



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

Date: MONDAY, 4 JULY 2016

Time: 12.00 pm

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

Members: Mark Boleat (Chairman)
Deputy Catherine McGuinness
Simon Duckworth
Hugh Morris
Deputy Douglas Barrow
Keith Bottomley
Alderman Peter Estlin
Anne Fairweather
Stuart Fraser
Lucy Frew
Wendy Hyde
Edward Lord
Jeremy Mayhew
Tom Sleigh
Sir Michael Snyder
Alderman Sir David Wootton

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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 6 June 2016.

For Decision
(Pages 1 - 4)
4. **CO-OPTION OF EXTERNAL MEMBERS**
The Chairman to be heard.

For Decision
5. **REFERENDUM ON UK MEMBERSHIP OF THE EUROPEAN UNION**
The Chairman to be heard.

For Information
6. **INTERNATIONAL REGULATORY STRATEGY GROUP (IRSG) UPDATE**
Report of the Director of Economic Development.

For Decision
(Pages 5 - 12)
7. **EU ENGAGEMENT UPDATE**
Report of the Director of Economic Development.

For Information
(Pages 13 - 14)
8. **WARD NEWSLETTERS**
Report of the Town Clerk.

For Information
(Pages 15 - 16)
9. **POLICY CHAIRMAN'S VISIT TO SHANGHAI 2016**
Report of the Director of Economic Development.

For Information
(Pages 17 - 20)
10. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
11. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

12. **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.

13. **NON-PUBLIC APPENDIX - EU ENGAGEMENT**

Non-public appendix to accompany Item 7 (EU Engagement Update).

For Decision
(Pages 21 - 38)

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

Monday, 6 June 2016

Minutes of the meeting of the Public Relations and Economic Development Sub (Policy & Resources) Committee held at the Guildhall EC2 at 12.00 pm

Present

Members:

Mark Boleat (Chairman)
Keith Bottomley
Alderman Peter Estlin
Anne Fairweather
Lucy Frew

Edward Lord
Jeremy Mayhew
Deputy Catherine McGuinness
Tom Sleigh

Officers:

John Barradell	- Town Clerk and Chief Executive
Alistair MacLellan	- Town Clerk's Department
Damian Nussbaum	- Director of Economic Development
Bob Roberts	- Director of Communications

1. APOLOGIES

Apologies were received from Deputy Doug Barrow, Stuart Fraser, Wendy Hyde, Sir Michael Snyder and Alderman Sir David Wootton.

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

There were no declarations.

3. MINUTES

The minutes of the meeting held on 19 May 2016 were approved as a correct record, subject to Item 3 (Terms of Reference) being amended to read:

'The Terms of Reference were received.'

Members took the opportunity to discuss the amended terms of reference, namely the proposal to co-opt up to two external persons on to the sub committee, who shall not have voting rights. The Chairman agreed to review the comments outside of the meeting and to bring a proposal back to a future meeting.'

4. MEMBERSHIP OF COMMITTEE

The Chairman noted the sub committee's new ability to co-opt up to two external persons and asked Members for their views. The following points were made.

- Co-option was welcome provided it enhanced the public relations and economic development work of the City of London Corporation.
- It should form part of, and strengthen, the City's wider engagement.
- It should benefit Small and Medium Enterprises.
- The sub committee could deal with recurring internal agenda items in a single meeting, and hold further extraordinary meetings at other locations such as Canary Wharf.
- Co-option should be undertaken with wider City objectives in mind – such as how would it contribute to City's efforts to build a Smart City.

The Chairman noted that there was general support for co-option of external members subject to the comments made, and asked the Town Clerk to bring a report to a future meeting.

5. **COMMUNICATIONS UPDATE**

Members received a report of the Director of Communications regarding core messages. The following comments were made:

- These core messages should be distributed to Members regularly, as well as the City's communications grid.
- Core messages should also include a description of the City of London Corporation's overall role.
- The section around Supporting the City should make the City's positive contribution to the arts, education, heritage and open spaces more explicit.

Members were asked to send any detailed comments to the Director.

