

A Review of the London and Partners Process of Selection of Trade Mission Delegates and decisions about Sponsorship

A. Context

1. There have been two previous substantive reviews of London and Partners' governance arrangements since 2016, one instigated by the GLA, the other by London and Partners, with resulting action plans and the implementation of recommended changes. Following various allegations in the media in September 2019 regarding past matters, the Mayor of London has commissioned this independent review of current practices at London and Partners in relation to two specific areas, namely the selection of delegates for Trade Missions and decisions about commercial sponsorship. This review has taken place with the agreement of London and Partners.

B. Terms of the Review as set by the Mayor of London

2. The terms of this independent review were set by the Mayor of London on 15th October 2019;

A. To review the current processes in place at London and Partners (and any GLA involvement in them) in relation to

- i) determining delegates on Trade Missions*
- ii) deciding commercial sponsorship of external events and organisations*

B. To review a sample of the application of those processes in practice in the last 12 months

C. To make recommendations as appropriate

C. Review process

3. This is a review of the processes in place at the current time and it is based on information available at the time of writing. This report is provided following a review of documents attached as appendices to this report (or referred to in the report by web link), a review of the London and Partners website, and having had sight of various on line case management tools and electronic spread sheets.

4. In addition there were face to face meetings with the London and Partners' Head of the Mayor's International Business Programme, the London and Partners Managing Director, Operations and Governance and the Managing Director, Strategy and Corporate Affairs, and with the Senior Manager, Business Engagement, GLA Economic Development team.

D. Background

5. In order to consider the processes for decision making and their application in practice in relation to Trade Mission delegates and sponsorship it is helpful to understand the respective roles of London and Partners and the GLA, the London and Partners structure and the interface between London and Partners and the GLA.

London and Partners

6. London and Partners ('L&P') is a limited company, established in 2011. The five shareholders are the Mayor of London and four trade bodies; ABTA, the London Chamber of Commerce and Industry, UK Hospitality and the Society of London Theatre.

7. The Articles of Association for L&P provide

Objects

The objects for which this company is established ("the objects") are:

(a) to advance and promote commercial, cultural and professional enterprise and entrepreneurial activity, trade and business undertakings of all kinds in London;

(b) to stimulate international investment, commercial interest and the economic development of London;

(c) to promote London as a world class destination;

(d) to promote London as a centre of learning for further and higher education and encourage individuals to pursue their studies in London;

(e) to attract visitors to London, including, but not limited to, leisure and business travellers, students, sporting, cultural and educational persons and organisations, businesses and investors and to promote London as a base for visits to other parts of the United Kingdom;

8. L&P activity is overseen by its Board. The Board comprises up to ten non-executive directors and two executive directors – the CEO and the Managing Director, Operations and Governance. The Mayor of London appoints the Chair, currently Rajesh Agrawal, Deputy Mayor, Business, and one other non executive director, currently Catherine McGuinness, City of London Corporation. The L&P Board arrangements also include the attendance of three people at the Board as observers, presently they are Justine Simmons OBE, Deputy Mayor for Culture and Creative Industries, Leah Kreitzman, Mayoral Director for External and International Affairs, and Ben Johnson, Senior Advisor to the Mayor of London. While they are not decision makers, their purpose is to *'add value to the Board discussions through their own expertise and knowledge of the Mayor's priorities'* (Review of GLA Funding and Governance of London and Partners, Economic and Business Policy Unit Greater London Authority, December 2016 ('GLA Review 2016') (**Appendix 1**).

9. The respective roles and responsibilities of the Board and the Management Committee are set out in the Terms of Reference available on the L&P website.

10. The Board is responsible for leading the development of strategies, policies and plans, monitoring the performance of the company to ensure it meets its strategic objectives, promoting high standards of propriety and best practice and agreeing high level spend. The minutes of the Board meetings are publicised on the L&P website.

11. The Management Committee is responsible for the day to day running of L&P and *'is responsible for the overall direction, performance and culture of the organisation', 'the majority of decisions are made by two programme boards made up of the Management Committee and representatives of the wider Senior Leadership Team'* (L&P website).

12. Funding for L&P comes from a range of sources including the GLA, European Regional Development Fund and L&P partners. The budget for 2019/20, including income streams, is set out at Page 66 of the L&P 2019/20 Business Plan (<https://files.londonandpartners.com/l-and-p/assets/business-plans-and-strategy/london-and-partners-business-plan-201920.pdf>). The grant from the GLA for this financial year is £13,094,000, representing approximately 50 percent of the L&P income. The link to the Mayoral Decision to approve the grant, based on consideration of the L&P 2019/20 Business Plan, is as follows <https://www.london.gov.uk/decisions/md2449-london-partners-201920-business-plan>

13. L&P has a number of directorates focusing on different aspects of promoting London, one of which is the Business Directorate within which sits the Mayor's International Business Programme ('MIBP') as part of the Trade & Growth team. This team is responsible for arranging Trade Missions. The Head of MIBP manages the team responsible for delivering the MIBP. The L&P organisation chart is attached as **Appendix 2**.

14. It is accepted by L&P and the GLA Economic Development team that, as a matter of practice, the delivery of the Trade Missions is a matter for L&P, and this is confirmed in the L&P 2019/20 Business Plan and the GLA Review 2016. This has been the case since 2016. Operational decisions regarding sponsorship have always been a matter for L&P.

