



Public Relations and Economic Development Sub (Policy & Resources) Committee

Date: THURSDAY, 16 JULY 2015

Time: 4.00 pm

Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members: Mark Boleat (Chairman)
Deputy Douglas Barrow
Roger Chadwick
Sophie Fernandes
Stuart Fraser
Wendy Hyde
Oliver Lodge
Edward Lord
Jeremy Mayhew
Deputy Catherine McGuinness
Hugh Morris
Alderman The Lord Mountevans
Ian Seaton
Tom Sleigh
Sir Michael Snyder
Alderman Sir David Wootton
The Rt Hon the Lord Mayor, Alderman Alan Yarrow

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John Barradell
Town Clerk and Chief Executive

AGENDA

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To agree the public minutes and summary of the meeting held on 28 May 2015.

For Decision
(Pages 1 - 4)

Economic Development Office

4. **UPDATE AND FORWARD LOOK ON THE ACTIVITIES OF THE INTERNATIONAL REGULATORY STEERING GROUP (IRSG)**
Report of the Director of Economic Development.

For Information
(Pages 5 - 8)

5. **ENGAGEMENT WITH EU POLICY MAKERS**
Report of the Director of Economic Development.

For Information
(Pages 9 - 14)

Public Relations Office

6. **CURRENT ISSUES**
The Director of Public Relations to be heard.

For Information

7. **POLITICAL AND BUSINESS CONTACT PROGRAMME - EVENTS REPORT**
Report of the Director of Public Relations.

For Information
(Pages 15 - 20)

8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

10. **EXCLUSION OF THE PUBLIC**

MOTION - That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

For Decision

11. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

12. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

Confidential Items

13. **CONFIDENTIAL MINUTES**

To agree the confidential minutes of the meeting held on 28 May 2015 (*to be tabled at the meeting*).

For Decision

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PUBLIC RELATIONS AND ECONOMIC DEVELOPMENT SUB (POLICY & RESOURCES) COMMITTEE

Thursday, 28 May 2015

Minutes of the meeting of the Public Relations and Economic Development Sub (Policy & Resources) Committee held at the Guildhall EC2 at the rising of the Policy and Resources Committee (2.45pm).

Present

Members:

Mark Boleat (Chairman)	Edward Lord
Roger Chadwick	Jeremy Mayhew
Sophie Fernandes	Deputy Catherine McGuinness
Stuart Fraser	Ian Seaton
Wendy Hyde	Alderman Sir David Wootton
	Alderman The Lord Mountevans

Officers:

John Barradell	Town Clerk and Chief Executive
Simon Murrells	Assistant Town Clerk
Simon Latham	Town Clerk's Department
Alistair MacLellan	Town Clerk's Department
Damian Nussbaum	Director of Economic Development
Tony Halmos	Director of Public Relations
Liz Skelcher	Assistant Director of Economic Development
Adam Maddock	Assistant Director of Public Relations
Isabelle Almeida	Economic Development Office
Maja Erceg	Public Relations Office
Greg Williams	Public Relations Office
Paul Double	City Remembrancer
Nigel Lefton	Director of Remembrancer's Affairs

1. APOLOGIES

Apologies were received from Deputy Doug Barrow, Sir Michael Snyder, Hugh Morris and the Lord Mayor, Alderman Alan Yarrow. Subject to their appointment under item 3, apologies had also been received from Oliver Lodge and Tom Sleigh.

The Town Clerk noted that Alderman The Lord Mountevans had been appointed to the subcommittee since the agenda papers had been published and was therefore in attendance, and that Hugh Morris was now on the subcommittee by virtue of being a Deputy Chairman of the Policy Committee. Lastly, Deputy Michael Cassidy and Deputy Alex Deane were listed on the frontispiece in error.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

There were no declarations of interest.

3. **APPOINTMENT OF CO-OPTED MEMBERS**

Members agreed extend the term of the existing co-opted members for a further year, on the understanding that the four posts would then be opened to the wider membership of the Court of Common Council from 2016/17.

RESOLVED, that

- Oliver Lodge, Ian Seaton, Tom Sleight and Sophie Fernandes be appointed as co-opted members on the Public Relations and Economic Development Sub (Policy and Resources) Committee for 2015/16.

4. **MINUTES**

The public minutes of the meeting held on 19 February 2015 were approved as a correct record subject to Edward Lord being marked as present, and reference to the City of London Corporation not restricting itself from commenting on cross-sectoral issues being factored into the Economic Development Office's Business Plan (Item 8).

