

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2980

### Title: London & Partners' 2022-23 Business Plan and Grant Funding Award

#### Executive summary:

London & Partners Limited (L&P) is the business growth and destination agency for London.

L&P has produced a business plan for 2022-23 that maintains continuity with L&P's previous 2021-22 business plan, with the same four areas of ongoing activity:

- supporting businesses in high-growth sectors
- developing London's visitor economy
- growing the London brand
- creating partnerships and ventures.

L&P's 2022-23 business plan also focuses on four new areas of change:

- improving L&P's financial position
- refreshing L&P's scale-up support
- defining London's tourism vision 2030
- developing L&P's team culture in a hybrid world.

This Mayoral Decision (MD) seeks approval of L&P's new 2022-23 business plan, and the award of grant funding of up to £11.17m as a contribution to its costs in the 2022-23 financial year.

#### Decision:

That the Mayor approves:

- i. London and Partners' business plan for 2022-23
- ii. the award of grant funding to L&P of up to £11.17m as a contribution to its costs of delivering its 2022-23 business plan.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

20/4/22

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. L&P is the business growth and destination agency for London. It is a social enterprise, combining purpose with commercial rigour. It is funded by grants, partners and a portfolio of venture businesses.
- 1.2. This MD seeks to approve L&P's new 2022-23 business plan, and the award of grant funding of up to £11.17m as a contribution to its costs in the 2022-23 financial year. L&P's budget allocation for 2022-23 is equal to that of 2021-22.
- 1.3. Since May 2016, L&P has delivered significant outcomes for London during a period of significant change and uncertainty in the markets it supports. L&P has:
  - added £1.5bn in GVA to London's economy
  - inspired 142m people through visitlondon.com
  - reached more than 8m potential international students through studylondon.ac.uk
  - attracted 1,191 events to London
  - created or supported 37,300 jobs
  - supported 1,025 overseas companies to set up or expand in London.
- 1.4. The twin challenges of Covid-19 and Brexit have meant L&P's role in attracting investors and supporting businesses in high-growth sectors to scale has never been more important. Over the past financial year L&P has continued to succeed in attracting international investment to London. Since April 2021, L&P has secured 93 investments, creating 2,089 jobs and generating £115m GVA. L&P has also adapted its international trade missions to run virtually as part of the Mayor's International Business Programme, generating almost £91m in GVA since April 2020, of which £53m was since April 2021.
- 1.5. L&P's proposed 2022-23 business plan has been developed for the GLA's consideration to enable it to determine whether it wishes to provide grant funding to L&P for use in the delivery of its business plan. L&P's proposed business plan has also been developed to give direction to L&P's team and communicate to L&P's stakeholders how it will contribute this year. L&P's proposed business plan is provided at Appendix 1.
- 1.6. Should any funding be awarded to L&P, its performance against key performance indicators (KPIs) will be monitored by the GLA on a quarterly basis at formal meetings attended by senior L&P and GLA officers. Grant funding payments will be made on a quarterly basis subject to satisfactory monitoring of performance against the deliverables approved as part of the 2022-23 business plan (for which approval is also being sought via this Mayoral Decision).
- 1.7. L&P's work is also scrutinised by the L&P Board at quarterly board meetings. The Chair of the L&P Board is appointed by the Mayor, with GLA officers attending as observers.

#### **2. Objectives and expected outcomes**

- 2.1. L&P's business plan for 2022-23 maintains continuity with L&P's previous 2021-22 business plan, with the same four areas of ongoing activity. They are as follows:

- Supporting businesses in high-growth sectors: L&P will support businesses in high-growth sectors to scale-up by; bringing global businesses to London to set up; taking London-based businesses on trade missions to the world to increase their international trade; and incubating London-based businesses. L&P will also keep developing its role as a convener and thought leader. The intention of this work is to create employment, the outcome of which is measured through gross value add (GVA), which is a calculation of the number of jobs created and the value of those jobs.
- Developing London's visitor economy: L&P will develop London as a destination and attract visitors and events. L&P will work with its partners to support the tourism recovery, as well as major events. This includes:
  - acting as the conventions and business tourism bureau for London, attracting high value events that drive visitors to the capital and increase the city's competitiveness in the sector
  - attracting and amplifying sporting, cultural and other major events which show London at its best
  - working to support London's recovery as a hospitality, leisure, cultural and retail destination taking account of both market need and any new public health measures.