The GLA and L&P

15. The Head of Economic Development, GLA leads a team of approximately 35 GLA officers, whose work includes business engagement and assisting small and medium business enterprises and entrepreneurs by providing mentoring, identifying affordable work space etc. and it carries out the work associated with the delivery of the Mayor's Economic Development Strategy. The team also manages GLA arm's length business partnerships, including L&P.

16. The nature of the interaction between the GLA Economic Development Team and L&P is described in the GLA Review 2016, the recommendations of which are implemented. The GLA Roles and Responsibilities paper 2018 also provides clarity on the position (**Appendix 3**). The involvement of the GLA Economic Development Team with L&P comprises a series of formal and informal meetings with L&P throughout the year and quarterly reporting by L&P to the team to demonstrate that L&P is delivering against the Business Plan. The GLA is also provided with the opportunity, should it choose to exercise it, to review actions or decisions by L&P. The relationship between L&P and the GLA was described by the L&P Managing Director, Operations and Governance as *'strategically aligned, but operationally independent'*. The L&P 2019/20 Business Plan is strategically aligned with the Mayor of London's Economic Development Strategy for London 2018, which makes direct reference to the MIBP; <https://www.london.gov.uk/what-we-do/business-and-economy/economic-development-strategy>

E. Governance and decision making; the framework for the review

17. L&P is a limited company and so while it receives and spends large sums of public funds, the legal framework under which it acts is not the same as a public body. However, the decision making requirements set out in the Companies Act 2006 and the legal principles that apply to decision making by public bodies are not dissimilar.

18. Accordingly, for the purposes of this review, the following are regarded as useful headings against which to consider the processes used by L&P to determine delegate attendance at Trade Missions and sponsorship;

- i) Process – A clear, defined process for applications to be considered against a set of objective criteria aligned to strategic objectives or outcomes, where relevant considerations are taken into account in reaching a decision and

coherent objective reasons are given for a decision, and if there is deviation from the criteria, objective reasons are recorded

- ii) Decision maker – an identified decision maker of suitable experience and expertise to make the decision with a clear delegation to take that decision on behalf of the body
- iii) Conflict of interest – a process for ensuring that interests are declared and that those who have an interest in the decision do not take part in or influence those decisions
- iv) Transparency of procedures and decision making – this is not a process in itself, but a means by which the principles set out above can be reviewed and challenged by others

F. L&P Decision Making Processes for determining membership of the Mayor's International Business Programme

The Mayor's International Business Programme

19. Delegate selection for the Trade Missions run by L&P has been made from companies that are on the Mayor's International Business Programme ('MIBP'). The MIBP is delivered by L&P as part of the L&P 2019/20 Business Plan. Accordingly, while the process for admission to the MIBP does not strictly fall within the remit of this review, it has a bearing on the decision making for delegate attendance at Trade Missions.

20. The MIBP is described on the L&P website as a programme designed to support London based high growth scale ups in the Tech, Life Sciences, Urban and Creative sectors to accelerate their growth by expanding into overseas markets. The MIBP is a twelve month programme featuring mentoring by experienced entrepreneurs, trade missions and access to leads and global corporates in London and overseas, most particularly North America, China, India, France and Germany. Details of the support provided to companies is set out in the MIBP programme which is now in the form of a digital handbook launched in September 2019 ; <https://sway.office.com/XmEX0XqhlcGpx4YA?ref=Link>

21. Four times per year a new MIBP 'cohort' of approximately 75 companies is set up by L&P, such that in any 12 month period the number of companies on the programme totals approximately 300. Companies are sought from four business sectors; Fintech, Creative, Life Sciences and Urban, as set out in the L&P 2019/20 Business Plan. Cohorts are not business sector specific. Once a cohort is full, any subsequent successful applications received in that quarter of the year are joined to the following cohort.

22. The MIBP is funded from two sources; the European Regional Development Fund ('ERDF') and the programme's commercial partners. The forecasted spend on the MIBP in financial year 2019/20 is £1,617,500, of which the ERDF will contribute 50%. The L&P budget for the MIBP is therefore reliant upon successfully reclaiming expenditure from the ERDF. The L&P Head of MIBP stated three L&P employees work on compliance aspects to ensure the funds are recoverable from the ERDF.

23. The funding sources for the MIBP are relevant to this review because, as a consequence of its financial contribution, the ERDF small and medium sized enterprises (SMEs) criteria need to be satisfied in respect of each company seeking MIBP membership. Accordingly, the ERDF criteria form part of the MIBP application process. Broadly, the criteria are that companies must have fewer than 250 employees, a turnover not exceeding 50M Euros, or a balance sheet that does not exceed 43M Euros, and the company must not be owned by a company that is not a SME.

24. The Head of MIBP states an ERDF officer selects and audits a random sample of each quarterly reimbursement claim made by L&P. Furthermore, the ERDF undertakes periodic compliance audits; the last official audit took place on the 8th January 2018. The Head of MIBP states that no companies that L&P have accepted onto the MIBP have been declined by the ERDF. The audit report made two recommendations related to this review:

- i) *'Baseline data for each SME should be captured at the sign up stage on the project; Baseline data has been captured on the outputs achievements forms; for example SME turn over and details of number of employees. It was noted that this is completed at the time outputs have been achieved and not at the start of the SME joining the project'*
- ii) *'Checks must be carried out on SME's to make sure ERDF is not used to support undertakings in difficulty; it was noted that the Grant Recipient wasn't sure about what checks they needed to carry out to ensure that ERDF should not be used to support undertakings in difficulty, in accordance with Article 3.3(d) of the ERDF Regulation, (EU) No 1301/2013. So currently this area has not been captured on any of the SME forms'*

The current MIBP application form appears to address i). The Head of MIBP stated ii) has been addressed by recording the Companies House registration number on the MIBP companies' records held electronically by L&P as evidence of those checks being made. This is commented on further in paragraph 37 below.