In response to a query from a Member, the Town Clerk agreed to bring a report to a future meeting on the purpose of Ward Newsletters.

RECEIVED

6. **PARTY CONFERENCES 2016**

Members received a report of the Director of Economic Development on Party Conferences 2016. In response to queries from Members, the Director agreed to circulate a list of potential dinner guests to Members, and to consider Member attendance at the SNP Conference in Glasgow.

RECEIVED

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

EU Referendum – Contingency Planning

In response to a question from a Member, the Town Clerk confirmed that media contingency planning had been carried out for the event of a vote for the UK to leave the European Union.

EU Referendum – Registration as Permitted Participant

In response to a question from a Member, the Town Clerk confirmed that the City had registered as a permitted participant in the EU Referendum campaign, in line with guidance from the Electoral Commission. Registration had taken place as the spending threshold had been met by the forthcoming Bankers' and Merchants' Dinner, as well as research items commissioned by the Economic Development Office.

8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

The Queen's Speech

Members received a tabled report of the Remembrancer concerning the recent legislative programme outlined in the Queen's Speech 2016.

RECEIVED

The meeting closed at 12.53 pm

Chairman

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Agenda Item 6

Committee: Public Relations and Economic Development Sub Committee	Date: 4 th July 2016
Subject: Update and forward look for the IRSG (International Regulatory Strategy Group)	Public
Report of: Director of Economic Development	For Information
Report Author: Mike Vercnocke, EDO	

Summary

This paper provides an update on the key areas of progress made by the International Regulatory Strategy Group (IRSG) and the key priorities going forward.

IRSG Refresh - Accenture is reviewing the work of the IRSG, looking at future priorities, composition of membership and how the IRSG develops its role domestically and at EU/international level, following the EU Referendum.

Taxation – the IRSG Taxation Working Group has examined the Commission proposals on the Anti Tax Avoidance Directive (ATAD) and the public country-by-country reporting (CBCR) proposals. On the Financial Transaction Tax (FTT) there is little progress to report but a decision might be taken by the participating countries in September.

Consumer Agenda – the IRSG launched a report, *Retail Financial Services – bringing real benefits to Europe’s customers* - in Brussels on 15 March. This report explores the changing nature of the financial services ecosystem, including the effects of disruptive technology, and the remaining barriers to a single market in financial services. The IRSG has given concrete recommendations designed to encourage consumer trust in financial markets and make them work better for consumers. The report has been welcomed by the European Commission, which is developing its consumer agenda for the second half of the year.

Cumulative Impact Assessment – in response to the European Commission’s call for evidence, the IRSG launched, in Brussels on 14 June, a detailed analysis and recommendations on how to improve the legislative process. The report raises shortcomings in the EU financial services regulation and suggests steps to address them. Specifically, rules should be proportionate to balance harmonisation and market diversity, they should support a dynamic, flexible and globally competitive EU industry and deliver services that the consumer needs.

Capital Markets Union - the IRSG responded to the European Commission's CMU Action and communicated to Commissioner Hill and his team policy priorities. Recently the IRSG responded to the consultation on an effective insolvency framework under CMU. This will be a key policy initiative from the Commission in the second half of the year and a major focus for IRSG work.

Data and Cyber Security – two of the key dossiers (General Data Protection Regulation and the Network and Information Security Directive) have now been agreed at EU level. The IRSG will feed into the national implementation of both dossiers through the Information Commissioners Office (ICO) guidance process and engagement with the Department of Culture, Media and Sport.

Supervision – papers on the future supervision of the Capital Markets Union and on the funding and governance of the European Supervisory Authorities (ESAs) are being developed but given the sensitivity of the issues it has been decided to postpone work on the papers until after the UK referendum.

Recommendation

Members are asked to:

- note the report;
- provide input to the IRSG via the Chairman

Appendices:

Appendix 1 – Detailed report of IRSG activity

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Appendix 1

1. IRSG COUNCIL

IRSG Objective:

The role of the Council is to provide the overarching strategic direction to the IRSG.

City of London input: The Policy Chairman is the Deputy Chair of the Council. EDO provides the secretariat to the Council.