L&P will also deliver a major domestic and international tourism marketing campaign in 2022-23. The Mayor has approved £9m of grant funding for L&P for the tourism marketing campaign, with £7m for the international part of the campaign that includes the US, France and Germany as its priority target audiences, and £2m for the domestic part of the campaign, with both parts being launched in the first half of 2022.

L&P's visitor-economy work is intended to support jobs in a sector that, at the start of the pandemic, employed one in seven people in the city. L&P will use GVA to calculate its impact.

- Growing the London brand: L&P will grow London's global reputation, helping to support economic growth, through effective media and messaging work (including with partners) to create a consistent, loud voice for London. This includes:
  - coordinating and managing London's reputation by working with the wider London community to identify and respond to reputational risks
  - coordinating London's proactive messaging by working with the wider London community to identify opportunities and to encourage joint messaging and planning
  - sharing L&P's insights and research about global audiences with the industry to inform their decision making
  - broader media relations activity.

The intention of this work is to support London's communicators to tell the best possible story about the city. The nature of this makes it difficult to have formal metrics to calculate impact; however, L&P will use analytics to target its work.

- Creating partnerships and ventures: L&P will create partnerships and profit-making products and ventures to grow its revenues and reinvest in growth in order to scale its impact. L&P's partnerships and ventures work generates financial returns to fund its activities and supports the delivery of the mission itself. Across the portfolio the balance between profitability and mission delivery will vary. The outcomes of this work will be measured by the revenues developed to reinvest in L&P's London recovery work.

2.2. As L&P's 2022-23 Business Plan aims to continue to deliver in these four areas, L&P's core business KPIs remain as GVA; Net Promoter Score (NPS); and commercial income.

- 2.3. Although L&P's 2022-23 business plan maintains continuity with its 2021-22 business plan in the four areas outlined above, it also focuses on four areas of change that will shape L&P's future, as follows:
- Improve L&P's financial position: L&P will build on the work of the last year to absorb the financial impact of the pandemic, by improving the profitability of existing programmes (Open Innovation Fellowship, West End Future Occupiers, London Leaders' Network, and Business Tourism Trade Shows) and bringing new ones to market.
  - Refresh L&P's scale-up support: As the current EU funding for L&P's scale-up programmes – Business Growth Programme (BGP) and Mayor's International Business Programme (MIBP) – comes to an end in September and December 2022 respectively, L&P will build a new, sustainable model that improves the support L&P gives to London's innovators with the highest potential.
  - Define London's tourism vision 2030: L&P will bring the tourism industry together to create a long-term vision for tourism that sets out a sustainable future and a plan to get there.
  - Develop L&P's team culture in a hybrid world: Understand and respond to the impact of hybrid working on colleagues and culture – building a model that works in this new environment.

#### KPIs and targets

- 2.4. L&P has robust outcomes that are independently audited, and its methodology is public. L&P will be required to report to the GLA on a quarterly basis on the following:
- GVA: Demonstrating L&P's economic impact defined as GVA remains L&P's primary outcome. L&P will set a GVA target of £178m for 2022-23, taking account of a weaker outlook for foreign direct investment (FDI) into London than last year, but a stronger outlook for business tourism and major events. On this basis, the £178m GVA target is slightly lower than the actual £193m GVA reported by L&P shortly before the financial year end of 2021-22. L&P will also track 'green' GVA (as a subset of the total GVA) using the GLA definition of the green economy.
  - Commercial income generation: A commercial income target of £7.43m for 2022-23 has been set for L&P's commercial and mission-driven activity.
- 2.5. Additionally, L&P tracks customer satisfaction by using NPSs for their core activities with the target of having positive NPSs across all of its clients, partners and stakeholders. L&P will investigate individual programmes if the NPS drops by 20 per cent or five points, or if it becomes negative. A score above zero is "good"; above 50 is "excellent"; and above 70 is "world-class". These scores are calculated by combining positive and negative responses in a survey to establish a "net" consumer sentiment level. This is a standard industry metric for measuring customer satisfaction.

