

REVIEW OF GLA FUNDING AND GOVERNANCE OF LONDON & PARTNERS

Economic and Business Policy Unit
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1. INTRODUCTION

1.1 Introduction

In August 2016 the Mayor requested an internal review of London & Partners' (L&P) funding, governance and effectiveness - to ensure that GLA funding contributes to the best possible promotion of London. This is the first such review since L&P was set up in 2011 by the previous Mayor. This paper sets out the background to L&P, the rationale for the review and how it was carried out, and, finally, the recommendations put forward by the review panel.

2. BACKGROUND

2.1 Role of London & Partners

L&P is the official promotion agency for London. It was established in April 2011 by the previous Mayor to attract FDI, visitors and students, merging three formerly separate agencies: Think London, Study London and Visit London.

2.2 Structure and configuration

The objective was to make London's international promotion more efficient and effective and, through establishing L&P as a public-private partnership and an independent not-for-profit company, to afford it an appropriate level of operational freedom with an entrepreneurial, private-sector ethos.

The governance arrangements, as currently configured, seek to achieve these goals. The Mayor is the founding member of the company, but L&P is governed by the L&P Board ('the Board'). The Board comprises twelve directors. The Mayor appoints the chair and one other non-executive director to the Board, and approves the appointment (by the Board) of two executive directors – the chief executive and the executive with responsibility for the financial affairs of the company (see **Annex 1** for further details of Board membership).

2.3 Funding and monitoring

L&P is funded by a combination of sources including a grant from the GLA, fees from their commercial partners, benefits in kind and income from their commercial activities. GLA is its majority funder.

The financial context within which L&P operates has changed substantially since 2011, notably because the split between GLA and non-GLA income is now closer to 50:50 (compared to 80:20 in 2011).

The current GLA Grant Agreement with L&P provides funding for the period up to 31 March 2017 (£10,979,000).

- GLA funding previous years was as follows:
 - 2011/12 - £15,825,000
 - 2012/13 - £13,166,000
 - 2013/14 - £12,865,000
 - 2014/15 - £12,048,000
 - 2015/16 - £12,206,000

Including the current year (2016/17), the Mayor has contributed over £75m from core GLA funds to the promotion of London.

L&P receives its grant subject to the annual business plan being signed off both by the Mayor and the Board. Its performance against KPIs is monitored by the GLA on a quarterly basis, and its work is scrutinised by its Board in quarterly Board meetings.

L&P funds those activities where there is a clear economic case for public intervention and which create the highest net benefits. Wherever possible, this is measured in terms of additional Gross Value Added (GVA) to the London economy. Economic impact evaluation methodologies have been developed by GLA Economics in order to assess the GVA generated by L&P's activities. L&P also has an in-house economist.

3. THE PURPOSE OF THE REVIEW AND HOW IT WAS CARRIED OUT

3.1 Purpose of the review

L&P is now in its sixth year of operation. It is therefore timely to review the previous Mayor's decision to merge three previously separate bodies and establish L&P.

Furthermore, the context for promoting London has changed significantly since L&P was established, in particular because of the result of the EU referendum and increasing competition with other cities. Finally, the Mayor has set out his priorities for London, following his election in May 2016. The Mayor therefore requested an internal review of L&P's funding, governance and effectiveness to ensure GLA funding results in the best possible promotion of London.

3.2 Objective of the review

The objective of the review is to identify how L&P can best support the Mayor's priorities and most effectively promote London.

3.3 How the review was carried out

An internal review panel was set up, chaired by the Deputy Mayor for Business, Rajesh Agrawal. It comprised the following individuals:

- Rajesh Agrawal, Deputy Mayor for Business and Digital (Chair)
- Leah Kreitzman, Mayoral Director, External and International Affairs
- Fiona Fletcher-Smith, Executive Director, Development, Enterprise and Environment
- Mark Kleinman, Assistant Director, Economic and Business Policy (EBPU)
- Hanna Ostling, Principal Policy Officer, International Promotion, EBPU (Secretariat)

The review consisted of six sessions, which considered the topics set out below:

- Configuration and effectiveness of current arrangements
- London's wider promotional landscape
- Funding, governance and transparency
- Measuring success

Independent expert advice was sought from Greg Clark, former member of the Promote London Council and current member of the TfL Board.

