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COMMERCIAL IN CONFIDENCE

DRAFT MINUTES OF LONDON & PARTNERS BOARD MEETING

Thursday 22 September 2022 | 10.00 am – 12.00 pm
Hybrid meeting

Directors

Rajesh Agrawal (RA)
Laura Citron (LC)
Allen Simpson (AS)

Management Committee

Janet Coyle (JO)
Rose Wangen – Jones (RWJ)

Mark Taylor (MT)
Massy Larizadeh (MT)
Dominic Field (DF)
Jo Wright (JO)
Manju Malhotra (MM) VIA TEAMS
Reza Razavi (RR)

Minutes

Ifeoluwa Osunbunmi (IO)

Additional attendees

Nayan Rughani (NR)
Nick Powell (NP)

Observers

Ben Johnson (BJ) GLA
Sarah Brown (SB) GLA

Apologies

Chris Hayward (CH)
Tamara Rajah (TR)

Welcome and Apologies for absence

1. The chairman welcomed everyone present and those joining virtually.
2. Apologies were received from Sarah Brown, Tamara Rajah

Declaration of interest

3. There were no declarations of interest noted

Minute of last Meeting

4. The minutes of the board meeting held on 19 May 2022 were approved

Matters Arising

5. There were no matter arising

ITEMS FOR DISCUSSION

CEO's Report

6. CL gave a highlight on her report and stated the main conversation will be on the changes to the international market footprint.

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7. There were discussions around making changes to reduce resources in China.
8. Changes in China were approved by the board.

Finance Director's Report

9. The group has delivered a significant overperformance against financial plan. The Period 4 outturn is £486k favourable against plan pre-tax (£149k surplus v £337k deficit) and £473k favourable against plan post tax (£88k surplus v £385k deficit) and this is largely due to market recovery being more conservative than had been assumed during planning. We had set out in Business Planning that there would be a full recovery and whilst there has been some recovery, this hasn't been to the extent we expected.
10. Income is £541k behind plan. This is largely due to phasing differences on the Tourism campaign (£415k adverse) which is offset against equivalent variances in expenditure. This phasing variance is similar to the prior year as estimations are made in financial planning ahead of the detailed delivery plan phasing.
11. The other area where the Group is behind plan is on ERDF funding, largely on BGP as it enters a wind-down period.
12. Excluding the significant impact of the Tourism campaign shows that the underlying income position is £127k behind plan across the group with the most significant adverse variance against ERDF funding.
13. In terms of income, there are areas of strong performance:
 - Tourism and FDI Partnerships (£18k) - we expect this overperformance to continue through the remainder of the year.
 - MIBP Partnerships (£31k) – we took a prudent view on this given the end date of MIBP, but we have seen positive renewals of partnerships which has demonstrated the value our partners derive from the programme and the buy-in to the plans for future programmes.
 - Other bespoke activity (£47k) – this includes activities such as a mission to VivaTech.
 - Visit London (£79k) – a continued overperformance with increased footfall, increased commission, and improved conversion rates.
14. There are also areas behind plan
 - Business Tourism (£21k) – largely due to lower than planned number for IMEX Frankfurt.
 - London Leaders Network (£55k) – there was a decision made to cease any further marketing or sales activity on London Leaders Network as the take up was not as strong as anticipated and there was a need to align to the new trade and growth program. This variance will grow through the remainder of the year as there was a planned growth trajectory.
 - Dot London (£28k) – NR noted that there was a budgeting error here meaning that the target set was higher than it should have been.
 - ERDF (£173k) – due to lower than planned activity levels.
15. The key driver for the year-to-date overperformance has been a significant underspend on cost. Costs are underspent by c£1m although £415k of this relates specifically to the campaign phasing as mentioned in the income discussion.
16. The remaining variance goes back to the earlier point around market conservatism. The number of events and activations in market are significantly lower than planned and therefore our cost base is lower.

