

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2264

### Title: London & Partners Three-year Strategy and 2018/19 Business Plan

#### Executive Summary:

London & Partners Limited (L&P) is the Mayor of London's official promotional agency. L&P exists to support the Mayor's priorities by promoting London internationally as a leading world city in which to invest, work, study and visit.

1. L&P has produced a three-year strategy for 2018/19 - 2020/21. This Mayoral Decision (MD) seeks to formally approve the strategy which will allow the drafting of a new three-year funding agreement. The funding agreement will contain a commitment (subject to approval of annual business plans) to funding up to the maximum value of £39,927,000. Given the context within which this strategy has been drafted, L&P has had to realign their priorities to respond to the era of uncertainty following the EU-referendum result and increased competition from other international cities. New priorities for the three-year strategy include:
  - To deliver good growth that supports the Mayor's vision and benefits Londoners;
  - Focusing on retaining businesses and talent;
  - Proactive work in five key markets;
  - Focusing on seven key sectors as identified in the draft Mayor's Economic Development Strategy.
2. This MD also seeks to formally approve L&P's business plan for 2018/19, to allow awarding L&P a grant up to the value of £13,655,000. In line with their three-year strategy, L&P will work to deliver jobs and growth in London by attracting (and retaining) investment, students and visitors.

#### Decision:

That the Mayor:

1. approves:

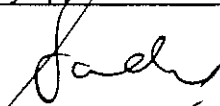
- a) London and Partners Limited's (L&P) three-year strategy and GLA commitment to funding up to the value of £39,927,000 over three years (subject to the approval of annual business plans); and
- b) L&P's proposed business plan for 2018-19 and funding for L&P up to the value of £13,655,000 for 2018/2019, from the £39,927,000.

#### 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:

21/3/18

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

### Decision required – supporting report

#### 1. Introduction and background

##### Introduction

##### **London & Partners' three-year strategy**

- 1.1 London & Partners Limited (L&P) has produced a three-year strategy for 2018/19 - 2020/21. This has been reviewed by GLA officers and it is proposed for approval by the Mayor. Following such approval, if forthcoming, it is proposed the GLA commits, through a three-year funding agreement, to fund L&P up to the maximum value of £39,927,000 for three years (subject to approval of annual business plans).

2018/19	2019/20	2020/21
£13.655m	£13.136m	£13.136m

##### **London & Partners' 2018/19 Business Plan**

- 1.2 In line with L&P's three-year strategy, L&P has produced a business plan for 2018/19 which will work to deliver jobs and growth in London by attracting (and retaining) investment, students and visitors. Following review by GLA officers, it is proposed for approval by the Mayor. Following such approval, if forthcoming, it is proposed the GLA grants L&P funding up to a maximum value of £13,655,000 in respect of year 2018/2019.

##### Background:

- 1.3 L&P is funded by a combination of sources including a grant from the GLA, other grants, fees from their commercial partners, benefits in kind and income from their commercial activities.
- 1.4 Including the current year (2017/18), the Mayor has provided over £85m from the GLA budget to L&P for the promotion of London since 2011. L&P receives its grant subject to the annual business plan being approved by the GLA. Its performance against KPIs is monitored by the GLA on a quarterly basis, and its work is scrutinised by the L&P Board in quarterly Board meetings, the GLA attending as observers at such meetings.
- 1.5 L&P funds those activities where there is a clear economic case for public intervention. Wherever possible, this is measured in terms of additional Gross Value Added (GVA) to the London economy. So far, since its inception in 2011, L&P has (up to December 2017):
- Added over £1.8bn to London's economy on a GLA investment of £69 million;
  - Created over 35,400 jobs;
  - Helped 1,800 overseas companies to set up and expand in London;
  - Generated more than 81,000 pieces of positive publicity for London – particularly, as a cultural power house (the main driver for tourism), a technology hub (London's fastest growing cluster, creating 1 in 3 new jobs) and a life sciences hub (following significant public-sector investments);
  - Leveraged additional funding for promoting London – non-GLA funds now account for half of London & Partners activity compared to around a quarter when London & Partners was established;
  - L&P has been ranked in the Sunday Times Best 100 companies to work for in each of the last four years.