Evidence was also contributed from L&P, relevant external bodies and internal GLA teams (see **Annex 2**).

All those to whom the panel spoke and who submitted evidence recognised the key importance of L&P in promoting London. It was noted that, although the organisation works well in general both with City Hall and with key partners, there is scope for it to:

- be more flexible and responsive to the Mayor's priorities
- focus more on its areas of strength
- operate with more clarity about its core functions
- reduce duplication in some cases
- work better in partnership with other organisations in some cases
- Function as a B-To-B brand, rather than B-To-C

The panel wishes to thank Greg Clark and the individuals and organisations to whom it spoke and who submitted evidence.

4. Findings and key recommendations

GOVERNANCE AND L&P'S RELATIONSHIP WITH THE GLA

Recommendation 1: Retain the overall structure, status and funding of L&P

Overall, the review panel finds that the current model with L&P as an independent not-for-profit company with private sector leadership and a remit covering FDI, tourism and students is the most appropriate one, and has contributed to a more effective international promotion of London since 2011. L&P staff at all levels have a good reputation as experts in their field. It has been confirmed that the Mayor will sustain the GLA's grant to L&P at its current level (subject to confirmation via the GLA budget-setting process).

The further recommendations below should be seen as ways of continuing this progress and ensuring L&P is fit for purpose in new and more challenging external circumstances – and to take forward the Mayor's priorities.

Recommendation 2: Agree a clear mission statement

In order to ensure that L&P is directing its resources effectively, it is important to clearly define its remit. The panel proposes the following mission statement:

"London & Partners is the Mayor of London's official promotion agency. Its purpose is to support the Mayor's priorities by promoting London internationally, as the best city in the world in which to invest, work, study and visit. It does this by devising creative ways to promote London and to amplify the Mayor's messages, priorities and campaigns to international audiences. Its mission is to tell London's story brilliantly to an international audience."

London & Partners remit includes the following areas:

1. *Promoting London to international visitors (leisure and business) by:*
 - a. Running L&P's flagship website visitlondon.com
 - b. Delivering high-profile marketing campaigns internationally
 - c. Showcasing its business events offer and running London's convention bureau
 - d. Working with international media to generate positive coverage about London as a competitive, vibrant, welcoming and forward-looking world capital
2. *Promoting London to international prospective students by:*
 - a. Running L&P's studylondon.ac.uk website
 - b. Delivering marketing campaigns to prospective students internationally
 - c. Working with international media to generate positive coverage about London as a competitive, vibrant, welcoming and forward-looking world capital
3. *Promoting London to international companies and investors by:*
 - a. Providing advice and support to international companies considering where to locate and expand their business, securing their investment in London and helping them get established in the city
 - b. Providing advice and guidance to international companies based in London to ensure that jobs are retained
 - c. Delivering marketing campaigns to prospective inward investors internationally
 - d. Aggregating London-wide regeneration and development projects and promoting them to potential overseas investors.

- e. Working with international media to generate positive coverage about London as a competitive, vibrant, welcoming and forward-looking world capital
- 4. Helping London based companies to export internationally, by delivering the Mayor's International Business Programme 'Go To Grow'.
- 5. Leading activities to secure major corporate events in London, and supporting the Mayor's Office to secure major sporting and cultural events.
- 6. Supporting the Mayor's office overseas trips with business engagement

Recommendation 3 – Ensure a balanced L&P Board

The L&P Board plays a vital role in both the governance and setting the strategic direction for the organisation. In the more uncertain economic times ahead, the Board will need a balance comprising members with deep sectoral expertise and knowledge, together with members with broader and more general experience of London's economy. We therefore recommend that an appropriate balance of skills and expertise is struck when recruiting future Board members.

