

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1641

Title: London 2017 – new governance arrangements

Executive Summary:

Following discussions with the IAAF and the IPC, it is proposed to modify the governance arrangements for the IAAF World Championships and the IPC World Athletics Championships in 2017. This decision seeks approval of these proposed arrangements and delegation of authority for implementing them to the Executive Director, C&I.

Decision:

The Mayor approves:

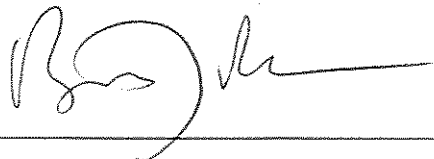
1. the GLA becoming a member, alongside UK Athletics, of London 2017 Limited and London Championships Limited;
2. the delegation of authority to the Executive Director, Communities & Intelligence to approve all further arrangements in relation to the changes in the governance structure between the GLA, UKA, London 2017 Limited and London Championships Limited and any ongoing decisions in relation to the GLA's membership and nominee director positions in those two companies as may be required for the successful delivery of the 2017 IAAF World Championships and the 2017 IPC World Athletics Championships (collectively 'the Championships');
3. the delegation of authority to the Executive Director, Communities & Intelligence to do all things he considers necessary or desirable on behalf of the GLA to secure the successful delivery of the Championships as described in this MD1641; and
4. the delegation of authority to the Executive Director, Communities & Intelligence, to appoint a co-Chair to the Boards of each of London 2017 Limited and London Championships Limited.

Mayor of London

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

The above request has my approval.

Signature:



Date:

22.4.2016

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

Decision required – supporting report

1. Introduction and background

- 1.1 Under MD 875, the Mayor authorised the submission of a bid to the IAAF for the hosting of the WCA 2017 and the signing of the Event Organising Agreement (EOA) for the delivery of the WCA 2017 along with other supporting financial and guarantee arrangements.
- 1.2 The bid was successful and the GLA, UK Athletics (UKA) and the IAAF entered into the EOA for the delivery of the WCA2017.
- 1.3 Under the terms of the EOA a separate delivery company (referred to in the EOA as the OC or Organising Committee) was established by UKA, for the organisation and delivery of the WCA2017: London 2017 Limited. London 2017 Limited is a wholly owned subsidiary of UKA and is funded by way of grant funding from both the GLA and UK Sport (UKS), along with revenue to be generated from the sale of tickets and other commercial activities in relation to the delivery of WCA 2017.
- 1.4 Similarly, under MD1094, subsequently updated by MD1564 the Mayor authorised a bid to the IPC for the hosting of the 2017 IPC World Athletics Championships.
- 1.5 A separate delivery company was established by UKA for the organisation and delivery of the 2017 IPC World Athletics Championships, London Championships Limited. London Championships Limited is a wholly owned subsidiary of UKA and is funded by way of grant funding from the GLA, along with revenue to be generated from the sale of tickets and other related commercial activities.
- 1.6 The governance and delivery plans for the two Championships have been designed to mirror each other as closely as possible. The aim is to ensure that where possible arrangements for the two events can be synchronised in order to maximise the efficiencies and opportunities that hosting them together can bring.
- 1.7 Following discussion by the London 2017 Limited funders and consultation with the IAAF in December 2015, revised governance arrangements were proposed. The IAAF's involvement in this formed part of the IAAF's ongoing governance reviews and restructuring initiatives launched by Lord Coe upon assuming the Presidency. The IAAF's aim is to ensure that the governance of the IAAF as a whole (including its members and the bodies it controls and authorizes) supports ethical conduct, fosters independent decision-making, defines the roles and responsibilities of directors and stakeholders, establishes clear lines of reporting, authority and accountability, and identifies and properly manages conflicts of interest. Organisational structures should be visible and easy to understand both internally and externally, by staff and by stakeholders.
- 1.8 Following discussions between the GLA, UKA, UKS and the IAAF proposals for modified governance arrangements have therefore been agreed.
- 1.9 In order to ensure consistency and for ease of delivery, it has been agreed that the outcomes of the new governance proposal should be applied to London Championships Limited as well as London 2017 Limited.
- 1.10 With the two events taking place in summer 2017, it is critical that the new governance arrangements are implemented as rapidly as possible. Any delay in establishing the new structure is likely to start impacting on the operational delivery of the event.