### **3. Equality comments**

- 3.1. Under section 149 of the Equality Act 2010, as a public authority, the Mayor of London must have 'due regard' of the need to eliminate unlawful discrimination, harassment and victimisation; and to advance equality of opportunity, and foster good relations, between people who have a protected characteristic and those who do not. This duty applies to the decisions that are the subject of this form.
- 3.2. L&P committed to a new mission in 2021-22 that focuses on the quality as well as the quantity of growth; and on supporting resilience, sustainability and inclusion. The commitment to inclusion in L&P's mission will continue to frame its work, guiding the sorts of businesses it supports, the sorts of jobs it seeks to create, and its work to connect people with jobs.

- 3.3. On this basis, L&P will continue to develop specific programmes to improve inclusivity in the businesses it supports, including through encouraging inclusive hiring and continuing to ensure representation of different communities and groups in the programmes that L&P runs.
- 3.4. Many of L&P's trade and investment services are focused on supporting high-growth businesses to set up, expand or internationalise. L&P has integrated diversity and inclusion modules into its ERDF-funded BGP to support London-based SMEs. Its MIBP focuses on under-represented groups including missions made up of female founders. In 2021, L&P operated a virtual trade mission for LGBTQIA+-led American businesses looking to expand in London. In early 2021, the MIBP also collaborated with the Growth Company's 'Global Scale-up Programme' in the joint Race Ethnicity and Cultural Heritage (REACH) virtual trade mission to North America, with founders from under-represented BAME backgrounds from London and Manchester (home of the Growth Company). This REACH concept is set to be a continuing partnership between the two cities.
- 3.5. L&P is also delivering an internal project to increase its focus on diversity and inclusion. This has the joint aims of ensuring that L&P reflects and champions the diversity of London; and creating an environment in which everyone is valued, feels supported to be themselves, and can thrive. This project is being implemented across L&P with a focus on areas such as recruitment; progression; mentoring; employee brand imagery and content; and diversity and inclusion education and training. It is being implemented in partnership with a well-supported employee network that includes active diversity and inclusion groups.
- 3.6. Officers have considered the likely impact of this proposed decision on groups with protected characteristics. For the reasons outlined above, they have concluded that there are no adverse impacts, and that impacts are likely to be positive.

#### **4. Other considerations**

##### Links to Mayoral strategies and priorities

- 4.1. L&P's business plan aligns with the Mayor's Economic Development Strategy, which focuses on the importance of a thriving London economy that is open to business and the promotion of London as a world leader in innovation, technology and creativity.
- 4.2. L&P's proposed activity also aligns with the aims of several of the Mayor's recovery missions (both in its general activity and as an employer). These are:
  - A Green New Deal: L&P will encourage green tourism; encourage green economy businesses to invest in London; help investors to work with sustainable providers when they arrive; and help London's scale-ups to contribute to net-zero goals.
  - High Streets for All and Building Strong Communities: L&P will work with business improvement districts, landlords and local communities to help use investment to drive new uses of high streets.
  - Helping Londoners into Good Work, and a New Deal for Young People: L&P will create jobs that are high-quality and long-term; and it will work with investors to help them find talent from across London's communities.

##### Impact assessments and consultation

- 4.3. In producing its business plan, L&P has consulted widely with stakeholders across the sectors it supports and with relevant Deputy Mayors and GLA officials. That consultation has particularly focused on activity where L&P will be working in partnership with the GLA.