25. The Head of MIBP stated, and the Senior Manager, Business Engagement, GLA Economic Development team confirmed, that there is no liaison between them in respect of decisions to admit companies to the MIBP cohort; the only

communication is a general update in the quarterly return by L&P to the GLA of the numbers of companies on the programme (**Appendix 4**).

The Process for Deciding Admission to the MIBP

26. The process for deciding whether to add companies to the MIBP programme was described by the Head of MIBP as follows;

i) Application to join a MIBP cohort is initially made by companies completing an Expression of Interest form on the L&P website, via email to L&P, or through direct approaches by L&P to companies considered suitable. Companies are also referred to L&P by others on the programme, or by L&P partners, sponsors etc. The details entered on the Expression of Interest form are merged into a central case management system (Salesforce), introduced in the Summer 2019. The details of those who approach L&P by other means are entered manually onto the system. The Salesforce system tracks the various enquiries. These are referred to as 'leads'. The information about the companies captured on the Expression of Interest form is basic, but includes the yearly sales figures, number of employees and any external investment raised.

ii) The 'leads' are reviewed, as they are received, at a weekly meeting (usually a Monday) of the MIBP team, chaired by the Head of MIBP. If, from the initial information, they appear to be of the right size, turn over etc for acceptance onto the MIBP then the MIBP team sends out the MIBP registration form to the company for completion. The MIBP registration form has been agreed with the ERDF for the purposes of it addressing information relevant to qualifying for ERDF funding. The current application form for the MIBP is attached as **Appendix 5**. Those not considered appropriate for the MIBP are referred to L&P Business Growth Programme, or other suitable schemes. The Salesforce system is marked accordingly (previously recorded on a spreadsheet).

iii) Completed applications are also reviewed at each weekly meeting of the MIBP team chaired by the Head of MIBP. Due diligence is undertaken during the meetings as part of the review. The following tools/databases are used to undertake due diligence;

- Companies House
- TechCrunch
- Beauhurst

iv) The MIBP team also apply their knowledge of and expertise in the industry when discussing suitability. A decision is taken by the Head of MIBP, determined by reference to the requirements of the ERDF and to the Core Markets and Priorities, and Sectors and Growth Priorities set out in Parts 5

and 6 of the L&P 2019/20 Business Plan. The outcome is recorded on Salesforce by the MIBP team.

Review

27. For the purposes of this review, 4 companies who joined the MIBP programme over the past 12 months were independently selected to consider the application of the described process.

28. The ERDF provides a third party audit function for the purposes of determining whether companies qualify in terms of size, turnover etc and in respect of due diligence. Accordingly it is proportionate in this review to focus on the decision making in L&P in respect of the company suitability against the overall objectives of the MIBP.

29. The following were requested and reviewed in relation to those 4 companies

- i) Register of interest form to join MIBP
- ii) Application form to join MIBP
- iii) Papers provided to the Head of MIBP for decision
- iv) Recorded decision and reasons for agreeing the company should join the MIBP

The papers are attached as **Appendix 6**. There are no documents for some matters for the reasons explained below.

Company A

30. Company A did not apply to the MIBP via an Expression of Interest on the L&P website, but had an initial direct conversation with the MIBP team on 14th November 2018, following which they completed the application form dated 19th November 2018. The company description is not asked for on this form. It is reported by the Head of MIBP that papers considered at the weekly meeting of the MIBP team meeting comprise the application form, and the veracity of the company position as stated on the form (due diligence) is undertaken by the members of the MIBP team at the meeting. The Salesforce system, or previously the spread sheet, is updated by a MIBP team member following the meeting. The Salesforce system showed Company A as having joined the MIBP on 4th December 2019 and a Companies House number was recorded. The cohort to which this company was added is not currently shown on the L&P website.

Company B

31. Company B was referred to the MIBP team on 16th August 2019 via another MIBP cohort company with reference to the Detroit and Chicago Urban Trade Mission 16 – 19 September 2019, which they considered, having seen the itinerary, may be a good option for Company B. It appears discussions between Company B

and the MIBP team took place and resulted in Company B completing the MIBP application form (which included the company description box) on 21st August 2019. The Company was informed by email dated 27th August 2019 that it had been accepted on the programme.

Company C

32. Company C was referred to the MIBP team by a San Francisco Trade Mission sponsor on 26th June 2019 to the MIBP team for consideration in relation to the San Francisco & Seattle Disruptive Tech Trade Mission 30th September 2019 – 4th October 2019. The MIBP application form was received on 27th June 2019 , with signature provided on 1st July 2019 and the company was notified of its acceptance onto the programme on 2nd July 2019. The September 2019 MIBP cohort, to which this company was added, is published on the website and the company name is showing.

Company D

33. Company D met with the MIBP team in January 2019 and following those discussions the MIBP registration form was completed on 21st January 2019. The company description is not on the form. The company was informed on 22nd January that it had been accepted on the MIBP. The cohort to which this company was added is not currently shown on the L&P website.

