have decided to do so and I therefore enclose copies of minutes from the Board meetings of the 9<sup>th</sup> and 17<sup>th</sup> of March as requested. We consider the legal advice that London & Partners received from our lawyers to be legally privileged and therefore do not consider appropriate that we share this advice with you in full. However, we will be happy to discuss with you at the committee session the considerations of the Board in coming to its decision not to enter the BTB pension scheme. London & Partners did not correspond with DCLG or the Pensions Regulator. I enclose a copy of our correspondence with the trustees of the BTB pension scheme.

I also note that your office has informed us that you are unable to share with us in full the correspondence you have received from members of the BTB pension scheme and Visit London creditors as you have not received permission of individuals. I am grateful for the summary of this correspondence that has been provided and for the copy of a letter from the Pensions Regulator which we received today. In order to be in the best position to assist, I would also be grateful for copies of any correspondence you have received from other parties involved including the trustees of the BTB pension scheme; the previous Visit London Board; and Visit London's Administrators. It would be helpful if we could have these in order to review in advance of the meeting.

I look forward to meeting with you on the 24<sup>th</sup>.

Yours sincerely,



**Danny Lopez**  
Interim CEO

Dee Doocey AM, Chair of the Economy, Culture and Sport Committee

City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
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**Mr D Lopez**

Interim Chief Executive  
London & Partners  
2 More London Riverside  
London SE1 2RR

Dear Mr Lopez

19 May 2011

**Visit London**

Thank you for your letter of 18 May. We understand from the Mayor's office that you and Dame Judith Mayhew Jonas will attend the Committee's meeting on 24 May.

Unfortunately, the material enclosed with your letter adds little to the Committee's understanding of the reasons underlying the decision by the London and Partners Board and what options were available to it. For the sake of completeness, and to ensure that London and Partners has been given every opportunity to make its case, I would like to give you the opportunity to provide more information.

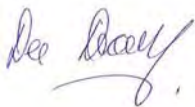
The Committee received last night a submission from the trustees of the British Tourist Board pension scheme. I attach a copy with this letter. The submission refers to an all-parties meeting on 30 March attended by representatives of the Regulator, Visit London, London and Partners and the GLA. We were told this meeting involved a series of negotiations with a view to preventing the Visit London portion of the scheme being left without financial support.

Please could you provide to the Committee your minutes of that meeting including details of who attended; what options were discussed; and why agreement was not possible. You may also wish to respond to the trustees' account of your own comments at that meeting.

Finally, I would also like to raise another matter ahead of our meeting. We understand that Grant Hearn attended both meetings of the London and Partners' board on 9 and 17 March (participating in the first of these by telephone) and was party to the decision not to participate in the British Tourist Board pension scheme. We understand Mr Hearn was also at this time a board member of Visit London. Please could you provide details of what consideration was given to Mr Hearn having a conflict of interest and what factors were taken into account when deciding where he should have been party to the decision.

I would be grateful if you could make this information available to the Committee by the end of tomorrow to enable us to take it into account at the meeting on Tuesday. Please respond by email to [REDACTED]

Yours sincerely



**Dee Doocey AM**

Chair of the Economy, Culture and Sport Committee  
cc: Mayor of London

Dee Doocey AM  
Chair of the Economy, Culture and Sport Committee  
London Assembly  
City Hall  
The Queen's Walk  
More London  
London SE1 2AA

20<sup>th</sup> May 2011

Dear Ms Doocey,

**Visit London**

Thank you for your letter of 19 May 2011, together with a copy of the Scheme Trustees' submission to the London Assembly. There are a number of points I wish to respond to.

**General**

For the avoidance of any doubt, London & Partners (L&P) is an independent corporate. Decisions of L&P can only be made by the L&P board. L&P cannot be bound by the GLA (or indeed any other party.) When taking any decision, the L&P board has a duty to act in the best interests of L&P.

The role of the GLA in the exchanges with the Scheme Trustees was to open communications with the relevant parties until such time as the newly constituted L&P was in a position to itself undertake those communications.

