

COMMERCIAL IN CONFIDENCE

MINUTES OF LONDON & PARTNERS BOARD MEETING Thursday 20 February 2020 | 9.00 am – 1.00 pm London & Partners, 2 More London Riverside, London SE1 2RR

Present:

Directors:

Rajesh Agrawal, Chairman (RA)
Laura Citron (LC)
Andrew Cooke (AC)
Tamara Rajah (TR)
Robert Lechler (RL)
Chris MacLeod (CMac) (for Mike Brown)
Massy Larizadeh (ML)
Mark Taylor (MT)
Jo Wright (JW)
Sacha Romanovitch (SR)
Catherine McGuinness (CM)
Sandie Dawe (SD)

Management Committee:

Julie Chappell (JC)
Rose Wangen-Jones (RW)
Allen Simpson (AS)

Minutes

Gill Manners (GM) L&P

Additional attendees

Anna Burman (AB) L&P
Nick Patterson, Union Street Partners
Luke Bruce (LB), GLA
Richard Tribe (RT), GLA
Helen Simpson (HS), GLA
Naomi Stirling (NS), GLA

Observers:

Ben Johnson (BJ), GLA
Leah Kreitzman (LK), GLA
Justine Simons (JS), GLA

Apologies:

Mike Brown (MB)

1. Welcome and Apologies

- 1.1 Apologies were received from Mike Brown. The Chairman welcomed Chris MacLeod standing in for Mike.
- 1.2 The Chairman noted that Justine Simons needed to leave the meeting at 11.30 am and Sacha Romanovitch at 12.00.
- 1.3 The Chairman welcomed Luke Bruce, Interim Head of Economic Development, GLA, who has replaced Nabeel Khan.
- 1.4 The Chairman welcomed, as observers to the meeting, Naomi Stirling, Senior Marketing Officer, GLA and Helen Simpson, EUROS 2020 Operations Lead, GLA. The Chairman informed the Board that Naomi and Helen are participating in City Hall's "Our Time" programme designed to help women to progress to Senior Leadership Roles. Leah is Naomi's Champion and Andrew is Helen's Champion.
- 1.5 The Chairman noted that this was Robert Lechler's last Board meeting before stepping down. The Chairman thanked him for his support to the Board and the executive team over the last six years.

2. Declaration of Interests

- 2.1. The Board noted that Sandie Dawe and Jo Wright have both updated their Declaration of interests.
- 2.2. Sacha Romanovitch advised the Board that she has taken on a Non-Executive Director role of Co-Chair of the Inclusive Economy Partnership.

3. Minutes of last Meeting

- 3.1 The minutes of the Board Meeting held on Thursday 21 November 2019 were approved.

4. Matters Arising

- 4.1 The Chairman invited Andrew Cooke to update the Board on the investigations relating to the former Mayor of London and Jennifer Arcuri.
- 4.2 Andrew Cooke advised the Board that the IOPC investigation is ongoing. Further information has been requested from London & Partners and the investigators are interviewing some ex London & Partners employees. No time scale on the conclusion of the investigation has been given.
- 4.3 Andrew Cooke advised that if no further action is recommended following the conclusion of the IOPC investigation, London & Partners will be obliged to release information previously redacted.
- 4.4 Allen Simpson advised the Board that London & Partners has a media plan and a plan in place to protect individuals affected in the organisation which are aligned with the GLA plans.
- 4.5 Andrew Cooke advised the Board that the GLA investigation, led by the General Counsel of the London Fire Brigade, has concluded and the findings published. London & Partners has made the recommended changes and responded to the Mayor.

ITEMS FOR DISCUSSION

5. CEO's Report

- 5.1. Laura Citron advised the Board that since the last meeting she has been largely focussed on income (including HUMAN) business planning and Brexit. The first two items are covered in the rest of the Board agenda and Laura Citron therefore presented updates on London & Partners Brexit activity and an update on London & Partners response to Coronavirus.

5.1.1. Brexit – acute management update

The Board was advised that Allen Simpson led London & Partners acute management work. A cross-organisational project team has been working with him across the various work streams. The 31 January date was fairly uneventful because of the transition period. The engagement work with media, partners and clients was still valued and valuable.

London and Partners also worked with key partners to coordinate positive messages, including participation in the GLA Brexit work, and leading the London & Partners convened London financial services coordination group.