The current on line system (Salesforce)

34. The now utilised Salesforce system introduced in the Summer 2019 (which was viewed at L&P offices) is a central record and includes information taken from the Expression of Interest and the application forms. The information captured centrally includes information addressing ERDF criteria (number of employees etc.) and the MIBP business sector area (Urban , Creative etc.) . It was evident from a review of the Salesforce system that there is a column for the action taken if companies are not added to the MIBP cohort and that this is completed; notes are made against the company name that they have been referred to alternative L&P schemes , or others, and in some circumstances that no further action be taken.

35. The central record does not, however, appear to include the following;

- i) details of the market sectors the companies are interested in (China, North America etc)
- ii) the date when the decision was taken by the Head of MIBP about whether or not to add the company to the programme (although the Head of MIBP stated it is taken as the date entered on the company record as having joined the programme)
- iii) the enquiries made for the purpose of due diligence

iv) the reasons for the decision to join the company to the MIBP (or refer elsewhere)

On a sample review of emails etc there is no obvious record elsewhere of this information.

Analysis

36. Approaches are made to L&P to join the MIBP through a variety of means, but the completion of application forms is consistently applied and consideration of them by the MIBP team, as described by the Head of MIBP team, follows a defined process with decisions being taken at a suitable level of seniority within the organisation. The Salesforce system appears to be a detailed record keeping facility, and is utilised to capture various details about the companies who apply to the MIBP. This is an important tool for the MIBP team, since it is apparent from the papers relating to the sample four companies that often the MIBP team interaction with companies (and decision making within MIBP) is undertaken in meetings, or by telephone, and is not captured in forms, or in writing.

37. The involvement of the ERDF provides some third party audit and assurance of processes being applied and the ERDF criteria being met. The last audit (to be distinguished from the sample testing on quarterly claims for reimbursement) noted that due diligence should be carried out. Consideration should be given to whether the recording of the Companies House registration number is a sufficient step for evidencing that proper enquiry has been made.

38. The recent application form, which is the only document in front of the decision maker, includes company description information (previously absent) , but it does not request information about the markets of interest. Accordingly, it is difficult to ascertain what information is taken into account by the Head of MIBP in reaching a decision. Beyond the verbal assurance from the Head of MIBP that companies are considered against the overall MIBP objectives, there are no recorded criteria for admission to the MIBP against which applications are determined, nor is there a record of the reasons given for the decision. This decision making is not akin to, for example, a tender evaluation, such that set criteria against which weighting and marking is necessarily required. However, the absence of any recorded objective reasons for agreeing or declining admission to the MIBP potentially leaves L&P open to difficulties in demonstrating that relevant factors were taken into account and consistent consideration was given to each application.

39. While it may be argued that it is self evident from the information completed on Salesforce that a company was the right employee size, turn over, sector etc such that it was added to the MIBP (leaving aside the absence of information about markets) , this is less persuasive in relation to those that are declined; understanding the basis on which that decision was made involves a level of interpretation of the facts as recorded on the central system.

40. The names of the companies in the MIBP quarterly cohort are published on the L&P website, save for those that elect not to be. The Head of MIBP reported that in the last year no company has elected to have its details excluded.

41. Currently the most recent MIBP cohort is published on the L&P website, but not earlier cohorts, who are still part of the current 12 month MIBP.

Recommendations

42. Market interest should be recorded. The application form should include the overseas markets the companies are interested in, since this forms part of the relevant consideration for companies joining the MIBP.

43. Objective decision making on MIBP applications, based on standard criteria, should be evidenced more clearly. There should be a clearer record of what information was considered and why a decision was taken to agree or decline a MIBP application with reference to the relevant criteria.

44. Transparency of decision making about MIBP cohorts could be improved. Although non publication of a company on the MIBP cohort has not occurred in the last 12 months, it should be clear that this should be by exception and based on reasons acceptable to L&P, with the L&P website list of cohort companies marked accordingly where any company is not published. All 'in year' MIBP cohorts should be published on the L&P website.

G. L&P Decision Making Processes for Trade Mission Delegates

Trade Missions

45. Trade Missions are designed to enable MIBP companies to develop their international expansion by providing those companies with access to stakeholders in the relevant business sectors. Attached as **Appendix 7** are the advertisements from the L&P website for upcoming Trade Missions to Lisbon, Paris and Australia and Dubai which set out the itinerary and the potential benefits and opportunities offered by the experience, in addition to details of the costs met by L&P and the costs expected to be met by the delegate companies.

46. Each year approximately a dozen Trade Missions are arranged by the MIBP team. The Head of MIBP stated that the focus and location of individual Trade Missions are based on the L&P 2019/20 Business Plan, which sets the priority industries and markets (Section 5; 'Core Markets Priorities' and Section 6; 'Sectors and Growth Priorities'). Further consideration of Trade Mission types and venues also takes place on the establishment of a new MIBP cohort: the cohort companies and the MIBP team discuss the options and agree the most appropriate arrangements to meet the MIBP objectives. A business case for the Trade Mission is prepared by the MIPB team and presented to the Head of MIBP for approval.

47. Apart from the delegate companies, Trade Missions are also attended by MIBP team staff and sometimes by the Mayor of London or Deputy Mayor, Business. Sponsors and business partners relevant to the Trade Mission sector industry may also attend and are self funding.

48. Decisions regarding delegate attendance on Trade Missions is a matter for the MIBP team at L&P. However, where the Trade Mission is to include the Mayor of London, or Deputy Mayor, Business, the Head of MIBP shares the list of delegate attendees with the GLA Economic Development team.

