

GREATER LONDON AUTHORITY

INVESTMENT PROPOSAL

SECTION A- SUMMARY

Project title: Mayor's International Business Programme

Project manager: Jennefer Holmes

Proposal cleared by: Fiona Fletcher-Smith

Proposed delivery start and end dates: 01.01.16 to 31.12.2018

Project summary

Below, in one paragraph, describe the project and what it aims to achieve:

The project aims to contribute to enhancing London's productivity and to demonstrate a new model for delivery of export support in the capital. It will build on the Mayor's Export Programme, which has assisted over 250 London based SMEs to generate new sales in overseas markets and create new jobs to support their expansion. The new programme aims to support 800 high growth SMEs to internationalise over 3 years. The programme will be funded by ERDF matched with private sector partner contributions. The private sector partners will deliver bespoke business support in London and in market with a focus on technology and smart cities/urban development companies throughout the programme with the additional of Med Tech SMEs in years two and three. The support programme will include workshops, business strategy development, trade missions and mentoring. This will enable businesses to enter new markets, generate sales and create new jobs in London.

The programme is aiming to demonstrate two significant innovations. Firstly, the partnership with leading private sector companies to finance and deliver bespoke support in London and in market, reducing the dependence on domestic funding and increasing the business specific relevance of advice. Secondly, utilising and operationalising London's relationships with other cities and other economic development agencies, providing a seamless economic development service building on the Brookings-JP Morgan Global Cities Initiative network of city based trade and investment partnerships.

Has anything changed since the Stage 1 Strategic case: *please set out what has changed since Stage 1 was presented to IPB, and why.*

This has not been considered at Stage 1 as there is no GLA funding.

SECTION D- KEY FINANCIAL INFORMATION

D1 What are the total GLA costs associated with the project?

Subject to IPB approval, the GLA will make an 'in kind' contribution to London & Partners including liaison with L&P on related policy matters. The GLA will contribute one day per week of staff time divided between Grade 10 and Grade 12 posts over the duration of the programme. The Mayor's Office and GLA will be represented on the project board.

Subject to IPB approval, the Mayor's Office will grant permission to use 'Mayor's International Business Programme' and 'supported by Mayor of London' branding within defined parameters and subject to conditions set out in writing.

No financial commitment is requested.

D2 How will the project be resourced?

The programme will be managed by London & Partners, who will be the applicant for £2,439,259 ERDF funding through the new ESIF operational programme. This will be matched by private sector cash and in kind contributions bringing the value of the programme to £4,878,518. There will be a small core team in L&P funded through the programme. The private partners are bringing specific expertise focused on different key markets and geographies e.g. Europe, North America, Brazil, India and China.

Participating companies will receive at least 12 hours of free support funded by ERDF and commercial partners which will include training workshops, overseas programme and one to one advice. Companies will have to pay for either flights or accommodation on overseas visits and make a commitment fee of £250, to reduce drop-out rates and ensure attendance at events; the financial contribution will be used to deliver the programme.

D3 Additional leverage received by delivery organisation

Subject to IPB approval, the Mayor's Office will permit L&P to use 'Mayor's International Business Programme' and 'supported by Mayor of London' branding in the delivery of its project. Such permission will, however, have parameters to mitigate risks of reputational damage being suffered by the GLA as a result. The permission will also be revocable on one month's written notice to provide flexibility given that the programme runs over three years, and therefore, beyond the current Mayoral administration.

D4 What is GLA funding buying?

The programme will deliver jobs created, overseas sales and additional GVA for London. This will contribute towards the Chancellor's national target to achieve £1 trillion worth of export sales by 2020 as well as delivering to the objectives set out in the Mayor's Economic Development Strategy and Economic Development Plan.

D5 Key budgetary information

This budget is indicative and subject to further consideration by the GLA EPMU as part of the ERDF application process.