This work has helped London to perform strongly including:

- Four all-time record years for tourism;
- London retaining the No.1 ranking for international students;
- London being the leading destination for FDI in Europe – over the past 3 years, London attracted almost twice as many investment projects as any other European city (1.98x more projects than Paris);
- London is the number 1 city for business in a wide range of rankings including: PWC City of Opportunity Index; Z/Yen Global Financial Centres Index; Mori Memorial Foundation Global Power City Index.

## **Objectives and expected outcomes**

### **London & Partner's 3-year strategy**

1.6 L&P's three-year strategy has been drafted within the context of:

- Brexit, which is causing uncertainty in the short-to-medium term;
- Increased global competition and more sophisticated marketing by London's competitors;
- Changes to the way people get information from and share opinions - social media and personal advocacy is an increasingly important channel to reach L&P's audiences;
- The recent terror attacks raise concerns around London's safety.

1.7 To that end, the strategy's focus, how it will operate and outcomes have changed to:

- Focus:
  - L&P's resources are limited thus proactive work will be concentrated in five key markets which will make a real difference. These are: China, US, India, France and Germany;
  - Defined and consistent target audiences;
  - Clear prioritisation of seven sectors where London is strongest and will benefit the most, as identified in the draft Mayor's Economic Development Strategy: tech, life sciences, urban, financial and business services, tourism and culture and creative industries;
  - Intervene in the audiences' journeys mostly before and during decision, to influence them to choose London.
- How L&P will operate:
  - Partnerships that will achieve outcomes for London;
  - Teams work more closely together.
- Outcomes:
  - Growth where there is capacity, in target sectors;
  - Retain existing growth as well as winning new.

### **London & Partners' 2018/19 Business Plan**

1.8 L&P has produced a business plan for 2018/19, which, will work to deliver jobs and growth in London by attracting (and retaining) investment, students and visitors.

1.9 L&P's new mission statement and objectives are:

- *London & Partners is the Mayor of London's official promotional agency*
- *We exist to support the Mayor's priorities by promoting London internationally as a leading world city in which to invest, work, study and visit*

- *Our work helps achieve ‘good growth’ for London and Londoners, as outlined in the Mayor’s economic development strategy*
- *We do this by focusing on:*
  - *Building London’s international reputation*
  - *Attracting international audiences and convincing them to choose London*
  - *Guiding international audiences to make the most of all that London has to offer*
  - *Helping to retain and grow London’s businesses*
- *We tell London’s story brilliantly to an international audience and we do this in partnership with organisations and people who have a stake in London’s international promotion.*

1.10 The highlights of L&P’s 2018-19 business plan include:

- Using highly targeted marketing communication to influence businesses and talent to stay in London;
- Establishing a stronger core market presence by opening new offices in Paris, Berlin, Bangalore, Shenzhen and Chicago and additional resource in the existing San Francisco and New York offices (to also cover FDI from Toronto);
- Better coordination of London-based resource to join up business retention activity with GLA and the City of London;
- Utilise major events to reinforce and evolve London’s brand as well as sports partnerships to create mass reach and engagement;
- Pursue more overseas based partners or those with global reach to amplify London content to audiences in core markets.

1.11 A summary of L&P’s KPIs and targets are set out below:

**Key KPIs** in bold

Strategic Objective	KPIs	
	Measure	Proposed Target
Retention <ul style="list-style-type: none"> <li>• Retaining businesses and talent who may be affected by Brexit</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Retained jobs in key sectors</b></li> <li>• Talent measure to be developed</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1,000 jobs</b></li> <li>• To be set end Q1</li> </ul>
Good Growth <ul style="list-style-type: none"> <li>• Attracting international audiences and convincing them to choose London</li> <li>• Supporting innovative international businesses to grow and/or internationalise</li> <li>• Ensure growth brought to London is good growth</li> <li>• Supporting innovative international businesses to grow and/or internationalise</li> <li>• Ensure growth brought to London is good growth</li> <li>• Attracting investment into regeneration</li> </ul>	<p><b>For FDI, Trade, Growth, Business Tourism, Major Events and Students:</b></p> <ul style="list-style-type: none"> <li>• <b>GVA</b></li> <li>• <b>GVA in key sectors</b></li> </ul> <p><b>For Leisure</b></p> <ul style="list-style-type: none"> <li>• <b>New measures to be developed</b></li> <li>• <b>Visitors to grassroots music venues</b></li> </ul> <p>For Regeneration</p> <ul style="list-style-type: none"> <li>• New measure to be developed</li> </ul>	<ul style="list-style-type: none"> <li>• <b>£190m GVA</b></li> <li>• <b>80% from key sectors</b></li> <li>• <b>To be set end Q1</b></li> <li>• To be set end Q1</li> </ul>