The Process for deciding Delegates on Trade Missions

49. The process for choosing companies as delegates for Trade Missions was described by the Head of MIBP as follows;

i) The decision making process in relation to Trade Missions is set out in the flow chart provided by L&P attached as **Appendix 8**.

ii) Delegates for Trade Missions are selected from the current MIBP companies by the Trade Managers in the MIBP team (who report to the Head of MIBP). Where there are unutilised delegate places they are sometimes offered to alumni MIBP companies, but they are self funding.

iii) The Trade Mission is advertised and promoted via the L&P website on Eventbrite and by direct contact with companies that the MIBP Trade Managers consider would benefit. On occasion, companies apply to and are considered for a place on the MIBP at the same time that they apply for a Trade Mission, the application prompted by publication of a suitable Trade Mission.

iv) An Expression of Interest is completed on line by those MIBP companies who wish to be considered, or contact is made directly with the MIBP team.

v) A spread sheet of applicants is prepared and considered by a Trade Manager responsible for that Trade Mission.

vi) Decisions about delegate attendance are made by the Trade Managers made based on the type of company, the nature of the Trade Mission and the likely benefits the companies will derive from taking part. Consideration is given to ensure, for example, that cohort companies competing for the same market are not all attending the same Trade Mission.

vii) Trade Missions tend to focus on particular industries, however, other cohort companies outside of that remit may still be added as delegates where the exposure is of particular benefit to them.

viii) There will be a limit to the number of Trade Missions a company can attend, since for every MIBP activity the company attends there is a level of state aid

given (for Trade Missions that is £3,127.00). The state aid is recorded and no company can exceed the maximum which is £14,412.00.

ix) Companies are informed of the decision by the Trade Manager

x) The names of the companies selected to be delegates on the Trade Mission and a broad outline of the Trade Mission events are published on the L&P website.

Review

50. For the purposes of this review, the same 4 companies that were considered above were used to review the application of the process described to select delegates for Trade Missions that took place over the past 12 months.

51. The Trade Missions considered were

- i) FinTech Trade Mission to China November 2018 (attended by the Deputy Mayor, Business)
- ii) Creative Trade Mission to China 19 – 23 May 2019 (attended by the Deputy Mayor, Business and Company D)
- iii) Cannes Lions Trade Mission 17- 21 June 2019 (attended by Company A and Company D)
- iv) Detroit and Chicago Urban Trade Mission 16 – 19 September 2019 (attended by Company B)
- v) San Francisco & Seattle Disruptive Tech Trade Mission 30 September – 4th October 2019 (attended by Company C)

52. The following documents were requested and considered

- i) Trade Mission register of interest form for the four companies
- ii) Decisions recorded and reasons for decisions for agreeing delegate status for Trade Missions for those companies
- iii) Decisions recorded and reasons for decisions for declining delegate status for two companies who applied for one or more of the Trade Missions listed
- iv) Any substantive documents etc pertaining to discussions with the GLA, Mayor of London and Deputy Mayor, Business or any other 3rd Party about delegates for those Trade Missions
- v) The spread sheets showing the list of companies considered for those Trade Missions attended by the selected companies

The papers are attached as **Appendix 9**.

Company A

53. On 31st May 2019 the MIBP team approached Company A inviting them to attend the Cannes Lions Mission 17- 21 June 2019. Some detail of the company's interest and markets was provided during the course of the emails. No Expression of Interest form was completed because the MIBP team approached the company. No specific letter confirming the delegate place was sent, the Head of MIBP stated the company was informed by telephone. Details of the Trade Mission are not on the L&P website.

Company B

54. Company B was referred to the MIBP team on 16th August 2019 via another MIBP cohort company with reference to the Detroit and Chicago Urban Trade Mission 16 – 19 September 2019 which they considered, having seen the itinerary, may be a good option for Company B (see documents relating to the MIBP application). The Head of MIBP stated confirmation of the delegate place was dealt with by telephone. The details of the Trade Mission are not on the website.

Company C

55. Company C was referred by a San Francisco Trade Mission sponsor on 26th June 2019 to the MIBP team for consideration in relation to the San Francisco & Seattle Disruptive Tech Trade Mission 30th September – 4th October 2019. There was no Expression of Interest completed because the matter was dealt with in discussion with Company C. An email of acceptance onto the Trade Mission was sent to the company from the MIBP team on 16th July 2019. The Trade Mission details are on the website with the list of companies who attended as delegates.

Company D

56. The company applied for places on the Creative Trade Mission to China 19 – 23 May 2019 and Cannes Lions Trade Mission June 2019 via Eventbrite. On 5th February 2019 the company was notified by email that it had been provided a delegate place on Creative Trade Mission to China. There is no similar confirmation email with regards Cannes Lions, although an email exchange makes it clear Company D was attending. The details of the Trade Missions are not on the website.

The Trade Mission spread sheets

57. The decision making spread sheets for the four Trade Missions attended by the selected companies were reviewed. These list all the companies that applied, or that were approached, and they capture information about remaining State Aid , the business sector and the company purposes for participating which were short, broad comments about meeting key clients, access to key markets , the most important

venue given their business area, networking and learning, to further build business etc. The spread sheets are colour coded to show those selected and those who were not. Three of the four spread sheets had notes on reasons why a company did not proceed, which were expressed in general terms; not suitable, wrong sector, no answer, attending through other means etc.