Project funding	Capital or Revenue?	External funding Confirmed/ Likely/ or Possible?	2015-16 in £000	2016-17 in £000	2017-18 in £000	Future years in £000	Total in £000
GLA	C						0
	R						0
Other public sector: ERDF							
	R	L	176,646	806,259	803,759	652,596	2,439,259
							0
							0
							0
Private sector: Commercial Partners							
	R	C	176,646	806,259	803,759	652,596	2,439,259
							0
Total funding			353,291	1,612,518	1,607,518	1,305,192	4,878,518
Project costs	Capital or Revenue?	Fixed or Variable?	2015-16	2016-17	2017-18	Future years (2018-19)	Total
	R	V	200,965 (152,326 staff cash match)	1,003,214 (609,304 staff cash match)	998,214 (609,304 staff cash match)	848,214 (456,978 staff cash match)	4,878,518 (includes £1,827,912 of staff cash match)
Total costs			353,291	1,612,518	1,607,518	1,305,192	4,878,518
Surplus/(Deficit)			0	0	0	0	0

SECTION E- DELIVERY

E1 Proposed timetable and project milestones

Delivery calendar	Milestones and deliverables <i>Add and vary the suggested project milestones below, as required</i>	GLA lead
September	Quarterly advisory meeting with Delivery Partners	
September	Full application to ERDF	
November 2015	Mentors identified and secured in relevant sectors and international markets	
Nov/Dec 2015	ERDF Approval	
December 2015	Communication and Marketing campaign in place ready for launch of programme in January 2016	
Oct-December 2015	Recruit new members of team to deliver project	
December 2015	Advisory meeting with Delivery Partners	
January 2016	Launch programme SMEs	
FY Q1 2016	Tech Mission to West Coast USA	
December 2018	Close date	

SECTION F- OUTCOMES AND TARGETS

F1 What will be the commissioned outcomes?

The programme aims to support 800 SMEs over the three year period. The programme aims to create 500 new jobs within the lifetime of the programme. The primary objective is to create new sales overseas, particularly in new markets, to generate jobs and growth and to contribute to improving London's productivity. The targets are indicative and currently under discussion with the GLA's EPMU in advance of the full application for ERDF being submitted at the end of September.

F2 What will be the KPI or outputs delivered directly by this project?

Final targets and forecasts to be negotiated in more detail with the EPMU by London and Partners

KPI and targets	Will they be set in the GLA contract? (Y/N)	Payments linked to delivery? (Y/N)	2015-16	2016-17	2017-18	Future years	Total
KPI / Target 1	800 enterprises receiving support.						
Forecast profile							
Data collection	L&P will use the Microsoft-Dynamics based CRM system to keep accurate client records. Evidence will be gathered from beneficiary businesses at appropriate points in the programme – i.e. Business Support once required number of hours completed; New Sales by tracking progress periodically following trade missions and other activities. All the evidence will be filed as hard copies and available for audit. It will also be scanned and attached to client records on the CRM system. This will help L&P monitor the collection of evidence and ensure that it has all the required paperwork for each and every output and result.						
KPI / Target 2	500 jobs created in supported enterprises						
Forecast profile	Y/N	Y/N					
Data collection	As above						
KPI / Target 3	£50 million in new sales.						
Forecast profile	Y/N	Y/N					
Data collection	As above						
KPI / Target 4							
Forecast profile	Y/N	Y/N					
Data collection							

F3 Cost-benefit analysis:

On the advice of GLA Economics, a cost benefit analysis has not been undertaken as the GLA is only providing 'in kind' support. However, it should be noted that in offering in kind support and use of the

name 'Mayor's International Business Programme', the GLA hopes to receive reputational advantage, but accepts (very slight) reputational risk.

SECTION G- MONITORING AND RISK MITIGATION

G1 Reporting: how will you ensure delivery and performance are effectively monitored?

L&P will report on the performance of the programme to the GLA's ERDF team in line with ESIF regulations, subject to final approval of the ERDF grant funding.

EBPU will act as a strategic partner in the programme providing policy and strategic advice to ensure alignment with the Mayor's strategies and policies. In this capacity it will sit on the project management group with other partners and alongside a representative from the Mayor's Office.

Programme performance will be monitored as part of regular reporting by L&P to the GLA in the dashboard and regular GLA-L&P quarterly review meetings. This will include risk monitoring.

L&P will put in place monitoring systems. The evidence of outputs and results will include: collection of full beneficiary details when they join the programme including any required declarations regarding eligibility and state aid; verification of business details from external sources – i.e. companies house; collection of evidence and signature regarding participation on the programme to meet requirement of Number of Enterprises Receiving Support (C1); collection of evidence and signature regarding the Employment Increase in Supported Enterprises (C8); collection of evidence and signature regarding Number of SMES with Sales in New Markets.

This evidence will be collected from beneficiary businesses at the appropriate point in the programme – i.e. Business Support once required number of hours completed; New Sales by tracking with businesses periodically their progress following trade missions and other activities. All the evidence will be filed as hard copies and available for audit. It will also be scanned and attached to client records on a CRM system. This will monitor the collection of evidence and ensure that there is all the required paperwork for each output and result.