Laura Citron proposed that Allen Simpson bring a paper to the June Board meeting which reflect on the operation that London & Partners ran until 31 January 2020, what London & Partners thinks is the likely impact at the end of 2020 and London & Partners response plan.

At a recent Mayoral visit in Brussels it was very clear that the European Union is not expecting an extension request from the UK in June.

It was confirmed that Brexit activities have been included in the budget for next year.

ACTION: An update on London & Partners operation and response plan to be provided at the next Board meeting.

5.1.2. **Coronavirus**

The Board was advised that Andrew Cooke and Julie Chappell lead on the response to our operations, ensuring the wellbeing and safety of all London & Partners staff including those overseas. Laura Citron thanked Andrew Cooke and Julie Chappell for their work and reassurance to London & Partners staff.

Allen Simpson will cover the impact on trade and income in the business plan presentation.

Laura Citron advised the Board that the priority is to look after London & Partners own teams, be agile and respond to the situation as it happens.

The effect on major sports events in London scheduled this year was discussed.

The value of a lecture by the Chief Medical Officer, Chris Whitty, was debated.

6. Financial Director's Report

6.1. The Chairman invited Anna Burman to give the highlights of her report on the financial health of the company.

6.2. Anna Burman presented a summary showing the consolidated profit & loss account for the three quarters ended 31 December 2019 and the forecast for the full year compared to budget.

6.3. The following points were noted:

- Total grant funding is higher than budget due to the additional GLA grant for Domestic Tourism
- Total Commercial income is on budget at Q3 but forecast to be slightly lower than budget at the end of the year (the variance is larger when compared to target rather than budget)

- The exceptional income from the change in Dot London contract with its Registry Service Provider was realised in December 2019 and all related payments have been received. This means that total income and surplus for the period and the full year are significantly over budget.
- Costs are below budget at Q3 and to a lesser extent in the full year forecast due to adjustments made in the year in response to the predicted income shortfall and savings in a number of programme and platform areas
- Any surplus at the end of the year will be rolled forward into reserves for future years
- The net asset and cash positions forecast at 31 March 2020 are strong. Reserves carried forward are planned to be utilised over the next 2 years to fund L&P's business plans while other income streams are grown/established to replace Dot London when it reduces. In the meantime, it also provides a buffer in the uncertain environment if additional activity costs are required to respond to events.

The potential impact on the budget of the following areas was noted:

- HUMAN – up to £450k of irrecoverable costs if the event does not go ahead
- Office move – cash outflows for fit out costs will be covered by the rent-free period negotiated and existing cash balances. Costs have been budgeted where possible and any others will be funded from reserves.
- Impact of Coronavirus – programme costs for China audiences will be reviewed in advance of spend on an ongoing basis. No adjustment has been made to budgets yet, but the largest activity costs are in Q3 and Q4 of 2020/21
- Business plan – the budget has been adjusted since the draft in November but has not changed significantly.

The Board asked whether it would be prudent to set a more formal reserves policy with a figure allocated to the amount that should always be kept in reserves for contingencies. This will be discussed with the Audit & Finance Committee at the next meeting.

7. Audit and Finance Committee

7.1. The Chairman invited Jo Wright to update the Board on the meeting of the Audit and Finance Committee on Wednesday 12 February 2020.

7.2. Jo Wright advised the Board that the Audit and Finance Committee noted that the organisations financial strength is very strong with a good cash buffer in the near future.

7.3. The Board was advised that the Audit and Finance Committee discussed the pressure on London & Partners costs base by salary costs / benchmarking.

7.4. The Audit and Finance Committee noted that grant income is fine at the moment, but it was noted could be affected by uncertainties with Brexit, ERDF and GLA grants.

7.5. It was noted that commercial income in some areas was good.

7.6. Jo Wright advised the Board that the Audit & Finance Committee noted that meaningful cost savings on the office move were now essential.

8. London & Partners Ventures/Dot London Domains

8.1. The Chairman invited Tamara Rajah to feedback on the meetings of the London & Partners Ventures and Dot London Boards on Wednesday 19 February 2020.

Dot London Domains

8.2. The Board was informed that the £1 offer had not delivered so far.

8.3. The Dot London contracts are now all signed and amounts due from MMX under the contract have been received with no issues.

8.4. Tamara Rajah advised the Board that London & Partners is under contract with MMX until next August. The Dot London Board will begin work on selecting new partners towards the end of the year. The Board was advised that Fiona Mulliner is looking at new strategies.