5. **CITY OF LONDON CORPORATION 2015 PARTY CONFERENCE ACTIVITY**

The subcommittee considered a report of the Director of Public Relations on the City of London Corporation's 2015 Party Conference Activity. Members requested that advice be provided by the Public Relations Office on what fringe events were advisable to attend.

A member emphasised that it was important to maintain engagement with the Liberal Democrats given the number of Liberal Democrat peers who would be responsible for scrutinising draft legislation in the House of Lords.

RESOLVED, that:

- The proposed City of London Corporation programme for the 2015 Party Conferences be confirmed;
- The proposed arrangements for Member attendance be agreed.

6. **IMPLICATIONS OF THE 2015 GENERAL ELECTION FOR THE CITY CORPORATION**

The subcommittee received a joint report of the Remembrancer and the Director of Public Relations on the implications of the 2015 General Election for the City of London Corporation. The Chairman commented that he had undertaken some positive political engagement since the election, including with Greg Clark (Secretary of State for Communities and Local Government), Brandon Lewis (Minister for Housing and Planning), Lord Adonis (Labour) and Lord Hill (European Commissioner for Financial Stability, Financial Services and Capital Markets Union).

Members then discussed the forthcoming referendum on Britain's membership of the EU. The Chairman noted his recent statement to the Court of Common Council in May 2015 had emphasised the majority view of City businesses was that the UK was better off as a member of the European Union, and that UK interests were best served by being fully engaged in EU policy making as a EU member. He acknowledged that differences of opinion existed among members of the Court of Common Council over the EU. The City of London Corporation's role in the EU referendum would therefore be decided through the committee process in the usual way.

Members noted the range of factors that would need to be considered when deciding the Corporation's position on the EU, namely the Prime Minister's efforts to secure EU reform; UK sovereignty; which industries the City of London Corporation was best placed to represent; whether the City should adopt a wider public relations message than one focused purely on financial services; and the role EU membership played in providing jobs in the UK.

RESOLVED, that:

- The City of London Corporation's position on UK membership of the European Union be the subject of further discussion and debate, including at the Policy and Resources Committee; and
- A copy of the Chairman's recent response to Court of Common Council regarding Europe be circulated to members.

7. POLITICAL DEVELOPMENTS AND POLICY ISSUES AFFECTING LONDON

The subcommittee received a joint report of the Remembrancer and the Directors of Economic Development and Public Relations on political developments and policy issues affecting London. In response to a comment from the Chairman on the critical importance of housing policy to London, a member commented that the Conservative pledge to extend Right to Buy to housing association stock would potentially undermine the ability of housing associations to raise finance at AAA rates, and therefore consideration should be given to the City of London Corporation being be involved in any such debate.

Members noted that both Zac Goldsmith MP and Stephen Greenhalgh were likely Conservative candidates for the London Mayoral elections in 2016.

RECEIVED

8. UPDATE AND FORWARD LOOK ON THE ACTIVITIES OF THE INTERNATIONAL REGULATORY STEERING GROUP (IRSG)

The subcommittee received an update report of the Director of Economic Development on activity of the International Regulatory Strategy Group since February 2015.

RECEIVED

9. **REVIEW OF EU ENGAGEMENT STRATEGY**

The subcommittee received a review of EU engagement events since February 2015. The Chairman took the opportunity to request that an equivalent document be provided, on a regular basis, for the City of London Corporation's political engagement programme.

RECEIVED

10. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no questions.

11. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT
Charities (Protection and Social Investment) Bill**

A member noted that this Bill had implications for social investment and therefore the City of London Corporation should be proactive in engaging with government during its passage through Parliament.

12. **EXCLUSION OF THE PUBLIC**

RESOLVED – that under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 7a of Schedule 12A of the Act.

13. **Update from the Town Clerk**

The Town Clerk was heard on a confidential matter.

The meeting closed at 3.50 pm

Chairman

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Committee(s):	Date(s):
Public Relations and Economic Development Sub Policy and Resources	16 July 2015
Subject:	Public
Update and forward look on the activities of International Regulatory Strategy Group (IRSG)	
Report of: Director of Economic Development	For Information
Summary The report provides Members with an update on the work of the International Regulatory Strategy Group (IRSG) since the last meeting of the Public Relations and Economic Development Sub-Committee in May.	
Recommendation(s) Members are asked to: <ul style="list-style-type: none">• Note the report	

Main Report

Background

1. This paper provides an update on recent IRSG activity and sets out the anticipated areas of activity over the coming months.