## Key risks and issues

- 4.4. The business plan has been developed, taking into account the course of the Covid-19 pandemic at the time of drafting. However, both the business plan and the KPIs will be kept under review; and may need to be revised at a future date in response to unanticipated developments in the course of the pandemic, in which case a further MD would be sought if there are significant changes. This has been included in the following table of risks and mitigations which have been considered by L&P in its planning assumptions for the development of its 2022-23 business plan:

Risk	Mitigation
The direct <b>impacts of the pandemic remain</b> , with an uncertain path to public health recovery.	If significant restrictions are reimposed, L&P will manage down its ambition in year, resulting in an easing on costs but pressure on income.
Economic recovery has accelerated, but with medium and long-term headwinds and <b>inflationary pressures</b> .	Income sources are planned to increase in line with inflation, with renewal rates for members, partners and sponsors reflecting that. However, there is a risk that this increased income lags behind the downwards cost pressure based on timing of renewals.
<b>Brexit</b> has continuing practical and reputational impacts on UK trade.	Widening L&P's Europe focus beyond France and Germany, which are the countries that show the greatest decline in sentiment. The Mayor has approved £7m grant funding to L&P for an international tourism marketing campaign that includes France and Germany (alongside the USA) as its priority target audiences, which will be launched in the first half of 2022.
<b>Public-sector funding is uncertain</b> .	Strengthening central government relations, as well as relations with UK regions, demonstrating our strong track record and GVA impact.
Private-sector <b>partners</b> , especially in hospitality/tourism, are <b>facing financial constraints</b> .	Bolstering tourism account management capacity to retain and grow member base. NPS tracking in place. Ongoing collaboration with VisitBritain and the London tourism industry to agree a solution that also is favourable for London.
<b>New working and living patterns</b> are redefining the traditional role of city agglomeration for London	Launching an internal project to address the impact of hybrid working.
<b>National security and investment legislation</b> came into force in January 2022.	Monitoring of FDI pipeline and key FDI sentiment reports (such as the EY Attractiveness Survey).
<b>L&amp;P's forecasting ability</b> may result in over- or under-performance.	Stronger operational forecasting and governance via a refreshed governance approach, and systems support enabling clearer prioritisation.

- 4.5. No one involved in the drafting or clearance of this decision has any conflicts of interest to declare. As the Deputy Mayor for Business is Chair of L&P, it has been cleared by the Deputy Chief of Staff.

## 5. Financial comments

- 5.1. The proposed GLA grant of £11.170m to London & Partners has been included within the GLA's budget and spending plans for 2022-23. This grant will assist with London & Partners' 2022-23 strategy including work on London's continued recovery from the pandemic, with this specific budget provision held and project managed within the GLA's Economic Development Unit.

- 5.2. In line with previous arrangements, payments will be made on a quarterly basis subject to satisfactory monitoring of performance against the deliverables approved as part of the 2022-23 business plan (for which approval is also being sought via this Mayoral Decision). This requirement as well as the standard break clauses will be incorporated into the funding agreement to ensure that performance and risk is managed effectively during the duration of the grant agreement.

## **6. Legal comments**

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

6.1.1 the decisions requested of the Mayor fall within the GLA's:

- a. general statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation and social development in Greater London (section 30, GLA Act 1999)
- b. discharge of its duties under section 378 of the GLA Act, to promote tourism to, in and through Greater London

6.1.2 in formulating the proposals in respect of which a decision is sought, officers have complied with the Authority's related statutory duties to:

- a. consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
- b. consult with appropriate bodies.

- 6.2. In taking the decisions requested, as noted in section 3 above, the Mayor must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity, foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it. To this end, the Mayor should have particular regard to section 3 of this report.

- 6.3. Should the Mayor be minded to make the decisions sought, officers must ensure that no commitment to award the funding proposed is made until both the GLA and L&P have executed a funding agreement.

## **7. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Funding agreement signed	April 2021
New business plan initiated	April 2021

### **Appendices and supporting papers:**

Appendix 1 – L&P Annual Business Plan – 2022-23

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

**Part 1 - Deferral**

**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: To allow time to execute the GLA funding agreement for L&P.

Until what date: 25 April 2022

**Part 2 - Sensitive information**

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form - NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Richard Tribe has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Phil Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Richard Watts has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 19 April 2022

✓

**EXECUTIVE DIRECTOR, RESOURCES: Anna Casbolt on behalf of David Gallie**

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

**Signature**

*Anna Casbolt*

**Date**

19/4/22

**CHIEF OF STAFF:**

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

**Signature**

*D. Bellamy*

**Date**

18/4/22