London & Partners Ventures

8.5. Tamara Rajah advised that the current performance of domestic tourism is good.

8.6. The Board is discussing reviewing the domestic tourism initiative in more detail in particular the resource required in building relationships.

VisitLondon.com

8.7. The Board was advised that there has been an increase in organic traffic coming to the site over the last year. The London & Partners Ventures Board agreed the overall priority was to generate income. The Board did not sign off the proposed approach to blend e-commerce and advertising. It was agreed to review a more single-minded approach with one revenue stream.

8.8. The London & Partners Ventures Board agreed to look at short- and long-term strategies. Further discussions will be held over the next few weeks.

8.9. The Board discussed digital technology platforms where there was less physical travel and more digital business. It was discussed how London could be positioned as an alternative option convening digital conferences.

8.10. It was noted that London & Partners needed to think carefully about the interests of its partners and stakeholders and what drives their businesses. Incorporating this into London & Partners business plan was discussed.

- 8.11. Laura Citron advised the Board that the work on the Domestic Tourism campaign needed to be reviewed to ensure that London & Partners was not over servicing and the campaign becoming a resource drain for London & Partners.

9. Nomination Committee

The Chairman invited Massy Larizadeh to update the Board on the London & Partners Non-Executive Director recruitment.

- 9.1. The Board was advised that interviews are in process for 2 new London & Partners Board members. Three candidates have been interviewed with a fourth interview on 25 February.
- 9.2. The lack of BAME candidates has been noted. The roles have been advertised on NuRole and Inclusive Boards.
- 9.3. Massy Larizadeh advised that the Board that candidates are not proving to have the level of experience that is being sought for the roles. It was suggested that Board members could mentor new members if they fitted the criteria required but lacked Board experience.
- 9.4. Board roles were discussed in respect of the majority being pro bono. The Board debated whether an annual stipend or expenses could be paid.
- 9.5. Laura Citron noted how active all the London & Partners Sub Committees had been since the last Board meeting and thanked the Board for their support and work.

10. Review of Overseas Markets

Miriam Ducke, Chief Representative, Germany and Nora Gherbi, Chief Representative, France joined the meeting.

Hemin Bharucha, Chief Representative, India and Bingbing Zhao, Chief Representative, China joined the meeting by video conference.

- 10.1. The Chairman invited Julie Chappell, Managing Director, Markets, to introduce the Chief Representatives of London & Partners five core markets in person and joining by video conference. Julie Chappell introduced the Chief Representatives to the Board.
- 10.2. Julie Chappell informed the board that in the last two years, London & Partners has doubled its international presence with the opening of new offices in Paris, Berlin (satellite office in Munich), Shenzhen, Bangalore, Chicago and Toronto – augmenting London & Partners established offices in San Francisco, Los Angeles, New York, Mumbai Beijing and Shanghai.
- 10.3. Allen Simpson presented an FDI comparison of London Partners to FDI Markets 2019. The Board was advised that London's share dipped after the referendum, but has continued a strong trajectory in terms of project numbers overall. It has seen some recovery of share and still attracts 1 in 10 of all FDI projects into Europe.

China

- 10.4. Bingbing Zhao introduced the Board to the China Markets team and outlined some of their recent wins and activities.
- 10.4.1. The China team supported 4 MIBP missions and other GLA & London Organisations' China visits.
- 10.4.2. Drew up the China Marketing Strategy to attract and influence Chinese tourists and students.
- 10.4.3. In 2018/19, 29M GVA, 2019/20 12M GVA (another 9M expected).
- 10.5. Bingbing Zhao presented a summary of China opportunities and challenges.

Opportunities

- *China-US trade dispute* - China and the UK share same innovation-driven development. China-UK cooperation could cover the complete chain of innovation, from basic research to commercialisation
- *China-UK innovation* - China and the UK share same innovation-driven development.
- *China-UK education and cultures* - Ever-closer exchanges and cooperation between China and the UK in education, culture, sports and tourism, all bring business opportunities.