Recommendation 4: Increase the number of GLA observers on the Board

While the Board will remain the governing body of L&P, in line with the mission statement, it is vital that L&P's work aligns fully with Mayoral priorities and supports the wider work of the GLA family in encouraging investment to London. In order to achieve that, the panel recommends that the Mayor be able to appoint an appropriate number of official observers. Observers play a different and complementary role to full board members – namely to add value to Board discussions through their own expertise and knowledge of the Mayor's priorities (and how L&P's work can contribute to them). Decision making will remain with Board Directors.

The review panel recommends that in addition to the Mayoral Director for External and International Affairs, the Deputy Mayor for Culture and the Mayor's Adviser on Business and Digital Policy are also appointed observers. The panel recommends that GLA officers receive Board papers and key documents as a matter of course in order to be able to brief Mayoral representatives – and are able to attend Board meetings as relevant, in the interests of transparency.

The panel considers the current configuration of the L&P Board – in which the Mayor appoints the Chair and one other Board Member – to be appropriate.

Recommendation 5: Introduce more flexible business planning

It is important that L&P is able to plan its work and that it can resource it appropriately. However, it is also essential that L&P can respond quickly and flexibly to priorities which arise in-year, which are an inevitable feature of the context in which it and the GLA operate.

To enable L&P to adapt to flexible requests from the GLA, the panel recommends that a contingency budget of 3 per cent of its annual GLA grant is held back for this specific purpose (at present that would equal around £300,000 per year). The GLA will expect L&P to include a line in its business plan providing for this, and L&P will be measured against its ability to respond effectively to new and urgent requests (see recommendation 14). The amount will not be linked to the costs of specific tasks or activities, but rather, disbursed quarterly on the basis of a satisfactory response to the need for flexibility.

Recommendation 6: Improve quarterly monitoring meetings

The GLA is L&P's majority funder. On that basis, it is essential to maximise the flow of information between the two organisations. This will enhance the GLA's ability to review, feedback on and support L&P's activities (as well as measuring its economic impact – see recommendation 13 on KPIs).

The panel recommends that quarterly 'performance and delivery' meetings are refocused to provide a forward (as well as backward) look, and to which all GLA staff with an interest in L&P's work can contribute. GLA officers will have the opportunity to ask questions and raise concerns with regards to L&P's forthcoming activities for the following three months – and to share information about their own work programmes/the Mayor's priorities for the coming months. The panel also recommends that senior L&P staff meet regularly with relevant GLA staff to discuss work programmes. This will help to ensure that L&P and the GLA are working as one, do not duplicate efforts and that objectives and outcomes are agreed by both organisations. These meetings will also act as a forum which confirms payment of the contingency budget.

The GLA will include a KPI on 'GLA satisfaction/Mayoral priorities implementation' (see recommendation 14 on KPIs).

Recommendation 7: Transparency

The Mayor wants the GLA Group and grant-funded organisations to be as transparent as possible. Transparency relating to the use of public money is also, rightly, a concern of the London Assembly. With regard to L&P it is important to balance the need for transparency with the need for it to operate as a commercial arms-length organisation. The panel is aware that the London Assembly raised these issues with the previous mayor in 2014 and feels that the actions taken by L&P since in response to the Assembly's requests strike the right balance.

Recommendation 8: Mayoral branding

In line with its mission statement to promote London on behalf of the Mayor, the Mayor of London brand should be used along with Visit London for tourism activities, Study London for student activities and London & Partners for business activities (for b-to-b communications).

The GLA will draw up brand guidelines and a process agreement with L&P to ensure that it can use the Mayoral brand and other related brands (e.g. #LondonIsOpen) where appropriate and with agreement from the Mayor's office.

FUNDING, EFFICIENCIES AND STREAMLINING

Recommendation 9: GLA and non-GLA funding

The panel found that the current balance of GLA to other funding is satisfactory. The panel does not recommend that L&P be specifically tasked to increase its non-GLA income beyond the current level.

Recommendation 10: Assets

To assist L&P to deliver the Mayor's priorities, the GLA will increase L&P's free usage of the London Living Room and/or Chamber from two to four times per year.

Recommendation 11: Seek efficiency savings

We recognise that significant efficiency savings have been generated over the past five years by L&P. However, to sharpen L&P's focus on its core aims of promoting London and allow more of

the GLA grant to be used directly to promote London, the panel recommends that the new CEO work with the GLA to explore how further efficiency savings might be made.