**Your Letter**

You raised the issue of Grant Hearn's position. Mr Hearn resigned as a non-Executive Director of the Visit London ("VL") Board with effect from 31 January 2011.

**Trustee Submission – Question 2**

I would challenge the suggestion that L&P "replaced" VL. VL was funded through a grant agreement with the LDA. When it became apparent that the LDA funding was to cease and that Visit London was therefore unlikely to be able to continue the Mayor, exercising the functions of the GLA, entered into an entirely separate grant agreement with L&P.

The constitutional and funding arrangements of L&P are distinct from those of VL. For example, L&P have taken on the responsibilities of Think London in relation to overseas promotions. While L&P will perform certain of the same functions as VL, it did not "replace" VL.

**Trustee Submission – Question 3**



The Trustees have stated that “they were at all times prepared to permit L&P to become a participating employer (and to take responsibility for VL’s deficit)”. This is not our perception of events. On several occasions and in various written communications the Trustees made it clear that they had genuine concerns as to whether L&P could meet the “funding test” and therefore whether they could agree to any proposal to apportion VL’s liabilities to L&P. (Indeed the Trustees set out some of the very significant steps that they would have required before being satisfied that the funding test was met in Appendix 1 of their submission.)

I think it is helpful to address some of the analysis that has been set out in relation to when L&P may have become liable to pay a section 75 debt in relation to the Scheme.

The Mayor entered into a grant agreement to provide L&P with £56m over 4 years commencing 1 April 2011. After the first year, funding is conditional on the Mayor issuing a supplementary “award letter” confirming the grant for the next financial year. If an award letter is not issued or the 4 year grant term is not extended, it is very possible that L&P may then become insolvent. In such circumstances L&P would become liable to pay a section 75 debt to the Scheme. It is therefore conceivable that L&P could become liable to pay a section 75 debt during the next 4 years.

The Trustees’ submission seems to suggest that the section 75 debt that could arise from the taking on of VL’s pension liabilities was not an issue that was of any immediate practical relevance to L&P. I would challenge that contention. The size of any such contingent liability was clearly a material factor which the board reasonably considered as part of its deliberations in respect of the Scheme.

I would also expand on the proposition that the Trustees would expect annual deficit contributions from L&P in the order of L&P of £70,000.

- This proposition was based on the assumption that an immediate cash payment in the order of £500,000 would be paid into the Scheme to help the Trustees satisfy themselves that the funding test could be met.
- The contributions of £70,000 that were being paid by VL were based on a recovery plan of 20 years. This is double the Pension Regulator’s maximum recommended period. It therefore seems unlikely that a 20 year recovery plan could have remained acceptable. A shorter recovery plan would of course result in increased contributions.
- Even for a moment disregarding the above point, the level of contributions could increase significantly following the next Scheme valuation in any event. (The next valuation is due as at 31 March 2012.)
- The Trustees indicated that they anticipated that the Scheme’s liabilities, as calculated on a section 75 basis, were expected to increase by approximately £300,000 to £400,000 a year. Clearly at some stage this must result in an increase in the sponsor’s contributions.

It is therefore not correct to simply suggest that the extent of L&P's ongoing liabilities to the Scheme would be £70,000 per annum.

I also note that the Trustees have stated in their submission that the ongoing Scheme deficit attributable to VL is in the region of £500,000. Based on the information previously made available to us, we understood that the ongoing funding deficit in relation to the VL members was approximately £2.4m. (The Visit London Board Report dated 16 July 2010 indicated that the last actuarial valuation available for the Scheme suggested VL's liability on an ongoing basis was £2.37m).

#### **Trustee Submission - Question 4**

"Subject to the additional requirements necessary to satisfy the statutory funding test, L&P's participation in the Scheme would have been on the basis of exactly the same long term funding arrangements as enjoyed by VL." For the reasons set out above in the response question 3, I do not believe this statement to be correct.