Governance Proposals

- 1.11 The following key actions have been proposed in relation to the governance of London 2017 Limited:
 - 1.11.1 The GLA become a member of London 2017 Limited;
 - 1.11.2 A GLA-appointed Co-Chair will join the Boards of London 2017 Limited;
 - 1.11.3 A contract is put in place between the GLA, UKA and London 2017 Limited pursuant to which London 2017 Limited will be appointed with responsibility for the delivery of the WCA 2017 in accordance with the relevant obligations of the EOA;
 - 1.11.4 London 2017 Limited will appoint UKA to provide the practical delivery and organisation of WCA 2017.
- 1.12 The full scope of the new proposal is set out in the paper attached at Appendix A. This paper was formally approved by the Board of London 2017 Limited and London Championships Ltd on February 12 2016.
- 1.13 Except in relation to 1.11.3 above, the same proposals are created for London Championships Limited.

GLA's Membership of London 2017 Limited and London Championships Limited

- 1.14 It is proposed that the GLA become a member of London 2017 Limited and London Championships Limited, in addition to having the right to appoint a GLA Director to each Board and having a Co-Chairman.
- 1.15 GLA's liability on becoming a member of London 2017 Limited and London Championships Limited is limited to the amount that is set out in the articles of association. Under the articles this is currently limited to £1 in each case.
- 1.16 By becoming a member of these companies, the GLA will have all the rights and obligations associated with being a member of the companies. Membership will also mean that any changes to the companies or the way in which the companies operate, will have to be agreed by both the GLA and UKA as members of the companies in order for any special resolutions to be passed.

Contractual Arrangements

- 1.17 As part of the governance proposals a contract will be put in place between the GLA, UKA and London 2017 Limited to flow down the obligations and responsibilities set out in the EOA for the delivery and organisation of the WCA 2017 from the GLA and UKA to London 2017 Limited. This is not required for the IPC arrangements as London Championships Limited is already signed up to the Staging Agreement.
- 1.18 London 2017 Limited will then enter into a contract with UKA, which will be responsible for the practical delivery of the WCA 2017. The contract documentation is currently being developed and will set out the services to be provided by UKA, the payment UKA will receive for the provision of those services and reporting requirements of UKA to London 2017 Limited. It should be noted that under the terms of the EOA it is envisaged that London 2017 Limited (as the OC) will be responsible for the practical delivery of the event, rather than this being contracted out to UKA.
 - 1.18.1 London Championships Limited will also enter into a contract with UKA, which will be responsible for the practical delivery of the IPC Championships. The contract documentation is currently being developed and will set out the services to be provided by UKA, the payment UKA will receive for the provision of those services and reporting requirements of UKA to London Championships Limited.

- 1.19 The Board of London 2017 Limited will be responsible for the oversight and scrutiny of the delivery of the services by UKA. This ensures a clear separation of oversight and delivery as between the Board of London 2017 Limited and UKA respectively. The Board of London Championships Limited will have similar responsibilities in relation to the IPC Championships.

IAAF

- 1.20 The IAAF has approved the governance arrangements set out in the proposal at Appendix A.

IPC

- 1.21 The IPC has indicated that they are broadly comfortable with the proposals. There will be further discussions with them in order to ensure that they are fully comfortable with the practical implications of the new arrangements.

Costs

- 1.22 It is possible that there will be some additional costs incurred to the event budget due to the new arrangements. These have not yet been quantified, and it is not anticipated that there will be significant cost implications for the GLA.

2. Objectives and expected outcomes

- 2.1 The main objective in making these changes to the relationships between the parties is to ensure that there is separation between the strategic/oversight function of London 2017 Ltd and London Championships Ltd; and the operational delivery of the events, led by UKA.
- 2.2 The proposals also look to implement the recommendations put forward by the IAAF, and have indeed been approved by the IAAF.

3. Equality comments

- 3.1 The GLA is a public authority which must comply with the Public Sector Equality Duty set out in section 149 (1) Equality Act 2010. This provides that, in the exercise of their functions, public authorities must have due regard to the need to:
- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2 The obligation in section 149(1) is placed upon the Mayor, as decision maker. Due regard must be had at the time a particular decision is being considered. The duty is non-delegable and must be exercised with an open mind.
- 3.3 The Mayor has had regard to the issues set out above in considering whether to approve the proposals set out in this decision and considers that the decision will not give rise to any particular impact on persons sharing protected characteristics. The decision relates purely to the governance arrangements around delivery of the event.