Companies declined

58. Fifty nine companies were considered and 9 companies were provided with delegate places on the San Francisco/ Seattle Trade Mission (compared to 33 companies considered for the China Trade Mission (2019) with 14 delegate places provided, and 29 companies interested in the Detroit and Chicago Trade Mission with 11 delegate places provided). The companies not provided with a delegate place on the San Francisco/ Seattle Trade Mission were all sent the same email from the MIBP Trade Manager, in which they were informed of the purpose of the Trade Mission, provided with a broad outline of what was to be achieved by it and given a general statement that it would not be a best use of the company's time and resources to attend on this occasion. The companies were given the opportunity to discuss the position further with the Trade Manager should they wish to do so. The Head of MIBP states that companies unsuccessful in securing places on the other 3 Trade Missions were notified of the outcome by telephone.

L&P and the GLA

59. The Head of MIBP and the Senior Manager, Business Engagement, GLA Economic Development team stated that the delegate list is shared with the GLA Economic Development team when the Mayor of London or Deputy Mayor, Business is to attend the Trade Mission. In the sample selected for review this applies to the Trade Mission to China November 2018 (Deputy Mayor, Business) and the Creative Trade Mission to China 19 – 23 May 2019 (Deputy Mayor, Business).

60. The papers provided by the Head of MIBP team in relation to any discussion in respect of the delegate list for those two Trade Missions are attached as **Appendix 10**.

61. In relation to the Creative Trade Mission to China 19 – 23 May 2019 it is stated by the Head of MIBP that the outline brochure including the delegate list was provided by email to the GLA Economic Development team on 3rd May 2019 and no discussion took place regarding the list. The final brochure was sent by L&P to the GLA Economic Development team on 18th May 2019.

62. With regards the Trade Mission to China November 2018 the Head of MIBP stated she provided the delegate list to the GLA Economic Development team by email on 29th October 2018, but the GLA Economic Development team queried the

diversity of the delegates on the basis that it was considered women were under represented (two out of 11 delegates). There is no document available relating to this query being raised. The Head of MIBP stated that further enquiries were made by her of Fintech companies available to attend, but it proved problematic because there are few women in that business sector. The Head of MIBP stated that she identified two organisations in the industry that had senior females and they attended the Trade Missions not as delegates, but as self funding representatives of those bodies. The Head of MIBP sent the final version of the China Mission brochure to the GLA Economic Development team by email on 7th November 2018. This position was confirmed by the Senior Manager, Business Engagement, GLA Economic Development team and the revised Trade Mission document confirms the changes made as described. The proposed list and final list were seen as part of this review. The Head of MIBP and the Senior Manager, Business Engagement, GLA Economic Development team stated there is no other documentary evidence of the query being raised by the GLA upon receipt of the proposed list, or the steps that were subsequently taken by L&P. The only other document available that has any bearing on this is *'The Mayor's visit to China working group 26 July 2018 - agenda and actions notes from 12th July 2018'* in which it is noted that the GLA *'reiterated the gender balance / BAME representation requirement for the businesses – ie. the delegation must reflect London's diversity'*. This is consistent with and supports the explanation given above about the steps taken in relation to the November 2018 China Trade Mission.

Analysis

63. There is a variety of means by which companies come to the attention of the MIBP Trade Manager to be considered for delegate places on a Trade Mission but the Trade Managers capture the details of interested companies onto a central record which includes basic information about the reasons for their interest. Decisions are taken by a suitably senior and qualified person within the MIBP team, given that only companies on the MIBP can be allocated a delegate place. The Head of MIBP states no challenge or appeal has been made against the decisions taken, there is however, a complaints process should a company wish to use it. The recent Trade Mission visit details are published on the website.

64. The communications with the GLA where the Mayor of London or Deputy Mayor, Business will be attending the Trade Mission are dealt with by the Head of MIBP, which is an appropriate level of seniority within L&P for those matters to be managed.

65. As with decisions about joining the MIBP, there are no recorded criteria for deciding the allocation of delegate places on a Trade Mission against which the interested companies' applications are determined, nor is there a recording of reasons for the decisions to allocate places. However, on 3 of the 4 spread sheets reviewed there were broad reasons recorded for why a delegate place was not

allocated, which were generally self explanatory, although these would benefit from a little more detail in places— for example why a company was described as 'not the right fit'.

66. The absence of any recorded objective reasons by L&P for agreeing that companies be joined as delegates potentially leaves L&P open to difficulties in demonstrating that relevant factors were taken into account and consistent consideration was given to each application. As with the applications to join the MIBP, it may be argued that qualification is self evident from the information on the spread sheet, but there is little detail recorded about the companies' reasons for applying for places, and when a situation arises where the number of suitable companies exceeds the number of delegate places (as was the case in the San Francisco Trade Mission) , the basis upon which the Trade Manager chooses one company in preference to another should be recorded. It would also be important to record the basis for providing a delegate place to a company which did not fall within the Trade Mission target business sector.

67. The respective roles of strategic oversight by the GLA and operational decision making by L&P were preserved in relation to the Trade Mission to China in November 2018; diversity and inclusion is a key strategic consideration for the Mayor of London as reflected in the Mayor of London's decision to grant monies to L&P for 2019/20 where it is stated '*The MIBP focusses on underrepresented groups including missions made up of female founders*'. (<https://www.london.gov.uk/decisions/md2449-london-partners-201920-business-plan>). The Mayor of London's Economic Development Strategy for London 2018 also emphasises inclusion. The decision on delegate attendance remained with and was taken by the L&P decision maker. Where such discussion takes place it is important that full records are maintained and objective reasons recorded by L&P for any change of stance.