I would also note that in agreeing to any scheme apportionment arrangement L&P would be required to take on VL's Scheme liabilities in their entirety. This would include liabilities relating to former VL employees who were then deferred or pensioner members of the Scheme. L&P could therefore have been in a position where it was funding the pension benefits of individuals who had never been in the employment of L&P. The L&P board were mindful of this fact when considering whether it was an appropriate use of their limited funds (funds which had been granted for a clearly prescribed purpose).

#### **Trustee Submission – Question 5**

The Trustees state that "the ongoing funding requirement from L&P was well within the financial abilities of an entity such as L&P". I do not see how the Trustees can consider themselves to be in a position to make that statement. Only the L&P board can comment on L&P's liabilities and what it can and cannot afford.

#### **Trustee Submission – Question 6**

The first full L&P board meeting did not take place until 9 March 2011. It was only on and from that date that L&P was in a position to take any operational decisions. L&P communicated its position to the Trustees in a letter dated 18 March 2011. It is therefore a little disingenuous to suggest that L&P repeatedly delayed matters or altered its stance in relation to the Scheme.

#### **Appendix 1**

I would make clear that L&P never expressed a "stated objective" to participate in the Scheme.

## **Appendix 2**

I would agree with the comment that “it was made very clear by the Chair of L&P at the 30 March meeting that it was not commercially viable to assume responsibility for VL’s deficit in the Scheme.” However, this statement was made with some additional commentary that is relevant.

L&P was established to undertake certain clearly prescribed promotional objectives. It has a limited budget that is reviewed on an annual basis. It has a significant number of employees. The directors have a duty of care to L&P’s shareholders, L&P’s employees and to its creditors. In such circumstances, it would not have been appropriate for the L&P board to agree to take on the multi-million pound contingent liability that would have resulted from VL’s pension liabilities being apportioned to it. To suggest that the decision was solely a commercial decision is to over-simplify the issues involved in the decision.

The comment attributed to me is taken completely out of context. I did state that I had received feedback that several employees had commented that they were happy that L&P had been able to offer them employment following VL’s administration. However, in no way did I suggest that the consequences for those employees’ Scheme pensions were not extremely unfortunate.

I would also take serious issue with the suggestion that L&P has a low regard for the concepts of:

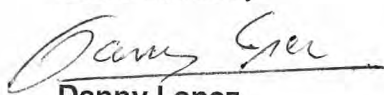
- employer’s honouring their pension obligations; and
- protecting the security of members’ benefits in occupational pension schemes.

Such accusations are completely groundless. All L&P employees, including those former VL employees now in the employment of L&P, are offered access to a generous defined contribution arrangement. The level of benefits are significantly higher than the minimum required by law. I would also like to highlight that many of these employees were not provided with any pension benefits while in the employment of VL.

## **Disclosure**

The only documentation that L&P have chosen not to disclose to the Assembly is the legal advice it has received in relation to this matter which is privileged and confidential. I understand that the GLA has provided copies of its relevant correspondence with the Scheme Trustees to the Assembly.

Yours sincerely

  
**Danny Lopez**  
Interim CEO

# GREATER LONDON AUTHORITY

## Mayor's Office

### **David Kidd**

Chairman of the Trustees  
The Law Debenture Pension Trust Corporation plc  
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**Our ref:** kidd240511

**Date:** 24 May 2011

Dear Mr Kidd,

### **Visit London Limited and London & Partners Limited: British Tourist Board's Staff Pension and Life Assurance Scheme**

I have read the various submissions by the Trustees for the meeting of the London Assembly Economic Development, Culture, Sport and Tourism Committee on 24 May.

I want to focus on the clearly expressed desire and willingness of the Trustees to negotiate a compromise position rather than go over the minutiae of how the present position has arisen. The Mayor is keen to see the issue around the pension position of former Visit London staff resolved if possible.

He can of course only act within the powers given to him by statute bearing in mind his fiduciary duty to London Council tax payers in the use he makes of the resources available to him. The extent of the fund deficit attributable to Visit London, the sums available from Visit London to meet part of that deficit and the financial commitments which London & Partners would take on board should they reverse their decision not to join the Scheme, are all relevant to this should the Mayor be asked to find more money or enter into additional commitments.