Latest developments: The latest meeting of the overarching Council took place in March 2016, under the new Chair, Mark Hoban. Members of the Council held a discussion on the regulatory approach to Fintech, which included presentations from the FCA Innovation Hub and from Innovate Finance (FinTech membership body of which City Corporation is lead sponsor). A regular item for discussion was the forthcoming EU Referendum. The Chair updated the Council on the review being undertaken by Accenture on the work of the IRSG. This will include future priorities, a review of membership and the ways in which the IRSG can develop its role both domestically and at the EU/international level, post the EU Referendum.

Next steps: The next meeting of the Council will take place after the EU Referendum, on 19 July.

2. IRSG EXECUTIVE BOARD

IRSG Objective:

The role of the Executive Board is to oversee the ongoing work of the IRSG.

City of London input: The Director of Economic Development is the Co-Chair of the Board. EDO provides the secretariat to the Board.

Latest developments: Two meetings of the Executive Board have taken place in this period. Key issues for discussion have been the forthcoming EU Referendum and consideration of the future themes for the strategic “Blue Skies Group”.

Next steps: The next meeting of the Board will take place after the EU Referendum, on 28 June.

3. TAXATION

IRSG Objective:

To exchange views and establish positions on tax proposals and measures at EU and international levels which:

- Do not impact one financial sector alone (i.e. not solely impactful on banks, asset managers or insurers etc.).
- Have, or could potentially have, a material impact on London as Europe’s leading financial centre.

To contribute to the evidence base on the impacts of multi-jurisdictional tax proposals and measures, taking into account effects on markets, corporates, customers and the global competitiveness of the EU. The Group will also take into account other EU agendas such as the European Commission’s

Investment Plan, the Capital Markets Union Action Plan and the Better Regulation agenda.

City of London input:

An EDO officer provides the secretariat function to the IRSG workstream, which can include the drafting of position papers and facilitating EU level engagement. We maintain contact with the relevant officials in the Permanent Representations in Brussels and have previously hosted events on the FTT.

Latest Developments

Anti Tax Avoidance Directive:

On 21 June, the Council of the EU agreed a draft of the Anti Tax Avoidance Directive (ATAD). This follows a 'broad agreement' at the Economic and Financial Affairs (ECOFIN) Council on 17 June. The Directive lays down tax-avoidance rules in five specific areas: interest limitation, exit taxation, general anti-abuse rule (GAAR), controlled foreign companies (CFCs) and hybrid mismatch rules. The switchover clause did not make the final draft. The Directive will be submitted to a forthcoming Council meeting for adoption.

This follows the adoption in plenary of Hugues Bayet MEP's (S&D, BE) report in the European Parliament on 8 June, with MEPs approving the text by 486 votes in favour, 88 against and 103 abstentions. However, the Parliament only has consultative rights in the field of taxation and does not possess legislative power.

Revision of the Directive on Administrative Cooperation:

The Council of the EU reached a political agreement on the revision of the Directive on Administrative Cooperation (DAC) which relates to CBCR by multinational companies and the automatic exchange of information between tax authorities. Thereafter, on 12 May, the European Parliament voted to support the European Commission's DAC 4 proposals during the plenary session 567 votes to 30 with 53 abstentions. Again, the Parliament's role in this file is only advisory.

Public country-by-country reporting:

On 12 April, the European Commission published its proposal to establish public country-by-country reporting (CBCR) of tax data by multinationals (MNEs). The proposals, which are designed to combat corporate tax avoidance, require MNEs operating in the EU (including subsidiaries of non-European MNEs conducting business in the EU) with global revenues exceeding €750 million a year to publish corporate data on tax activities. On a country-by-country basis, MNEs would need to publish a range of data including the nature of their activities; turnover; profit made and tax paid. MNEs will also have to report the total amount of tax paid outside of the EU (in an aggregated format). Further, if MNEs pay tax in jurisdictions that do not meet international good governance standards on tax, they would have to publish the same detailed information as for an EU Member State.