4. Other considerations

In addition to the risks and issues set out in MD875 and MD1094, which still remain relevant, the following risks have emerged, either from the new governance arrangements or from the current state of world athletics:

- 4.1 Corruption and doping scandals in world athletics: Due to the current controversies affecting the IAAF and athletics in general, public esteem for the sport of athletics is at a low ebb. This has the potential to impact significantly on the level of ticket sales and commercial revenue for the Championships. To mitigate this risk, the partners to the event are in ongoing discussions with the IAAF around the support they are providing to the event, both financial and non-financial.
- 4.2 The ability of UKA to deliver: The new governance proposals place the full responsibility for the delivery of both events onto UKA, albeit that under the terms of the EOA, the GLA and UKA are jointly and severally responsible for the organisation and staging of the event on the IAAF's behalf through the OC (London 2017 Limited). This is a challenging requirement and will pose pressures on UKA's capacity and expertise. To mitigate this, the GLA and other partners are thoroughly scrutinising all elements of the UKA staffing plans across both events and the London 2017 Limited Board will be expected to maintain close oversight as preparations for the events move forward. To support the Board, the new governance structure establishes the post of London 2017 Executive Director, whose key responsibility will be to monitor and provide ongoing assurance of UKA's operational delivery of the events.

5. Financial comments

- 5.1 It is not anticipated that there will be any significant cost implications for the GLA.
- 5.2 Any changes to this proposal, including budgetary implications will be subject to the Authority's decision-making process

6. Legal comments

- 6.1 Under section 30 Greater London Authority Act 1999 (as amended) (GLAA) the Mayor has the power to do anything which he considers will further one or more of the principal purposes of the Authority. These principal purposes are set out in s.30 (1) GLAA and are:
 - Promoting economic development and wealth creation in Greater London
 - Promoting social development in Greater London
 - Promoting the improvement of the environment in Greater London
- 6.2 The Authority also has specific functions in relation to the promotion of tourism, which are set out at section 378 GLAA.
- 6.3 The section 30 powers and the section 378 powers are each supplemented by wide incidental powers which allow the Authority to do anything which is incidental or conducive to the discharge of those functions or will facilitate their performance (see s.34 (1) and s.378 (2) GLAA).
- 6.4 MD 875 records that the powers set out above were relied on to submit the bid for the WCA 2017 and to enter into the EOA. The hosting of the WCA 2017 is expected to attract very significant benefits to London in terms of visitor numbers and economic benefits, as set out in MD 875. The proposed new governance arrangements will facilitate and are conducive to the Authority's performance of its role as host of the WCA 2017 (and the 2017 IPC World Athletics Championships) which will promote economic development, wealth creation and tourism in London.

- 6.5 In formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to have regard to the matters set out in section 30 (3) to (5) GLAA
- 6.6 Under the terms of the EOA, the GLA and UKA are required to form the Organising Committee (OC) and then to appoint it formally to assume responsibility for the practical organisation of the WCA 2017. London 2017 Limited is the OC that was formed for this purpose. However, as this decision form makes clear, under the proposed new governance arrangements it will be UKA and not London 2017 Limited that is responsible for organisation and delivery of the event. Whilst the EOA does not appear to preclude this, it should be noted that under clause 3.2 of the EOA any agreements relating to the formation and the appointment of the OC are subject to approval by the IAAF. Furthermore, under clause 4.1.1. the GLA and UKA retain overall responsibility for the organisation and staging of the event and financial responsibility for it.
- 6.7 Under section 38 (1) GLAA , "any function exercisable on behalf of the Authority by the Mayor shall also be exercisable on behalf of the bodies or persons specified in subsection (2) below, if or to the extent that the Mayor so authorises, whether generally or specially, and subject to any conditions imposed by the Mayor." The persons or bodies specified by section 38(2) are (a) the Deputy Mayor and (b) any member of staff of the Authority. As such the proposed delegation in this decision may be approved.
- 6.8 The GLA's liability on becoming a member of London 2017 Limited and London Championship Limited will be limited to £1 as set out in the articles of association for both companies. All other contractual liabilities the GLA has in relation to the Championships remain unchanged. Any changes will be subject to the GLA's normal approval process.

7. Investment & Performance Board

- 7.1 This decision has not been considered by IPB. However, the previous decision on bidding for and hosting the events were considered and approved by IPB.

Appendices and supporting papers:

London 2017 Governance Proposal

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be 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:

Kelhem Salter has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Amanda Coyle has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

Sir Edward Lister has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Ollie

Date

12.4.16

CHIEF OF STAFF:

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

Signature

Edward Lister

Date

13 : 04 : 2016