I suggest therefore as a first step that the actuaries instructed by the various parties exchange information so that there is an agreed position as far as possible about the underlying financial position of the Visit London part of the Scheme and what this means for both Visit London and London & Partners were they to join the Scheme. The Trustees can presumably at the same time enquire of the current position of Visit London from the administrators.

The second step would be for the parties to meet with their advisers to identify possible ways forward based on the information agreed between the actuaries after which there would need to be time for reflection.

This is a complex issue and one which I expect cannot be resolved at one meeting. It is also one where the Mayor cannot compel the board of London & Partners to act if they decide not to re-open the decisions previously made by them.



Having said that, the Mayor and I are committed to engage with you as a matter of urgency to see if a compromise solution can be found. I am copying this letter for the Regulator.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Rogers', with a stylized, cursive script.

**Sir Peter Rogers**

Mayoral Adviser, Regeneration, Growth and Enterprise

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**From:** Tim Jarvis [mailto:Tim.Jarvis@london.gov.uk]  
**Sent:** 26 May 2011 16:57  
**To:** Ingram, Tamara (Grey London)  
**Subject:** Notes of conversation

Tam

Thanks for your comments earlier. As promised, I have taken the gist of them and put them into a form which might be used as a supplementary submission to the Committee's investigation which would, in time, be published. Please amend/add/subtract as you see fit.

*"Further comments from Tamara Ingram, Chair of Visit London, May 2011*

*The administration of Visit London was avoidable. The proposal in June 2010 was that the new agency's structure would have been a transformation of Visit London which was already constitutionally able to carry out all the promotional functions of a single agency that the Mayor would require (see Anthony Browne's note to the Promote London Council in June 2010). There was no clear justification for the subsequent alternative decision to set up an entirely new company.*

*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.*

*As well as triggering liabilities, the decision to create a new company also resulted in a loss of momentum and input from the private sector. Visit London was 30 per cent funded by the private sector through membership subscriptions; London and Partners is 100 per cent funded by the Mayor and is seeking private investment. It is going through this process from a standing start and will find it difficult to generate similar levels of private investment in its first year.*

*There was £1.5 million in the reserves of Visit London. This would have been sufficient to provide a £500k cash injection to the pension fund and pay off the creditors. There appears to have been a misunderstanding about the size of the cash injection required but this calls into question the willingness of all parties to tackle the detail and reach a resolution.*

*The Visit London board discussed the issues with the pension scheme on many occasions in the period leading up to its administration and these meetings were regularly attended by representatives from the GLA and LDA including Mayoral advisers and the interim Chief Executive of London and Partners. It is not clear why the concerns expressed at these meetings were not taken into account by the GLA/LDA transition team developing the plans for the new agency and why the decision to set up an entirely new company was not reassessed.*

*The Promote London Council was a good idea in that it brought together key people from the private sector to have an input into developing plans for the new agency. It was not, and should not have been, a decision-*

*making body. There were not clear checks and balances to test rigorously the proposal to create a new company rather than transform Visit London under new leadership as originally proposed.*

*Public-private partnerships are generally a positive way of involving the private sector in market interventions such as promotion. There is a strong case, though, from moving away from a model whereby private companies are set up simply to disburse public funds to one where the accountability for the proper use of public money rightly lies with the relevant public body. The role of a private sector board in these cases should be advisory only so that decisions are taken in ways which reflect the fact that it is not only commercial considerations that are relevant when spending public money."*

Let me know what you think.

Regards  
Tim

Tim Jarvis  
Scrutiny Team Manager  
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# LONDON™ & PARTNERS

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Dee Doocey AM  
Chair of the Economy, Culture and Sport Committee  
London Assembly  
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London SE1 2AA

27<sup>th</sup> May 2011

Dear Ms Doocey,

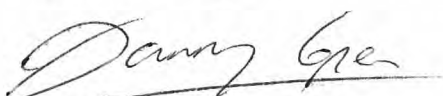
Following the committee meeting earlier this week, I wanted to write to you to express my thanks concerning how the meeting was conducted. I felt that your approach as Chair, to primarily focus on exploring whether there could be a solution acceptable to all was highly commendable. I also thank you for recognising that the detail of any solution would need to be discussed amongst the parties and not in an open forum such as the committee meeting.