Financial Transaction Tax:

On 17 June, the ECOFIN Council discussed the latest proposal for a Financial Transaction Tax (FTT) and agreed that work will continue on the dossier during the second half of the year. Austrian Finance Minister Hans Joerg Schelling presented the proposal and a Ministerial Level Task Force has been arranged to solve the two remaining technical issues – applying the tax to derivatives (which should not have a negative impact on public borrowing costs) and making collection of the tax cost-effective. The Task Force will report back to the Council in September when a final decision on the FTT proposal will have to be made.

Next Steps: The next meeting of the IRSG Taxation Working Group is scheduled for 11 August. The agenda will centre on the ATAD, public CBCR and there will also be an exchange of views on latest FTT news.

4. CONSUMER AGENDA

IRSG Objective:

The main objective of this initiative is to help policymakers create the right regulatory and policy framework to promote consumer trust in financial services to enable them to spend, save and invest in more efficient and innovative ways. It will present convincing evidence about the importance of addressing this issue as a matter of urgency, to ensure Europe remains competitive and exploits the opportunities provided by disruptive technologies.

City of London input: We maintain contact with the relevant officials in the Permanent Representations in Brussels and European Commission.

Latest Developments: The IRSG consumer workstream contributed to the retail debate and the associated Retail Green Paper through the production of a report, *Retail Financial Services – bringing real benefits to Europe’s customers* - which was launched in Brussels on 15 March. This report:

- Explores the changing nature of the financial services ecosystem, including the effects of disruptive technology and the modern, mobile, European customer.
- Examines the barriers to a single market in financial services
- Makes granular recommendations to help produce the optimal regulatory and legislative environment to encourage consumer trust in financial markets and to ensure that markets work better for consumers.
- Quantifies the benefits of implementing these recommendations through an econometric model, produced by Accenture.

The report and the econometric model generated lots of interest in Brussels. Workstream members learned that the European Commission is in the very early stages of its thinking, but has an appetite for an ambitious agenda. It is keen to better understand the dynamics of the sector before intervening with regulations. It recognises that poor regulation would undermine Europe’s competitiveness in this area.

Next steps: The report will now be shared and discussed in meetings with HMT, FCA, PRA and the Bank of England.

5. CUMULATIVE IMPACT ASSESSMENT

IRSG Objective:

To feed into the European Commission's call for evidence on the cumulative impact of financial regulation, which was published alongside the Capital Markets Union Action Plan. This call for evidence seeks to gather data (legal and economic) on the interaction of individual rules and the cumulative impact of the legislation as a whole.

City of London input: An EDO officer is a member of this workstream. We maintain contact with the relevant officials in the Permanent Representations in Brussels and European Commission.

Latest Developments: The IRSG has submitted a targeted summary of the key themes identified as part of this work in line with the Commission's deadline to the call for evidence (31 January).

A detailed response was submitted on 10 March. This approach has been agreed with the Commission.

The IRSG identified a number of common shortcomings when assessing EU financial services regulation. It also developed steps which could be taken to address these shortcomings and increase the support that EU financial services regulation gives to the jobs and growth agenda. These are detailed in the first two responses and summarised below:

1. *The need for harmonisation should be balanced with the need to recognise diversity, to ensure proportionate regulation and to facilitate the appropriate use of discretion.*
2. *The consequences of legislative proposals require early identification and consideration. They should be regularly evaluated on an individual and cumulative basis.*
3. *Financial services regulation ought to support a dynamic, flexible and globally competitive EU.*
4. *The legislative process should facilitate the adoption of effective, efficient and timely regulation.*
5. *There should be a renewed focus on the consumer and what the consumer needs.*

A comprehensive report providing a more detailed analysis was launched in Brussels on 14 June 2016. The report contains recommendations on how to improve the legislative process more generally.

Next steps: The report will be launched in London on 13 September and the group will work with FCA and HMT to take forward some of the recommendations.

6. CAPITAL MARKETS UNION

IRSG Objective: the creation of a capital market across the 28 Member States without barriers, with appropriate regulation and open to global business.