The appointed L&P ERDF Project Manager will also train the delivery partners' staff in the relevant ERDF output and results definitions, evidence gathering requirements and the monitoring reports they will be required to submit to ensure that there is a shared understanding of the requirements. Arrangements will be signed off by the GLA's EPMU.

London & Partners has a finance team of six led by a Financial Director, a former KMPG Audit Director. This team operates the financial and management controls for London & Partners which cover expenditure of over £16m per annum, of which £11.6m is grant funding from the GLA. They use Microsoft Dynamics NAV accounting software (NAV) which has been customised to enable us to closely manage grant and other expenditure. L&P's financial statements each year are audited by auditors Grant Thornton and for the past 4 years this has included a specific audit and statement regarding the GLA grant expenditure.

The ERDF Project Manager (dedicated role) will report to the Finance Director and work within the systems, controls and processes that the finance team already have in place.

A separate cost centre will be established for the project, with separate cost codes for each budget heading. All expenditure and income on the project, ERDF and match funding, will be recorded against this cost centre and will therefore be recorded separately from all other costs and income of London & Partners. At any time it is possible to run a report from NAV listing all items posted to this cost centre. This will be reconciled at least monthly to the ERDF Project Manager's commitment record, which is a document used to forecast costs and record actual spend and receipts on a daily basis.

Procurement will comply with ERDF guidance. Purchase orders related to the project will be coded to the project code and approved by the project manager and by the Head of Mayor's International Business Programme. All invoices related to the project will be also approved by the Project Manager and by the Head of Mayor's International Business Programme before payment. All payments are checked by the Financial Controller to ensure correct coding and reviewed by the Financial Director before release.

Expense claims are approved by the Head of Mayor’s International Business Programme and checked to receipts by the finance team before payment. All items related to the project will be coded to the project code and posted accordingly.

Delivery partners under the terms of their contracts with London & Partners will be required to report the costs of their contribution to the project monthly to the project manager, who will verify the accuracy and check to supporting documents.

For salary costs all staff working solely on the project will be allocated a specific payroll code so that total employment cost can be identified from payroll reports and the accounting ledger (NAV). All payroll adjustments and entries are reviewed by the Head of Human Resources and approved by the Chief Operating Officer. The payment is approved by the Financial Director. Staff working part time on the project will be required to complete timesheets (weekly) which will be approved by the Project Manager and used with agreed rates to calculate the cost of the time worked.

The Project Manager will be responsible for compiling each ESIF quarterly claim based on the financial records described above. This will then go through two levels of authorisation. Firstly, the Head of Mayor’s International Business Programme will examine the claim and verify that the claim is accurate. Once they have authorised the claim it will go to our Finance Director who will also verify that the claim is accurate.

G2 What are the mechanisms for recovery of the investment if the project hits issues or delays or if a future Mayor wishes to re-prioritise? What break clauses will be in place?

Subject to final approval, this project will receive ERDF funding and be subject to ERDF rules and regulations which has particular arrangements for recovery of investment if the project fails or fails to comply with ERDF regulations, for example on branding and procurement. Subject to approval of IPB, the GLA will grant L&P use of the name ‘Mayor’s International Business Programme’ and ‘supported by Mayor of London’ to L&P under certain conditions as set out in a legal, this will include ability to retract permission giving one month’s notice in writing.

G3 Evaluation: when and how can we know if the investment has been successful?

In line with ERDF funding requirements there will be a mid-term and final evaluation. GLA Economics is looking at whether it is possible to use a randomised control trial methodology to test the impact of export support.

G4 What are the risks associated with the project?

Risk description and impact	Inherent risk assessment			Control measures/Actions	Residual risk assessment		
	Prob.	Impact	Rating (RAG)		Prob.	Impact	Rating (RAG)
	[1-4]	[1-4]			[1-4]	[1-4]	
Stakeholder management	2	2	Green	The GLA EBPU team will participate in the programme Steering Board.	1	1	Green
Reputational risk	2	2	Green	The GLA will ensure all activity under Mayor of London banner and branding is appropriately monitored.	1	1	Green
Performance risk	1	1	Green	This will lie with London & Partners with regular reporting to the GLA.	1	1	Green
Changes in government trade and investment	2	2	Green	London & Partners will have a contract with the EU and any changes will	1	1	Green

services				subsequently need EU level approval.			
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G5 At completion, might there be continuing financial obligations or expectations that stem from this investment?

No