I repeat our commitment at London & Partners to discussions with all parties with a view to finding an outcome which can see pensioners receive the entitlements they have built up and can enable the creditors of Visit London (VL) to be paid in full. As was clear in the meeting and in written submissions to the committee, London & Partners has a very different view of how previous negotiations were conducted to that of the trustees but we will of course be putting this aside and entering these discussions with goodwill.

There is one matter however on which I do feel compelled to put the record straight. In the committee meeting the trustees and Chair of Visit London stated that all VL employees did have access to a pension scheme and that was through a defined contribution part of the BTB scheme. We have rechecked with the administrator of the BTB scheme who confirms that there is no such provision within the scheme. We have also reconfirmed with VL's former HR and Finance staff that VL closed the scheme to new members in January 2009 and since that time no provision was available to new staff. After this date a number of staff requested access to pension provision, some repeatedly, and were told there was none available.

I stress the above point as the context of London & Partners offering all staff access to the same pension scheme was a key consideration in our deliberations on this matter.

Yours sincerely



**Danny Lopez**  
Interim CEO

## Dee Doocey AM, Chair of the Economy, Culture and Sport Committee

### **Sir Peter Rogers**

Mayoral Advisor – Regeneration, Growth and Enterprise  
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ref. 109

8 June 2011

Dear Peter

### **London and Partners**

Further to last month's meeting on the consequences of the administration of Visit London, the Committee is currently preparing a report which will seek to highlight lessons which might be learned for the future. To inform this report, I would be grateful for any further information that you can provide on behalf of the Mayor on the decision to establish a new company to act as the single promotion agency for London.

The Assembly, through this committee and the Budget and Performance Committee, has received a large amount of information explaining the decision to establish a single promotion agency for London. What is less clear, is the rationale behind the decision to set up a new company rather than incorporate Think London and Study London within the existing structure then provided by Visit London.

The note of 8 June 2010 to Promote London Council members states that the intention at that stage was that the new structure 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 has currently a more restricted remit in practice)".

Correspondence between Anthony Browne and the then Chief Executive of Visit London in early November 2010 confirms that by that date the decision had been made not to transform Visit London and instead to set up an entirely new company. This decision predates the final funding settlement from government so presumably was not influenced by financial considerations. The Request for Mayoral Decision 658, which approves the establishment of what became London and Partners, refers to other options which were considered, such as co-location, sharing back office functions between the three promotional bodies and maintaining the status quo. It does not include as an option the proposal in the note to Promote London Council members in June nor does it explain why this option was subsequently discounted.

When asked about this decision at the meeting in May, Dame Judith Mayhew Jonas said that "it was thought [to be] in the best interests of good governance and good management structures" to form a new company. I would be grateful if you could provide any further information on this decision. Specifically:

- On what date was the decision made not to proceed with the proposal of June 2010 to transform Visit London to incorporate the functions of Think London and Study London? Who made this decision? If this was a decision of the Promote London Council, please provide the advice which informed the decision.
- What were the governance, management or other issues that led to the proposal to establish a new company?
- Why was the option to build on the existing structure provided by Visit London not included in the Mayoral Decision form?

I would appreciate responses to these queries by 22 June 2011 to enable them to inform the Committee's ongoing work

If you would like any further information, please feel free to contact me or staff in the London Assembly secretariat (email: [tim.jarvis@london.gov.uk](mailto:tim.jarvis@london.gov.uk); telephone: 020 7983 4390).