Recommendation 12: Avoiding duplication

In order to maximise synergy and ensure that L&P is not duplicating work already being conducted by the GLA, GLA policy leads for each area should have regular meetings with relevant leads at L&P. These might form part of the broader monitoring meetings (see recommendation 6).

MEASURING SUCCESS

Recommendation 13: Streamlining KPIs and improving methodology

The GLA currently measure L&P on KPI's including: total GVA attributed from delivering economic benefit across all sectors; total number of jobs created and supported across all sectors; and total non-GLA grant income generated. While measurement of FDI is satisfactory, the panel recommends that GLA Economics works with L&P to improve methodologies for measuring leisure tourism, business tourism, higher education and media coverage. The panel recommends that measuring the number of jobs "supported" should cease. The panel also recommends that L&P cease to measure AVE, and L&P and the GLA should together explore how media impact can best be measured. Updated KPIs will be introduced as part of the next business planning process from spring 2017.

Recommendation 14: Measuring GLA satisfaction

The panel recommends that L&P be officially measured on the GLA's satisfaction/Mayoral priorities with its quarterly performance, as a KPI. This is by definition a subjective measure but it is used for other L&P customers.

ANNEX 1 – London & Partners Board information

Name		Company	Date Appointed	Last reappointment	Date for Renewal
Jean-Louis	Bravard	Burnt Oak Partners	31/01/2011	17/11/2016	17/11/2017
Kevin Leslie	Murphy	ExCel	31/01/2011	17/11/2016	17/11/2017
Robert	Lechler	King's Health Trust	13/02/2014		13/02/2017
Mark John	Boleat	City of London	19/10/2012	14/07/2016	30/04/2017
Sandie	Dawe	N/A	18/09/2014		18/09/2017
Alan John	Bishop	Southbank Centre	05/10/2011	5/10/2014	05/10/2017
Hilary Susan	Riva	N/A	14/11/2011	14/11/2014	14/11/2017
Anne	Morrison	BAFTA	01/06/2015		01/06/2018
Andrew John	Cooke	London & Partners	18/05/2011		N/A
Rajesh	Agrawal	GLA	04/07/2016		N/A
CEO		To be appointed			
Vacant					

ANNEX 2 - Organisations consulted

MedCity

Launched in April 2014 to promote and grow the world-leading life sciences cluster of England's greater south east, it is promoting life sciences investment, entrepreneurship and industry in the region. The GLA are funding MedCity £1,125m over three years. This year is the third year.

Film London

Film London is the capital's screen industries agency. Film London works to sustain, promote and develop London as a global content production hub, support the development of the city's new and emerging filmmaking talent and invest in a diverse and rich film culture. The GLA are the main funders - this year GLA are providing £1,550,000 to deliver Film London's core activities. Through the LEP, GLA are providing funding of £1,2m over three years to grow investment in the video games sector and relaunch the London Games Festival.

London Chamber of Commerce (LCCI)

LCCI is the capital's largest independent networking and business support organisation. It is one of the five members of L&P. LCCI has an arrangement in place with L&P that companies introduced by them who set up in London are given a year's free membership of the Chamber, and a discount on their subsequent (paid) membership. LCCI's international business team is also a delivery partners in the Mayor's International Business Programme providing a mission-organising service at no charge and allocating staff at up to senior levels to contribute to match funding arrangements.

London First

London First is a non-profit organisation with the mission to make London the best city in the world to do a business. They aim to influence national and local government policies and investment decisions to support London's global competitiveness.

London Councils

London Councils represents London's 32 borough councils and the City of London. It is a cross-party organisation that works on behalf of all of its member authorities to make the case for powers, freedoms and resources to best serve the needs of London's residents and businesses. London Councils does not have a direct role in promoting London. Their role is more closely linked to supporting our borough members in their work around business support, inward investment and tourism. Much of this work is done in partnership with London & Partners.

GLA internal teams:

- Sports
- Culture
- External Affairs
- HR
- Governance
- Finance
- Intelligence
- EBP