Capital Markets and EU Reform Agenda

2. The European Commission published a Green Paper on Capital Markets Union on 18 February. The main areas that the Green Paper seeks to address are:
 - improving access to financing for all businesses across Europe and investment projects, in particular start-ups, SMEs and long-term projects;
 - increasing and diversifying the sources of funding from investors in the EU and all over the world; and
 - making the markets work more effectively so that the connections between investors and those who need funding are more efficient and effective, both within Member States and cross-border.

3. They have since launched a public consultation on Capital Markets Union to get a shared diagnosis of the problems and set out an agenda of the initiatives to take. The consultation is based around defining the concrete steps that need to be taken to achieve an integrated and well-regulated Capital Markets Union of the 28 Member States.
4. The IRSG response to the European Commission's Green Papers on Capital Markets Union seeks to highlight three ambitions as being central to CMU:
 - To promote prosperity in Europe by financing innovative, internationally competitive firms
 - To enable security for families through sustainable pension systems and diverse portfolios of investment that appropriately balance risk and reward
 - To deliver infrastructure that can support growth and leave a sustainable legacy for future generations
5. The European Commission will publish an Action Plan in September, drawing on the first findings from the consultations. Concrete proposals will follow within a few weeks of the Action Plan. Early actions will include a comprehensive package on securitisation with updated calibrations for Solvency II and CRR, the definition of infrastructure, and our proposals to review the Prospectus Directive.

MiFID Workstream

6. The UK Government has decided not to 'opt-in' to the Article 39 MiFID II Third Country regime (the "Article 39 Regime"). This is on the basis that it considers that the current regime is sufficiently tailored to client types and to the risks in question, and balances the need to maintain investor protection, market integrity and financial stability, while remaining open to business internationally.
7. HM Treasury has opened a consultation on the transposition of MiFID II into UK law in March 2015. The MiFID workstream held a conference call on 7 May to discuss the third country provisions in the consultation and met with HMT on 21 May to discuss the UK's decision not to opt-in to the Article 39 MiFID2 Third Country Regime.

Taxation Workstream

8. Although negotiations on the FTT stalled at the end of 2014, France and Austria have attempted to revive discussions among the EU-11, going back to a broad base and low rates. The objective is to implement the tax from 1 January 2016 however, as negotiations drag on and without any clear consensus among the 11 on the eventual shape of the FTT, this seems a little ambitious. However, there is still time for progress on the issue and some observers state that developments could take place on the margins of the next ECOFIN meetings on 14 and 24 July.
9. The IRSG Taxation working group is opposed to the EU-11 proposals on FTT for a number of reasons including, but not limited to, its potentially detrimental impact on the economy and long-term finance, corporates, market liquidity, efficiency and stability, collection and relocation. Moreover, the working group has also prepared a letter for Commissioners stressing the inconsistencies of an FTT with proposals for a Capital Markets Union.
10. The last working group meeting was held on 14 May and discussed how far the group should continue to focus on FTT. The group agreed to keep a watching brief on FTT and reconvene once there has been significant movement within the file.

Data Workstream

11. The General Data Protection Regulation (GDPR) sets out an EU framework for data processing to take account of developments since the 1995 Directive came into force. Written as a horizontal measure encompassing all sectors, it does not take specific account of the needs of the financial services industry e.g. to comply with regulatory obligations in relation to anti-money laundering, fraud and IT security. It will also restrict the ability of international firms to transfer data to other parts of their operations which may be located outside the EU, or to comply with requirements from their home regulators. The proposals could also impact on a firm's ability to use profiling for the purposes of e.g. credit scoring and insurance underwriting.
12. The Council has now agreed its General Approach and trilogue discussions have now begun – involving Council, Parliament and Commission. The current schedule is for agreement to be reached by the end of 2015.
13. A series of meetings were held in Brussels on 23 June for the IRSG Data workstream members, including the Chair, to engage with relevant policymakers. The delegation met with Italian, Swedish and Polish Justice and Home Affairs

attachés to discuss key financial services concerns at the draft Data Protection Regulation. They viewed the above timetable as optimistic and indicated that a revised approach could be expected from the European Parliament. The issue of international data transfer will provide the initial focus for the forthcoming trilogue discussions.

Post Trade workstream

14. A meeting was held on 11 June with members of HMT Securities & Markets and Resolution teams to discuss the forthcoming EU proposals on CCP recovery and resolution, in particular the differences with the Bank Recovery and Resolution Directive and the international perspective. Given the different perspectives of the workstream members present, a range of views was provided on certain issues, which HMT found helpful to hear within a single forum. A meeting will also be sought with the Bank of England to discuss these issues.