Yours sincerely

**Dee Doocey AM**

Chair of the Economy, Culture and Sport Committee

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### **Dee Doocey AM**

Chair - Economy, Culture & Sport Committee

**Our ref: Doocey16.06.11**

**Date: 16 June 2011**

Dear Dee,

Thank you for your letter enquiring about the key considerations regarding establishment of the new company to act as the single promotional agency in London.

Below I have set out responses to each of your questions:

- On what date was the decision made not to proceed with the proposal of June 2010 to transform Visit London to incorporate the functions of Think London and Study London? Who made this decision? If this was a decision of the Promote London Council, please provide the advice which informed the decision.

You will be aware that the note of 8 June 2010 to Promote London Council members stated that in order to achieve the planned transition "there will be an initial phase of due diligence which will be completed by the end of August."

In undertaking the necessary due diligence the transition team commissioned legal advice from Allen & Overy LLP, which included consideration of the transfer of assets, liabilities and employees into either a new company or into Visit London. The advice covered:

- Governance Structure
- Board Structure
- Membership Structure
- Visit London Board Support
- Position of the Mayor
- Control/Influence of Local Authority
- Transfer of Assets & Liabilities from Visit London, Think London & Study London
- Due Diligence on Visit London
- Pensions Issues
- Employment Issues.

Dame Judith Mayhew Jonas, in her role chairing the team responsible for the transition, consulted a Transition Board, which had been set up with representatives from Visit London, Think London, London Higher and other members of the Promote London Council.

A decision was taken in October 2010 that the establishment of a new corporate entity was the preferred option.

- What were the governance, management or other issues that led to the proposal to establish a new company?

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. Changes to these arrangements would only have been possible by agreement of the current Visit London members.

In addition, it was felt of the utmost importance in bringing together the work of three organisations, each with a very different culture, that a new culture was established which would support the aims of the new agency. This was vital in order to achieve synergies from the combined remit of the new organisation and to provide a coherent London offer to all stakeholders, both in London and overseas markets.

It was also clear that appropriate back office arrangements could best be put in place in a new entity, allowing the best systems and resources to be harnessed rather than one set of existing arrangements adopted.

The risks associated with Visit London's pension scheme were considered. At that time the preferred route was for the new company to become part of the BTB scheme.

This range of factors combined to make clear that the establishment of a new corporate entity was the preferred option.

- Why was the option to build on the existing structure provided by Visit London not included in the Mayoral Decision form?



Mayoral Decision 658 articulates the rationale for a single agency and the details of how the new agency will be created. The Mayor was asked to approve the establishment of a company limited by guarantee and the consolidation of the functions of Visit London, Think London and the Study London team from London Higher to form a single agency. He was not asked to consider previously discarded corporate structure options, as these were not considered to be relevant to the outcome and the decisions the Mayor was being asked to approve.

I trust this is helpful

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Rogers', written in a cursive style.

**Sir Peter Rogers**

Mayoral Adviser, Regeneration, Growth and Enterprise

## Dee Doocey AM, Chair of the Economy, Culture and Sport Committee

### **Sir Peter Rogers**

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ref. 115

24 June 2011

Dear Peter

### **London and Partners**

Thank you for your letter of 16 June in response to the Committee's queries about the decision to establish a new company to promote London.

While I understand from your reply that a process of due diligence was undertaken following the initial proposal to transform Visit London, and that advice on a range of issues was commissioned, the decision-making process itself remains unclear. You state "a decision was taken in October 2010 that the establishment of a new corporate entity was the preferred option". By whom was the decision made? If it was taken by the Promote London Council, can you provide the minutes of the relevant meeting including a list of those who attended? If the decision was taken by the transition board or an individual member of it, please provide a list of who was on the transition board; under what authority the board or an individual were able to make such decisions; and how the decision was recorded.

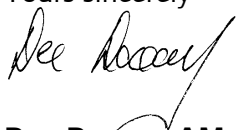
Also, I note that, as part of the due diligence process, Allen and Overy LLP provided advice covering "pension issues". Can you confirm whether or not this advice warned that winding up Visit London would trigger the section 75 debt in its pension scheme unless the new company became part of the BTB scheme as was planned?