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17. We need to continue to monitor expenditure and activity trends through the remainder of this year to allow for a flow through of a realistic budget into next year's planning.
18. AC queried whether some of this underspend can be redirected towards some of the upcoming changes or if there is an intention to return some of the funds to the GLA.
19. NR updated that the position includes commercial surpluses, so the favourable position is not driven by an underspend on grant funding. NR noted AC's point on utilizing the funds and agreed that we need to look at what we may need to spend in line with the upcoming change programmes.
20. NR updated on the balance sheet and noted that the reserves position of £4.5m and the net asset position of £3.8m is a strong resilient position and is comparable to the pre-pandemic position.
21. NR did not go through the London & Partners Ltd entity position as it's a subset of the group position already discussed with no significant additions to existing commentary.
22. NR took the Board through the forecast year end position which is a £413k pre-tax deficit against a planned deficit of £835k. Within that, there is an expectation of a continued underspend against plan but not to the same extent as we are expecting an uptick in activity and are forecasting against our pipeline of activities rather than making too many estimations of what may or may not happen through the remainder of the year.
23. NR updated that the forecast includes the cost-of-living payment made to staff (totalling c£250k) meaning that the true underlying forecast is £670k better than planned.
24. NR noted that the forecast does not include the impact of the change programmes. The detail of these change programmes is just emerging, and it is difficult to estimate the impact on the position particularly as we need to determine whether it will be funded or unfunded activity. The forecast does, however, include the extensions of both MIBP and BGP.
25. NR noted that we will inevitably need to invest ahead of certainty on funding and requested that the Board delegates permission to the Executive to do this within the parameters of the financial plan.
26. NR also flagged procurement as an area for noting. The timescales for the change programme mean that we may need to direct award more activity than is typical for us. It would be impossible to mobilise new programmes in the timescales if we were not able to do this. NR explained that this process would be closely controlled and that, at minimum, there would be some form of competitive process prior to a direct award to drive value for money.
27. DF asked about the size of the procurements that are being discussed.
28. NR updated that the plans for the change programmes are just being pulled together but there are already examples where we have had to act. This includes bringing on a transformation team and the branding work. Both need time to deliver the required outcomes for a successful programme.
29. AC added the documentation and processes for decision making is much more rigorous and even when a process is being changed, these are all documented.
30. RA asked about timelines and cost for branding and transformation team.
31. NR noted that branding is likely to be around £100k and a Transformation Director has been brought on board on a short-term contract. If we were to extend that term, further approvals would be required from Rajesh or the Board.
32. RR asked around inflation and the impact on this year and the thinking into future planning.
33. NR responded that as we use public contracting regulations for larger value purchase, we have a very low level of spot purchasing. This has meant that we

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have longer term contracts in place which have buffered us against some of the recent inflationary impacts. We recognize that these contracts are coming to an end and there will be uncertainty in supply and price going forwards. We understand our market leverage isn't high and therefore we are taking a much longer forward look into contracting risk and engaging with the market earlier than we typically would have in the past. Inflation is definitely a key risk that we are considering into next year's planning.

34. RR asked whether the Board could see a risk assessment of inflation on the current and future years.
35. RR asked whether the forecast favourable variance is expected to get smaller. NR explained that we definitely expect there to be additional cost – that is unavoidable. We need to work closely with GLA to understand the funding available for some this change and therefore work out how much would be a call against our own reserves. Once we have detailed this, we will be able to determine the in-year impact on our outturn.

A&FC update – Jo Wright (JW)

36. JW was invited to give an update on the Audit & Finance
37. JW stated they had discussion about finance function and how Nayan proposed on making changes to finance function to strengthen the finance support.
38. JW stated they discussed about the impact of the change programmes and how Nayan balances.
39. JW summarised the committee discussion on the risk register. Inflation, the risk of levelling up are on the risk register and the biggest risk is the organisational challenge around the transformation coming in place which should not be underestimated.

L&P change programme

40. RA welcomed Nick Powell, the new Director of Transformation.
41. RA invited LC to give brief introduction to the L&P change programme.
42. LC thanked Nayan and Jo for all their hard work and contribution and Alex Conway from the GLA for all his help and support.
43. LC invited AS to give a brief overview on the change programme.
44. AS stated, the programme is proposal for creating a London growth company which brings together a business support
45. This proposal will support business across London city and promote London around the world.
46. This proposal will give L&P opportunity to create economic growth that resilient, sustainable, and inclusive.
47. AS stated, L&P will provide a single front door for London business owners and entrepreneurs.
48. Our impact will be measured by having clients report better outcomes with the D&I metric.
49. AS gave a summary on the legal structure and the operational structure.
50. NP gave a highlight on the transformation programme which will launch in 12 months.
51. NP summarised the high-level milestone of the programme. He stated to be waiting on decisions from mayor in October, in November is the second round UK funding, then looking to build a new brand in March, and then launch both company by end of next September.
52. NP stated in the programme, will have 8 individual projects and a project lead for each project.
53. NP laid emphasis on the importance of resource management on individual projects.

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54. NP highlighted few risks already such as resources and stakeholder management especially external stakeholders.
55. There were discussions around synergy targets and tracking, operational structure, branding and how we make sure the integration works well. LC stated it is better to look at benefits in terms of outcomes.
56. It was concluded that in the next board meeting everyone comes with a proposal of suggested benefits of the change programme.
57. CL confirmed that all our shared services are already consolidated into two different places.

There were discussions around what the new strategy will be like.

Any other business

1. AS gave an update on sustainability
2. Massy gave an update on the board appraisal
3. Next board meeting will be November