IRSG Priorities 2015

15. At the IRSG Council meeting in February 2015, the following areas of work were approved as Priority strategic workstreams; Capital Markets Union, Data and Cyber Security and Post Trade. These will require regular reports to the Council on developments and will drive the future agenda

16. Benchmarks, Taxation, FEMR, Bank Structural Reform and Retail, will be of importance over the coming year and the IRSG will maintain a watching brief on these issues.

17. The IRSG will also continue to carry out developmental work on Long Term Finance, the implications of RMB Internationalisation and post crisis regulatory fragmentation.

Director of Economic Development

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Engagement with EU Policymakers (since 12 May)

Date	Event	Guests	Theme of discussion
12 May	Hume Brophy UK Election Result Briefing	Vicky Ford MEP and Richard Corbett MEP	Discussion on the implications for Europe of the UK election
13 May	City Office Brussels meeting	Daniel Bolder, Swiss Financial Council	Discussion of Swiss initiative on 3 rd country recognition
19 May	City Office Brussels meeting	Peter Curwen, Director Economic & Financial Affairs, UK Permanent Representation	Discussion on attendance at IRSG Council and general catch up
26 May	Investment Association Brussels Reception	Anneliese Dodds MEP and Martin Wheatley (FCA)	Discussion focussed on the Capital Markets Union and future regulation in the EU
28 May	AIMA - Bridging the Financial Gap	Markus Ferber MEP	Discussion focussed on the Capital Markets Union and access to funding for SMEs
1 June	EESC – A European tax as an EU own resource	Commissioner Pierre Moscovici and Vladimír Maňka MEP	Discussion centred on the current system for funding the EU budget and taxation possibilities surrounding it
2 June	City Office Brussels meeting	John Watson, Commission representative on COREPER 1	Discussion on high-level DG appointments and general catch up: banking structure reform, CMU, Presidents

			report
3 June	EESC – Access to finance for SMEs	Ciprian Cristea (DG GROW), Christos Kontogeorgos (DG REGIO), Rémi Charrier (European Investment Fund) and José Manuel Fernandes, MEP	Discussion focussed on the Capital Markets Union and access to funding for SMEs
8 June	City Office meeting	Georg Hubner, Head of Office, German Savings Banks representation to the EU	Introductory meeting with Hubner the new head of the office, discussed CMU and EU reform
9 June	Joint event with IFSC Ireland and Irish Permanent Representation to discuss CMU	Irish Minister of State for Finance, Simon Harris Brian Hayes MEP (ECON) Nial Bohan, European Commission Nick Collier, Thomson Reuters_	The event followed on from the European Commission's conference on CMU and provided an opportunity to consider the Irish and UK perspective
9 June	City Office Brussels meeting	Sean Berrigan, DG FISMA	Discussion on CMU
9 June	City Office Brussels meeting	Sean McGuire, CBI Brussels	Discussion on EU reform process
17 June	City Office Brussels meeting	Hans Hack, Managing Director FTI	Discussion on CMU and banking structure reform
18 June	City Office Brussels meeting	Antony Manchester, Director Swiss Financial Council	EU reform, Swiss situation vis-à-vis the EU and the Single Market access
22 June	City Office meeting	Kolja Gabriel, Head of Brussels Office, German Private Banks Association	Discussion on German view of CMU and EU reform, including UK referendum

23 June	Meetings with JHA attaches from Italy, Sweden and Poland	Chair and members of the IRSG Data workstream	These meetings form part of the IRSG advocacy work to highlight financial services concerns at the current EU Data Protection proposals
24 June	City Office meeting	David Cook, First Secretary Financial Services, UKRep	Discussion on banking structure reform, EU reform and CMU
30 June	European Movement International – UK EU reform agenda	Jo Leinen MEP and Kay Swinburne MEP	Panel discussion on the UK's EU reform agenda covering 4 cornerstones of sovereignty, fairness, competitiveness and immigration
1 July	City Office meeting	Peter Curwen, Director Economic & Financial Affairs, UK Permanent Representation	General catch-up and discussion about Council General Approach on banking structure reform
1 July	Atlantic Council paper launch – Renminbi Ascending	Neena Gill MEP, Petr Jezek MEP and Peter Grasmann (DG FISMA)	Roundtable discussion to launch new report "Renminbi Ascending: How China's Currency Impacts Global Markets, Foreign Policy and Transatlantic Financial Regulation"
3 July	British Chamber of Commerce – UK/EU relations	Alison Rose (British Ambassador to Belgium)	Discussion on the UK's EU reform agenda and UK relationship with EU