68. It is not surprising that where a Trade Mission is to be attended by the Mayor of London or Deputy Mayor, Business the list of delegates is shared with them, or their offices. However, it does give rise to the potential for roles to be, or appear to be, blurred so that systems to ensure this is avoided should be in place. This is not an uncommon issue which needs to be provided for where public bodies set up companies. The Roles and Responsibilities paper 2018 provides clarity for the GLA role, and in circumstances where motive may be an issue the Members' Code of Conduct (<https://www.london.gov.uk/sites/default/files/18-04-04-code-of-coduct-appendices-final.pdf>) and the GLA Employees' Code of Conduct (which is currently the subject of review) (<https://www.london.gov.uk/moderngov/documents/s78383/07%20%20Chief%20Officer%20Review%20-%20Registration%20of%20Interests%20and%20Gifts%20and%20Hospitality.pdf>) set out rules in respect of any personal interests. The L&P Code of Conduct also provides a mechanism for escalating matters to a line manager. There are therefore protocols in place to help define roles and to deal with issues should they arise. There is no evidence from this review that the demarcation of roles was not adhered

to , or that there were issues such that the GLA Member or Employee Code of Conduct was a relevant consideration, but it would be prudent to raise awareness of the policies and processes within L&P, since problems may occur not due to an absence of policies, but because of a lack of awareness of, or a failure to apply, the policies and processes that are available.

Recommendations

69. Objective decision making about delegate attendance at Trade Missions based on a set of standard criteria could be clearer: Reasons for agreeing or refusing a delegate place on Trade Missions aligned to the purpose of the Trade Missions etc should be clearly and consistently recorded. If those criteria are departed from clear objective reasons should be recorded.

70. Clear records should be kept of any discussions with the GLA Economic Development team, or any other third party, regarding the L&P decisions about delegate attendance.

71. Transparency could be improved; Publication of all Trade Missions for the past 12 months should be included on the L&P website.

H. Deciding commercial sponsorship of external events and organisations at L&P

72. The remit of the review in relation to sponsorship is wider than the MIBP (*'deciding commercial sponsorship of external events and organisations'*).

73. The Head of MIBP and the Senior Manager, Business Engagement, GLA Economic Development team stated that any decision in respect of sponsorship is a matter for L&P as an operational decision and there is no discussion with the GLA in this regard.

The Process

74. The process for sponsorship decisions was outlined by the Managing Director, Strategy and Corporate Affairs with reference to the documents provided in i - iv below;

i) A decision to sponsor an event or organisation is an expenditure decision. L&P have set upper spending limits on individuals, committees and boards and these are set out in the Delegation of Authority (**Appendix 11**) which provides that Heads of Service can decide expenditure up to £10,000, Directors up to £25,000, the Management Committee up to £50,000, the CEO up to £100,000, the Chair up to £180,000 and the Board has unlimited powers to decide expenditure.

ii) The L&P Corporate Board, whose membership includes members of the Management Committee, decided to increase the Head of the MIBP's limit from £10,000 to £25,000 (minuted decision 27th August 2019)

iii) L&P has a decision making process which provides that projects that are not in the L&P Business Plan or those that are, but are new or not annual events, need to be approved by the Outcomes or Corporate Board (**Appendix 12**).

iv) There is also a Procurement Policy (**Appendix 13**) which also addresses direct awards and provides that those contracts under £5,000 need to demonstrate value for money and those over £5,000 require completion of the Direct Award form.

Review of Sponsorship decisions

75. For the purposes of this review, the following five samples were requested from a list of items noted in the L&P finance records as 'sponsorship' items, the cost of which was incurred over the past 12 months. The sums are redacted due to the commercially sensitive nature of this information and instead bands are provided – under £5,000, £15,000 or £25,000. Although the remit of the review of sponsorship decisions is wider than those decisions taken by the MIBP team, since that is the focus of the review all those items marked as MIBP sponsorship on the L&P finance records for the last 12 months were reviewed.

76. The Managing Director, Operations and Governance, L&P provided the background information to the sponsorship arrangements as set out below and the documents referred to (and attached as **Appendix 14**) ;

Cannes Lions

77. Cannes Lions is a trade fair for creative industries which took place in June 2019 (the Trade Mission linked to this is mentioned above). L&P were part of a consortium sponsoring an element of the event. L&P agreed to contribute £X (under £15,000) which gave L&P branding and allowed L&P to host an event. A business case was prepared which included other costs of the arrangements, separate from the sponsorship element. The expenditure decision was taken by the Director Trade and Growth, L&P (who is authorised to decide expenditure up to £25,000) because the costs were divided between two teams; MIBP and the Creative Sector. Trade Missions to France are included in the L&P 2019/20 Business Plan.

The Meetings Show

78. The Meetings Show 2019 was a MICE (meetings, incentives, conferencing and exhibitions) industry trade show. L&P provided £X (under £25,000) to Centaur Communications as a sponsor. Attending trade shows, including specifically the Meetings Show, forms part of the L&P 2019/20 Business Plan. The business case was considered by the L&P Board in June 2019 which agreed expenditure (£735,000) for all the trade shows.