## **2. Equality comments**

- 2.1 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 as well as 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.
- 2.2 The GLA is aware that it cannot delegate its responsibility under the Equality Act, and will expect L&P to ensure that all programmes, policies and functions are as inclusive as possible, consider the appropriateness of completing a proportionate Equality Impact Assessments where appropriate, taking steps to mitigate the exclusion of any protected groups identified that should fall within the remit of their work. This will apply to L&P's new strategy which is focused on supporting the Mayor's agenda to support London and all Londoners.
- 2.3 Much of L&P's trade and investment services are focused on supporting SMEs to set up, expand or internationalise. The GLA has compiled a comprehensive collation of a wide range of evidence by policy area for the protected characteristics identified in the Equality Act. Our research in the, 'Equality, Diversity and Inclusion Evidence Base', identifies that SMEs face particular barriers including access to finance, access to markets, and access to management. L&P should consider these barriers when developing and delivering supporting interventions.

## **3. Other considerations**

### *Links to Mayoral priorities*

- 3.1 The 3-year strategy and business plan are fully in line with the draft Mayor's Economic Development Strategy, which recognises the importance of promoting London internationally, to maintain London's global competitiveness, which helps to drive the city's economy.

### *Key risks and issues*

- 3.2 Brexit uncertainty continues and could affect L&P's all three business lines including FDI, students and tourism (including business tourism).
- 3.3 Delivering the strategy will require changes in London & Partners' people, processes, systems & infrastructure and data & information. Specific resource has been allocated in L&P's budget to implement these changes which will result in the business focusing on the highest value activities and to partner more effectively externally to scale its work.
- 3.4 The new focus in the strategy means that some different measures are needed for new areas of activity. These measures and associated targets will be agreed with between GLA and L&P in the first half of the year.

## **4. Financial**

- 4.1 As part of the 2018-19 GLA budget process, budget provision totalling £39.927m over three financial-years has been allocated for the proposed three-year funding agreement with London & Partners (L&P), profiled as follows:
- 2018-19 - £13.655m
  - 2019-20 - £13.136m
  - 2020-21 - £13.136m

4.2 It should be noted, that while the GLA will enter into a three-year funding agreement with L&P, the annual draw-down of the grant will be subject to approval of L&P's annual business plan, and in year quarterly payments will be subject to satisfactory monitoring of performance against the approved business plan. 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.

## 5. Legal comments

5.1 The preceding sections of this report indicate that:

5.1.1 the decisions requested of the Mayor (in accordance with the GLA's Contracts and Funding Code) fall within the GLA's 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); and

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

- pay due regard to the principle that there should be equality of opportunity for all people (further details on equalities are set out in section 2 above) and compliance under section 149 of the 2010 Act (see above);
- 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; and
- consult with appropriate bodies.

5.2 The decisions requested of the Mayor (in accordance with the Authority's Contracts and Funding Code) fall within the statutory powers of the GLA. Under section 378 of the GLA Act, the GLA has a duty to promote tourism to Greater London and the approval of the Business Plan of London & Partners together with grant funding from the GLA can fairly be anticipated as promoting tourism to London.

5.3 Sections 1 and 2 above indicates that the contribution of up to [£39,927,000] to London & Partners amounts to the provision of grant funding and not payment for services. Officers must ensure that the funding is distributed fairly, transparently, in accordance with the GLA's equalities policies and in a manner which affords value for money in accordance with the Contracts and Funding Code.

5.4 Officers must ensure that a grant funding agreement is put in place between and executed by the GLA and London & Partners (seeking support from Legal as appropriate) before any commitment to fund is made.

## 6. Planned delivery approach and next steps

Activity	Timeline
Approval	March 2018
Drafting of new three-year Funding Agreement	March 2018

### Appendices and supporting papers:

Annex 1 - L&P three-year Strategy

Annex 2 - L&P 2018/19 Business Plan

**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:**

Hanna Ostling has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

David Bellamy 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 the 19 March 2018

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Allen*

Date

19.3.18

**CHIEF OF STAFF:**

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

Signature

*D. Bellamy*

Date

19/3/2018.