City of London input: an EDO officer is member of the IRSG workstream. The Brussels Office is in very regular contact with the relevant officials in the Commission.

Latest Developments: In December 2015, the IRSG sent a response to the CMU Action Plan which draws on the IRSG response to the Green Paper on CMU and the policy priorities identified by members of the CMU workstream to Commissioner Hill. Since then the group has served as a sounding board for various other IRSG workstreams.

In June 2016, the group has responded to the Commission's consultation on an effective insolvency framework within the EU. The consultation contains 32 questions, grouped into four categories:

1. Scope of the insolvency framework;
2. Saving viable businesses in difficulty;
3. Second chance in the event of an 'honest' failure;
4. Increasing the efficiency and effectiveness of the recovery of debts.

Next steps: The IRSG workstream will convene in September to discuss next steps.

7. DATA/CYBER

IRSG Objective: the creation of a proportionate data regime which is fit for purpose for both consumers and the business community within a global context and the growing digital world economy.

City of London input: an EDO officer provides the secretariat to the workstream. This includes the drafting of position papers and facilitating EU level engagement.

Latest developments: The latest meeting of the Data/Cyber workstream took place on 2 March. Members heard from the Information Commissioner's Office on its approach to the implementation of the General Data Protection Regulation (GDPR), which was given the final sign-off in April 2016, and is due to come into force in Q1 2018.

Cyber: Agreement was reached on the Network and Information Security Directive (NIS) in December 2015.

Digital Single Market: a paper has been produced (based on a previous document) to be used in our engagement with the EU institutions, setting out a data perspective. Consistency with existing measures and third country considerations are key themes.

Safe Harbor: following the ECJ judgement on the Schrems case, which declared the use of Safe Harbor invalid as a mechanism of the transfer of data from the EU to the US, the European Commission and the US agreed in February 2016 on a new framework for transatlantic data flows. The *EU-US Privacy Shield* will place stronger obligations on companies in the US to protect the personal data of EU citizens and stronger monitoring and enforcement by the US Dept of Commerce and the Federal Trade Commission. An Opinion was produced by the Art 29 Working Party (which

includes national data protection supervisors) in April. The European Commission is expected to issue the final adequacy decision in the summer.

Next steps: The workstream will feed into the ICO guidance process for the implementation of the GDPR and will engage with Department of Culture, Media and Sport to feed into the national implementation of the NIS Directive.

8. SUPERVISION

IRSG Objective: to provide thought leadership on the future of the ESAs (European Supervisory Authorities) and their role as guarantors of the integrity of the Single Market.

City of London input: an EDO officer is member of the IRSG workstream. We maintain good contacts with the ESAs, in particular Adam Farkas at the EBA (European Banking Authority) and Verena Ross at ESMA (European Securities and Markets Authority).

Latest Developments: The IRSG supervision workstream has produced draft papers on CMU supervision and the funding and governance of the ESAs. The papers have not been agreed.

Given the sensitivity of the issues it has been decided to postpone work on the papers and to reconvene the supervision workstream after the UK referendum.

Next Steps: The next meeting is expected to take place in July to discuss the two draft papers.

Committees:	Dates:
Public Relations and Economic Development Sub Committee Policy and Resources Committee	4 th July 2016 7 th July 2016
Subject: Engagement with EU Policymakers	Public
Report of: Director of Economic Development	For Information
Report Author: Jeremy Browne, Jonathan Pallant and Michael O'Shea, EDO	

Summary

The report provides Members with an update on the City of London Corporation's engagement with EU policymakers (at both Member State and EU level) since the last meeting of the Public Relations and Economic Development Sub-Committee. Jeremy Browne has visited 21 EU countries this year on behalf of the City Corporation. Detailed below is an overview of the themes emerging from the visits:

Brexit

1. The universally expressed desire in the capital cities of Europe is for Britain to remain in the EU. European opinion formers are also very interested in this topic: they raise it and have a big appetite for detailed analysis of the political and economic debate taking place in Britain. What differs, more interestingly, are the reasons given for this position.
2. The like-minded countries want Britain to stay, in part, for ideological reasons. They value Britain's default assumption in favour of open markets, free trade and flexible labour laws. They worry that the balance of debate within the EU leans too heavily towards protectionism and statist solutions – and that this imbalance will be significantly worse if Britain is not present to lead the charge for economic liberalism. These audiences are, predictably, well disposed towards the City. An overlapping group of audiences worry that a British exit would diminish the EU, in economic terms, but also more widely. Small eastern European countries see their interests as being served by membership of a strong EU and other western-orientated institutions.
3. There are then countries which are less ideologically sympathetic to Britain's Anglo-Saxon economic positions but still wish the UK to remain. For them, often, the concern is not about disturbing the ideological equilibrium of the EU but about disturbing the power equilibrium of the EU. Another major country at the top table is regarded as useful for opening up the debate enough for others to get a decent look-in.
4. And finally, and most apocalyptically, is the view that Britain leaving the EU will unleash unpredictable nationalist forces which will imperil the whole continent. Those who see the EU not, as we often do, in transactional terms, but instead see it as a great act of post-war reconciliation, and the best guarantor against dangerous future divisions on our continent, believe Britain is playing with fire by even holding a referendum.

Financial Transaction Tax

5. This is an important subject on two levels: most crucially the impact it would have on the City, but also what it says about the ideological direction of the EU. My judgement is that the debate is moving slowly in our favour. There seems to be little momentum behind the FTT. It is widely accepted that it sits very uneasily with the concept of CMU. It is often accepted too that it would harm European global competitiveness. People in finance ministries and central banks are willing to pour cold water on the idea.

Transatlantic Trade and Investment Partnership (TTIP)

6. TTIP rarely causes excitement throughout the EU. It is raised by the City but it is rarely raised by the Member State. Audiences register our desire for TTIP to include financial services but they do not run with this theme with any energy. TTIP is in the background of many conversations, not the foreground.

Capital Markets Union (CMU)

7. CMU is generally a popular concept, although sometimes it is possible to detect a slight paying of lip-service to the idea. In poorer parts of Europe the claim is frequently made that the problem is the absence of thriving medium-sized businesses, not access to capital, which exists in greater supply than the demand for it. But generally there is recognition that better access to non-bank sources of finance would benefit the European economy, and at the very least would provide additional options for businesses. So the issue, as it appears, is not opposition to the concept, but the level of desire to turbocharge it forward.

Regulation/Eurozone

8. A new EU is emerging on economic policy which formalises the divide between Eurozone and non-Eurozone countries. The central bankers meeting fortnightly are forming a deeper club identity – they visit London a couple of times a year; they visit Frankfurt together over 20 times a year. There are serious divisions within the Eurozone, most obviously with German reluctance to pick up the bills of others, but the direction of travel is clear: more integration of banking, regulatory and even fiscal policy. This, of course, has implications for Britain and the City, most clearly that we keep single market issues at the EU28 level rather than the Eurozone¹⁹ level.

FinTech

9. There does not appear to be a significant city anywhere in Europe that does not consider itself to be a vibrant hub for FinTech. That provides opportunities for cooperation with London (which really is a vibrant hub for FinTech). More generally, there is considerable appetite for bilateral engagement with the City, on green finance, savings, pensions, and many other issues.

Recommendation

Members are asked to note the report.

Appendices

- **Non Public Appendix 1** – List of key people engaged with since March 2016
- **Non Public Appendix 2** – Broad overview of meetings undertaken in the Member States visits

Committee(s): Public Relations and Economic Development Sub (Policy and Resources)	Dated: 4 July 2016
Subject: Ward Newsletters	Public
Report of: Town Clerk	For Information
Report author: Sheldon Hind – Town Clerk’s Department	

Summary

This paper is a response to a request from this sub committee for further background on ward newsletters. It notes that newsletters currently fall under the remit of the Deputy Town Clerk, and that two editions per ward per year are published, in June and December. In pre-election years, this is increased to three editions. Whereas the centrepiece of each newsletter is identical, with copy provided by the Town Clerk’s Publishing Team, the front and back cover vary from ward to ward, giving rise to both corporate messaging from both the City of London Corporation, and ward-specific messaging from ward Members, in a single publication.