Finally, it is clear from your letter, and the information previously supplied to the Committee, that it was the GLA's "preferred route" that the new company would become part of the BTB scheme. Given that the final decision on this was to be made by the new private company, and therefore not one that the GLA could influence, what assessment was made of the risk and consequences of the GLA's preferred route not being followed.

I would appreciate responses to these queries by 8 July 2011. I am grateful for your ongoing assistance with our inquiries. The Committee plans to publish a report on this issue in due course and it is obviously imperative that it reaches its conclusions on a detailed understanding of the facts.

If you would like any further information, please feel free to contact me or staff in the London Assembly secretariat (email: [tim.jarvis@london.gov.uk](mailto:tim.jarvis@london.gov.uk); telephone: 020 7983 4390).

Yours sincerely



**Dee Doocey AM**

Chair of the Economy, Culture and Sport Committee

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**Our ref:** doocey240611

**Date:** 24 June 2011

Dear Dee

Further to the update Sir Peter Rogers provided at the Economic, Culture and Sport Committee on Tuesday 21 June, and as promised by him, I am writing to let you know that on the following day agreements were concluded with Visit London's administrators, the Pension Trustees and the Pension Protection Fund, and these were acceptable to the Pension Regulator. As advised on Tuesday the net cost to the GLA will be some £3m and I can confirm that this means, on the basis of the current valuation of the Visit London portion of the pension scheme, 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.

Yours sincerely

**Martin Clarke**  
Executive Director

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## Dee Doocey AM

Chair - Economy, Culture & Sport Committee

**Our ref: Doocey20.07.11**

**Date:** 20 July 2011

Dear Dee,

Thank you for your letter of 24 June.

Below I have set out responses to each of your questions, which have been developed based on the notes and recollections of those individuals who were involved in the transition to new arrangements for the promotion of London and have been available to provide comment:

- You state, "A decision was taken in October 2010 that the establishment of a new corporate entity was the preferred option". By whom was the decision made? If it was taken by the Promote London Council, can you provide the minutes of the relevant meeting including a list of those who attended? If the decision was taken by the transition board or an individual member of it, please provide a list of who was on the transition board; under what authority the board or an individual were able to make such decisions; and how was the decision recorded.

I would like to clarify this. Dame Judith Mayhew Jonas had been asked to lead the transition. As such, she recommended establishing a new corporate entity rather than relying on the transformation of Visit London, judging the risks of the latter route to be greater than the former. I understand that she discussed and agreed this position on various occasions with members of the transition board and senior members of the GLA including Anthony Browne and Sir Simon Milton during the autumn – therefore a preferred option had been identified 'in October'. Ultimately of course all decisions were taken by the Mayor as recorded in MD 658, once funding for the organisation had been confirmed on 20 December 2010 – without which of course no decisions could be taken at all.

- Allen and Overy LLP provided advice covering "pension issues". Can you confirm whether or not this advice warned that winding up Visit London would trigger the section 75 debt in its pension scheme unless the new company became part of the BTB scheme as was planned?

Yes, Allen & Overy's advice certainly warned of these potential outcomes. It was because of them that the working assumption was that the new company would become a participating employer in the BTB scheme, thus avoiding any trigger of Section 75 debt.

- It is clear from your letter, and the information previously supplied to the Committee, that it was the GLA's "preferred route" that the new company would become part of the BTB scheme. Given that the final decision on this was to be made by the new private company, and therefore not one that the GLA could influence, what assessment was made of the risk and consequences of the GLA's preferred route not being followed.

Allen & Overy's advice had already set out the risk and consequences. Self-evidently, triggering a Section 75 debt leading to Visit London going into administration was an outcome the GLA did not want. As you know, the Mayor and I have taken action subsequently to resolve this complex matter, which should mean that Visit London's creditors and members of the BTB scheme should not lose out.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Rogers', with a long, sweeping horizontal stroke underneath.

**Sir Peter Rogers**

Mayoral Adviser, Regeneration, Growth and Enterprise