Challenges

- *China economic slow-down* - China is showing signs of economic slow-down partly due to the strained US trade relationship. There are also strong incentives for Chinese companies to grow domestically. Brexit uncertainty is never good for business and has made some investors approach slowly and be more thoughtful in their decision making including paying more attention to other European cities who have stepped up their efforts
- *Tech security concerns*
- *Coronavirus* - not just an unfortunate public health event, the economic consequences — both in China and globally — could well prove more severe. Chinese GDP is estimated to 5-5.6%, 0.5-1% lower to the expectation before the epidemic, the first Q could be 2% lower to 4%. Impact on FDI as well as tourism & education in London

India

- 10.6. Hemin Bharucha introduced the Board to the India Markets team and outlined some of their recent wins and activities.
- 10.6.1. GVA £29.5 billion
- 10.6.2. Indian companies invest more in the UK than the rest of the world combined.
- 10.6.3. The India Markets team has focussed on sectors that align with London. Focusses for next year are gene tech, AI and FinTech.
- 10.6.4. An increase of 35% of Indian students going to London to study.
- 10.7. Hemin Bharucha presented a summary of India opportunities and challenges.

Opportunities

- *Clean tech and smart technologies.*
- *Well-funded scaleups*
- *Brexit is a perceived opportunity.*

Challenges

- *India economic slow-down*
- *Visas and immigration* – Hemin Bharucha advised the Board that it is a complicated process following the change in immigration rules
- *Domestic focus*

10.8. It was noted that a joint UK and India financial services conference is taking place in April. Laura Citron confirmed that London & Partners can help with promoting the event but cannot be involved in policy decisions.

Germany

10.9. Miriam Ducke introduced the Board to the German Markets team and outlined some of their recent wins and activities.

10.9.1. The Board was informed that many start ups and scale ups later become unicorns.

10.9.2. Completed 7 FDI projects – awaiting feedback forms

10.9.3. The team are working on a further 6 FDI projects that they are confident will be landed in 2021.

Opportunities

- *London advocates and partners* - Amplify positive stories with London Ambassadors and become trusted local ecosystem partners.
- *Availability of funding* - Public and private funding support for scale ups available ie:10bn fund, German Accelerator etc
- *Mature scaleup ecosystem* - Germany's maturing scale up ecosystem (accelerators, corporate and specialist co-working spaces) offers f2f access to vast amounts of German and international growth businesses.

Challenges

- *Brexit* - uncertainties during transition period, market instabilities in the UK as well as changes in perception of the UK and impact on London
- *Desire to scale quickly/bigger in other continents such as Asia* – German companies aiming for larger and less saturated/competitive markets like Asia/China, US or domestic EU27
- *The strength and agility of L&Ps FDI offer versus business demand* – capital corporate and profile building

France

10.10. Nora Gherbi introduced the Board to the French Markets team and outlined some of their recent wins and activities.

10.10.1. Completed 4 FDI projects – awaiting feedback forms

10.10.2. Trade: an increased focus on the Trade component of our activity, embodied in the recent successful MIBP Mission to Paris in January 2020

10.10.3. Brexit: overarching concern for the last year and a half, and unlikely to dissipate soon as there is a perception that the 'real', difficult talks are only just starting

Opportunities

- “Macron effect” - : 'start-up nation', French Tech label, Next40, Next120, €5 billion late-stage investment pledge from institutional investors
- *France strong and varied corporate landscape CAC40*
- *Tech for Good*

Challenges

- *Brexit*
- *Disruption eg Gilets Jaune, strikes*
- *Lack of French workforce diversity, risk aversion*

10.11. It was noted that the Paris and London Mayoral elections are taking place in May. Should the current Mayors be re-elected a joint event was proposed during LTW / Vivatech week.

10.12. A possible screening of Euros 2020 for French residents in London was discussed should the French team progress to the semi-finals.

North America

10.13. Julie Chappell introduced the Board to the North America Markets team and outlined some of their recent wins and activities.

10.13.1. The Board was advised that the biggest GVA driver is Chicago.

10.13.2. The North America Markets team are working actively with MIBP welcoming many missions to the US and Canada.

Opportunities

- *City to city collaboration*
- *Economic confidence – good for trade*
- *Innovation synergies – AI, deep tech, creative*

Challenges

- *Federal elections*
- *Brexit doubts – regulation*
- *Competition from European cities*

10.14. It was agreed that the London & Partners Market teams are based in the right markets at this time.

10.15. The Board was advised that a new gender equality network with LA the founding city has been set up, including Tokyo, Freetown and London. The first meeting is scheduled in March.