Recommendation(s)

Members are asked to note the report.

Main Report

1. Ward newsletters were established in 2004 following the changes to the City’s voting system or ‘franchise’.
2. They were set up, and funded from City’s Cash, on the basis that almost all Members at that time were Independents and therefore had no financial or logistical backing from established political parties to communicate with the expanded constituent base (those on the electoral register and therefore eligible to vote).
3. The newsletters were originally designed as Members’ means of reaching their voting population, but since then they have been supplemented by ward websites, social media, and other activities.
4. The ward newsletter system was created to be a ‘one size fits all’ to make it workable. In its early years the process was overseen by an Assistant Town Clerk. Following a reorganisation in the Town Clerk’s Department in 2008 the Public Relations Office (PRO) Publishing Team took over overall responsibility for newsletter production. The newsletters remain with the Publishing Team, which since the reorganisation of the PRO in 2015 falls under the remit of the Deputy Town Clerk.
5. Originally there were four newsletter editions per year per ward, later reduced to three when newsletter editors found that number of editions unmanageable, and

later down to two (June and December). In pre-election years ward editors have the option of producing an extra, third, newsletter.

6. Whether or not a ward issues a newsletter on each occasion during the year is at the discretion of the editor who may feel they do not have enough time to devote to its drafting, or not enough news to report to their constituents. As a rough rule the output in June and December can vary from 17 to the full 25 editions on each occasion.
7. One editor represents each ward and they are either volunteers or are chosen from among the Members of that ward. How the editorial process works is a matter for each ward. In some, a call for entries is sent to other Members; in others the editor is responsible for all aspects of the newsletter's drafting and production. Editors provide the content for the front and back covers of the newsletters, and the Publishing Team traditionally provides the content for the centrespread – which is consistent across all 25 newsletters.
8. The production schedule is sent to editors approximately seven weeks ahead of publications, including an indication of what material will be going into the centrespread. A reminder is sent one week before deadline. Over a two week period, drafts and revisions are made to the newsletters, and the final versions are read by the Publishing Team to pick up minor errors or examples of 'electioneering' before they are sent to press and then distributed (using the electoral database) via second class post to postal addresses. Newsletters are issued to circa 20,000 electors.
9. The newsletters are also available on the City Corporation website. There is a small number of people across the ward that have requested electronic versions rather than paper. They are sent an email by the Publishing Team, with a link to the page so they can download it.
10. These newsletters are intended as a communication from Members to their constituents and not as a City Corporation publication. This is why the logo does not appear but rather the coat of arms, signifying their relation to the City, not the City of London Corporation. This approach allows Members to include content that might not necessarily reflect the views of the organisation as a whole (for example, a project that has been approved in the wider interests of the City may have local ramifications that Members will oppose on behalf of their constituents but they are doing so on the basis of an issue and not a political standpoint).

Sheldon Hind

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Committee(s) Public Relations and Economic Development Sub Committee Policy and Resources Committee	Dated: 4 July 7 July 2016
Subject: Chairman's visit to Shanghai 2016	Public
Report of: The Director of Economic Development	For Information
Report author: Angela Lynch – Town Clerk's (Economic Development)	

Summary

This report informs Members of the most recent visit by your Chairman to Shanghai, China 10-13 June 2016. The key purpose was to demonstrate the City's commitment to meaningful cooperation and exchange in financial services with China and to strengthen links with firms, officials and regulators.

The key points to come from the discussion are detailed in this report. The visit in particular underlined China's continued focus on financial sector reform and desire to cooperate with the UK on areas such as innovation. Despite these positive messages however there remains much to be done by the authorities to ease market access for foreign firms and greater loosening of regulatory controls in some areas such as derivatives. Your Chairman received recognition for the City of London's work on topics such as green finance and took questions on Brexit, which was of a high level of interest to both Chinese and international stakeholders.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. Your Committee approved an annual visit to China by your Chairman (November 2012) on a permanent basis for the City of London Corporation's China programme and China-focussed public relations activities.
2. Your Chairman visited Shanghai 10-13 June 2016. The principal objective was to speak on behalf of the City Corporation to further develop the City of London's links with financial firms, officials and regulators in China.