Sponsorship of the Future of AI event, Tel Aviv

79. Agreement was given by the Director of Trade and Growth for an L&P employee to attend the Future of AI event which involved sponsoring the event (£X – under £5,000). The sponsorship benefits are set out in the paperwork attached. AI is a core sector for business growth in the L&P 2019/20 Business Plan.

Others

80. Upon considering the paperwork for the two other selected samples noted as 'sponsorship' on the L&P finance records, it transpired they were in fact items of expenditure (£X and £X – under £5,000 per item) for advertising MIBP and other L&P project areas via solus email and other web advertising/email.

London Tech Week

81. This example of sponsorship paid for by L&P was offered by the Managing Director, Operations and Governance; L&P are active partners in organising London Tech Week each year and sponsored the opening dinner (£X – under £10,000). The sponsorship of the opening dinner gave L&P branding rights and covered the costs of hosting three tables of key stakeholders, existing and potential investors in London. Participation in London Tech Week is included in the L&P 2019/20 Business Plan. A Direct Award form was completed (and agreed by some of the required managers, although absent the sign off by the Managing Director). The agreement is signed by the Director for Tourism, Conventions and Events who has permission to authorise spend up to £25,000.

Analysis

82. Applying the principles of robust decision making processes, there should be a clear and consistent basis upon which decisions are taken to sponsor external events or organisations, and those decisions should be made by a person in the organisation who has the authority to do so.

83. Decisions have been taken by a person (or board) who has authority to agree that level of expenditure in accordance with the L&P Delegation of Authority. The Procurement Policy, originally introduced in April 2019 and revised in May 2019, requires a further process to be followed, with additional permissions needed, to enter into Direct Award contracts over £5,000. This was not applied in the Cannes Lions example because the agreement was entered into before April 2019.

84. It is prudent to ensure that there is an adequate record of the rationale for deciding sponsorship, including for sums under £5,000.

85. In the sample considered, all the decisions taken appear to give effect to, or are linked to, projects already identified in the L&P Business Plan. The Decision Making at London and Partners document introduced on 18th September 2019 requires that a Project Brief be completed and that Outcomes/Corporate Board agreement be given where a project is identified in the Business Plan, but it is a new type of activity, or one not occurring annually. Whether or not those steps are required under the new process in relation to any particular sponsorship decision will be a matter of judgement for managers in the organisation, having regard to that activity and the manner in which the project is included in the L&P Business Plan.

Recommendations

86. A reminder of the process for deciding sponsorship should be provided for L&P staff.

I Governance and Transparency generally at L&P and its relevance to decisions about Trade Mission delegates and Sponsorship

87. The relevant governance and transparency policies and procedures have been referred to throughout the report where they arise in relation to decisions taken on Trade Mission delegates and sponsorship. It is, however, useful and appropriate to consider the overall arrangements at L&P.

88. Accountability and transparency has been the subject of previous focus, most notably in the GLA Review 2016 (Appendix 1) in which the '*funding, governance and effectiveness*' of L&P was considered. The breadth of that review report was wider than decision making which is the subject of this review, but of relevance to the matters currently being considered is Recommendation 6, which addressed the relationship between the GLA and L&P. As a consequence of the agreed recommendations an action plan was prepared and delivered. This resulted in the GLA Roles and Responsibilities paper 2018 which addresses the respective roles of the GLA Economic Development team and L&P, making it clear that operational matters are the responsibility of L&P.

89. In addition the GLA Review 2016 also considered transparency and this is addressed in Recommendation 7. The report concluded that arrangements at that time were sufficient, having regard to balancing transparency with the need for L&P to operate as a commercial arms-length organisation.

90. In February 2019 L&P instigated a review of its transparency arrangements via a consultation exercise which resulted in additional information being made available publically, including details about decision making, the personal interests of Board

Members and clear policies in respect of Board Member and employee conflicts of interest in decision making. The consultation and L&P's resulting planned actions are available on the L&P website.

91. L&P currently have the following documents available on their website as part of their revised governance and transparency provisions

- i) **Transparency Policy** – providing for the publication of contracts over £25,000 and expenditure exceeding £250 on a quarterly basis wef July 2019 (no link or publication of the latter)
- ii) **Delegation of Authority** which sets out decision making reserved to the Board and the responsibilities and financial limits of others
- iii) **The Code of Conduct** – for Board members and employees which includes the Nolan Principles, political neutrality, relationships, equality and inclusion, corruption and bribery, gifts and hospitality , whistleblowing and mitigation (steps to be taken where concerns come to light)
- iv) **Profiles of Board Members**
- v) **Gifts and Hospitality Policy** and a Register of gifts and hospitality for employees updated quarterly

Analysis

92. The direct application of these governance and transparency policies and procedures to decisions about delegates for Trade Missions and sponsorship are addressed in the body of this report.

93. A wider review of governance and transparency at L&P is beyond the scope of this report. However, from the brief consideration given to this, it does appear that the processes and procedures at L&P broadly reflect those that are in place in public bodies and they generally appear to be fit for purpose, in that they provide defined processes for decision making, identify decision makers at an appropriate level in the organisation , address issues such as conflict of interest and provide for publication of major decisions. There are a few areas that require updating, for example declaration of interests and Board member profiles, and some areas where information is not accessible via the L&P website such as the whistleblowing procedure and complaints form and process. Also consideration could be given to extending policies, for example by including declarations of interest by observers to the Board.

Kathryn Robinson

General Counsel

London Fire Commissioner

17th December 2019