Officials and Policymakers met by the EU Team

- Eleanor Hourigan, UKRep
- Nick Minogue, UKRep
- Ivan Smyth, UKRep
- Luca de Matteis, Italian Permanent Representation
- David Harrby, Swedish Permanent Representation
- Ewa Gromnicka, Polish Permanent Representation
- Joe Cullen, Irish Permanent Representation
- Michael Taggart, Irish Permanent Representation
- John Berrigan, Director DG FISMA, Commission
- Niall Bohan, DG FISMA Commission
- John Watson, Commission Representative Coreper 1
- Georg Hubner, Head of Office, German Savings Banks EU representation
- Kolja Gabriel, Head of Brussels Office, German Private Banks Association
- Peter Curwen, Director Economic & Financial Affairs, UK Permanent Representation

- Daniel Bolder, Swiss Financial Council
- David Cook, UK Permanent Representation

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Committee: Public Relations/Economic Development Sub Committee	Date: 16 July 2015
Subject: Political and Business Contact Programme – Events Report	Public
Report of: Director of Public Relations and Director of Economic Development	For Information

Summary

The Public Relations Office and Economic Development Office are together responsible for delivering the City Corporation’s political and business contact programmes. As part of these programmes, roundtables – usually hosted by the Chairman – are regularly held with key politicians and business leaders, invariably under the Chatham House Rule. Details of these events, including attendees and topics of discussion, are provided in this report.

Recommendation

The Sub-Committee is asked to note the information in this report.

Main Report

1. The Public Relations Office and Economic Development Office maintain, on behalf of the City of London Corporation, relationships with a range of politicians and businesses. One key element of the political and business contact programmes is for the Chairman of the Policy and Resources Committee to host roundtables – breakfasts, lunches and dinners – with members of HM Government and Opposition, overseas governments and international institutions, and business leaders.
2. The attached annex outlines details of the roundtables that have taken place since May 2015. Invariably, these roundtables are held under the Chatham House Rule. Within this constraint, this report seeks to update

your Committee on the roundtables which have taken place, specifically the attendees and topics of discussion.

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Annexe: CPR roundtable list – May-July 2015

Date	Event	Guests	Topics of discussion
19 May 2015	50 th anniversary of the London boroughs dinner	SoS for CLG, London borough leaders, academics, think tank directors and London borough Chief Executives	A productive discussion focussed on devolution to London and housing association tenants' right to buy.
11 June 2015	London Councils Executive dinner	Members of the London Councils Executive Committee, Chief Executive of Hackney and London Councils' Chief Executive, Mayor of London's Chief of Staff	How London Councils can work most effectively with the current Mayoral Administration, through to May 2016, to maximise the potential of the next 10 months for the benefit of London local government.
17 June 2015	Lunch with Francois Villeroy de Galhau	Senior City representatives, representatives from the French Embassy and officers from EDO	The event considered Capital Markets Union and how to develop non-bank sources of finance, the challenge of developing cross-border equity markets and the scaling-up of the private placement market.
24 June 2015	Centre for London dinner	Senior representatives from the Housing development and building sectors.	Discussion around 'Thinking Bigger,' Centre for London's response to the London Plan, addressing the implications of London's population increasing to 10m by 2030.
3 July 2015	Advisory Council for India lunch	Members of the Advisory Council for India, High Commissioner of India, Treasury representatives and UK based financial services practitioners with an interest in India.	To hear views on Indian reform and financial sector development from senior Indian professional and financial sector experts; forum for promoting City of London India work programme; discussion on the

			UK Government's India-UK Partnership.
14 July 2015	Breakfast with City Minister, Harriett Baldwin MP	City Minister, representatives of financial and professional services companies, representatives of fintech businesses.	Discussion about competitiveness and productivity in the UK economy, what the Government could do to boost UK competitiveness and opportunities in areas such as fintech.

Future events:

- 17 September Dinner with Skills Minister, Nick Boles MP
- 21 September Liberal Democrat Party Conference dinner
- 28 September Labour Party Conference dinner
- 29 September Advisory Council for China dinner
- 5 October Conservative Party Conference dinner
- TBC Breakfast with Greg Hands MP, Chief Secretary to the Treasury
- TBC Breakfast with Lord Ahmad, Transport Minister
- TBC Event with Anna Soubry, Business Minister
- TBC Event with Stephen Greenhalgh, Deputy Mayor for Policing and Crime

TBC

Event with Michelle Thomson MP, SNP spokesperson for Business, Innovation and Skills

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