Main report

3. Your Chairman joined senior City and UK Government representatives at major financial conference, the Lujiazui Forum. Your Chairman sat on a panel titled 'UK-China financial cooperation in the Golden era', attended an official reception and joined a private lunch with the Vice Mayor of Shanghai.

4. Officials were unanimous that further financial sector reform is a top priority for the Chinese government. They emphasised a focus on 'supply side' reform and their desire to encourage more innovation in the market - particularly through product design and inclusive finance initiatives, from reverse mortgage schemes to specialised insurance and the launch of a tax-deferred pension scheme.
5. Brexit was of enormous interest to both private and public sector representatives in China. Your Chairman assured stakeholders that the City of London would remain a leading financial centre irrespective of the outcome of the referendum. All agreed however that a vote to leave would cause major issues that would need to be addressed immediately by the UK Government, in order to prevent loss of investment from China. A potential major inward investor to London from the banking sector highlighted their main reason for choosing London for their first international office was due to its strong reputation as the gateway to Europe.
6. Corporates agreed conditions are difficult for international firms to operate in China. Opinions varied as to whether this will be a short term issue or signals a worrying trend, which sees international firms increasingly discriminated against. Members of the UK business community agreed that financial services have fared better than many sectors. Interest growing in innovative areas such as Fintech venture capital and private equity have kept two-way flows consistent. Outbound flows from China have also been helped in recent months due to increased concern by Chinese firms in managing their risk securely overseas.
7. It was made clear by Chinese regulators and government officials they want more cooperation between UK and Chinese financial services and increased investment from overseas. At a joint roundtable discussion between the Lujiazui Financial City and the City of London, senior officials told your Chairman they can learn a lot from the City as the preeminent global centre. They expressed their wish for continued interaction between experts in both cities. Major UK financial sector firms present acknowledged the Lujiazui campaign to attract new firms to the area; and the potentially important role the Free trade Zone will play in continuing to test new financial policies (leading to the gradual opening up of China's financial markets).
8. Your Chairman's visit marked one year since the Chinese stock markets crisis. Over the past 12 months regulators have sought to recover from the shock but tightening control of some of the newer financial markets in China - such as the derivatives market.
9. Your Chairman observed throughout his conversations with Chinese stakeholders and international firms that the UK's reputation remains strong (boosted by President Xi's successful State visit to the UK) and there is clear incentive for Chinese firms to work in closer partnership with UK firms. For some, cooperation is viewed as a knowledge-sharing opportunity simply, but there are also more practical business partnerships being forged. This positive message was however dampened by uncertainty over the pace of

reform in China, following a period of widespread currency fluctuations, slowing economic growth and a fall in demand and failure to address mounting problems within State-Owned Enterprises.

10. A Connect between the London Stock Exchange and the Shanghai Stock Exchange is being heavily encouraged by both government and industry players. Positive progress will be announced in the coming months.
11. Your Chairman's visit attracted significant TV and press coverage. His remarks on the UK's competitiveness, Chinese financial sector reform and the EU referendum were covered by international and domestic outlets.

Corporate & Strategic Implications

12. The visit to China by your Chairman supports the vision of the City of London's 2015-2019 Corporate Plan and the strategic aim "[t]o support and promote the City as the world leader in international finance and business services".
13. It also met the strategic aim as stated in the Economic Development Office Business Plan 2016-19 "[to] seize and develop new opportunities to ensure London remains the world's leading financial centre".

Implications/ Costs

14. Travel, accommodation, hospitality and incidental expenses for this visit were in accordance with the Business Travel Scheme. The total cost of the visit, including flights and accommodation was under £10,000.

Conclusion

15. The visit provided valuable insights into the current thinking of the City of London's key public and private sector stakeholders in China
16. There was strong support for further dialogue between the UK and China on financial sector issues. This work will be followed up by EDO, including the City of London representative offices in Shanghai and Beijing.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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