10.16. The Chief Market representatives were asked if they felt supported and part of the London & Partners family. The Chief Representatives confirmed that the support from London was good, technology enhanced the relationships with the team in London.

Miriam Ducke, Chief Representative, Germany, Nora Gherbi, Chief Representative, France, Hemin Bharucha, Chief Representative, India and Bingbing Zhao, Chief Representative, China left the meeting.

11. 2 More London Lease Expiry

Nick Patterson, Union Street Partners (Chartered Surveyors), joined the meeting

- 11.1. The Chairman invited Andrew Cooke to update the Board on progress in identifying a preferred property option given he lease expiry at 2 More London at the end of this calendar year.
- 11.2. Andrew Cooke introduced Nick Patterson, Union Street Partners.
- 11.3. Andrew Cooke advised the Board that following conversations with the Landlord, it is felt that it is unaffordable for London & Partners to stay at 2 More London long-term. The recommendation to the Board is that London & Partners moves office. The Board agreed.
- 11.4. Andrew Cooke summarised the short list of potential alternative properties that have been viewed by the Management Committee and a subgroup of staff.
- 11.5. The Board agreed with the assessment of the four original shortlisted options and Devon House the preferred option.
- 11.6. The Board agreed that the executive team should continue to explore the feasibility of County Hall as an option.
- 11.7. The Board agreed with the approach to procurement of professional advisers
- 11.8. The Board agree with the approach to staff engagement and project management.
- 11.9. During the discussion on the long-term ambition to align with the GLA family property portfolio it was noted that as this is likely to be difficult to achieve in the time-scale needed for London & Partners immediate needs, it could be considered in the future as long as the new lease includes a break clause for flexibility, which is anyway the intention.
- 11.10. The Board thanked Andrew Cooke and commended the work that has been carried out to date.

12. Review of Income

- 12.1. The Chairman invited **Laura Citron** to give an overview of the income sources and the approach to overcome some of the short-term challenges.
- 12.2. Laura Citron presented an overview of London & Partners' non-GLA income streams, the challenges on income generation, London & Partners proposed approach and progress to date.

- 12.3. Laura Citron informed the Board that London & Partners should be able to resolve some of these issues in the near term. Others required more fundamental change, which will come through the strategy refresh.
- 12.4. The Board was advised that London & Partners is working through the near-term issues now, by implementing an Income Action Plan presented in the supporting documentation.
- 12.5. The Board thanked Laura Citron for a very clear presentation.

Catherine McGuinness and Sacha Romanovitch left the meeting

13. London & Partners Business Plan 2019/20

- 13.1. The Chairman invited Allen Simpson to outline the changes in this final version of the business plan.
- 13.2. Allen Simpson updated the Board on developments in London & Partners' business planning for 2020-21, building on the paper presented at the last Board meeting. Allen Simpson advised the Board that this final version represents London & Partners' final recommendations for planning the next financial year.
- 13.3. The Board were advised that the business plan did not deviate in material ways from the work presented at the last Board meeting. It has been subject to input and scrutiny by the GLA.
- 13.4. Allen Simpson updated the Board on London & Partners understanding of the context London & Partners will be operating in for the next financial year, final proposals on delivery targets and final activity focus proposals.
- 13.5. Allen Simpson was asked if there was a more simplistic way to measure job numbers/students. He confirmed that London & Partners publishes job numbers and could share this data.
- 13.6. It was noted that one of the key barriers could be potentially less conference venues in London such as the QEII Conference Centre.
- 13.7. The Board agreed that aiming for maintaining targets was sensible.

The Board agreed and signed off the Business Plan.

14. HUMAN event update

- 14.1. The Chairman invited Laura Citron to give an update on progress.
- 14.2. Laura Citron informed the board that HUMAN was currently in active fundraising mode, continuing until April. Funding was discussed at the Audit & Finance Committee. Further work is still to be done.

- 14.3. The Board were advised of a major development. Dentsu have expressed interest in being a corporate investor and have indicated that they would like to acquire HUMAN.

15. Any Other Business

- 15.1. The Chairman reminded the Board of the reception with London & Partners staff at London's Living Room, City Hall on Tuesday 3 March from 5.30 – 7.00 pm as part of the Staff Conference.
- 15.2. The Chairman and the Board thanked Robert Lechler for his support to the Board and the executive team over the last six years.

The meeting concluded at 12.27

The next meeting Board meeting: Thursday 4 June 2020, 09.00 – 13.00.