

PLEASE BRING THIS AGENDA WITH YOU

1

The Lord Mayor will take the Chair at ONE  
of the clock in the afternoon precisely.



## COMMON COUNCIL

SIR/MADAM,

You are desired to be at a Court of Common Council, at **GUILDHALL**, on  
**THURSDAY** next, the **8th day of March, 2018**.

JOHN BARRADELL,  
*Town Clerk & Chief Executive.*

*Guildhall,  
Wednesday 28th February 2018*

Dame Fiona Woolf

Peter Estlin

}

*Aldermen on the Rota*

1 **Apologies**2 **Declarations by Members under the Code of Conduct in respect of any items on the agenda**3 **Minutes**

To agree the minutes of the meeting of the Court of Common Council held on 11 January 2018.

**For Decision**  
(Pages 1 - 20)

4 **Resolutions on Retirements, Congratulatory Resolutions, Memorials.**5 **Mayoral Visits**

The Right Honourable The Lord Mayor to report on his recent overseas visits.

6 **Policy Statement**

To receive a statement from the Chairman of the Policy and Resources Committee.

7 **Docquets for the Hospital Seal**8 **The Freedom of the City**

To consider a circulated list of applications for the Freedom of the City.

**For Decision**  
(Pages 21 - 28)

9 **Legislation**

To receive a report setting out measures introduced into Parliament which may have an effect on the services provided by the City Corporation.

**For Information**  
(Pages 29 - 30)

10 **Ballot Results**

The Town Clerk to report the outcome of the ballot taken at the last Court:

★ denotes appointed.

Five Members to the **Capital Buildings Committee.**

	<b>Votes</b>
Randall Keith Anderson	14
Peter Gordon Bennett	35
John Douglas Chapman	11
Henry Nicholas Almroth Colthurst	29
Alison Jane Gowman, Alderman	39★
Timothy Russell Hailes, JP, Alderman & Sheriff	38
Christopher Michael Hayward	62★
Michael Hudson	7
Ian David Luder, JP, Alderman	39★
Charles Edward Lord, OBE, JP, Deputy	42★
Susan Jane Pearson	27
James Henry George Pollard, Deputy	17
John George Stewart Scott, JP	13

Oliver Sells, QC	15
Sir Michael Snyder	56★
James Richard Tumbridge	19

**For Information**

## 11 **Appointments**

To consider the following appointments:

*\* denotes a Member standing for re-appointment*

- (A) One Member on the **Board of Governors of the City of London School for Girls**, for the balance of a term expiring July 2018.

**Nominations received:-**

Tijs Broeke

- (B) Five Members on the **Barbican Residential Committee**, for varying terms.

**Nominations received:-**

Matthew Bell

- (C) One Member on the **Homerton University Hospital NHS Foundation Trust**, for a three-year term expiring in March 2021.

**Nominations received:-**

Jeremy Paul Mayhew

- (D) Three Members on the **Guild Church Council of St Lawrence Jewry**, for one-year terms expiring in March 2019.

**Nominations received:-**

\*Roger Arthur Holden Chadwick, Deputy

\*Simon D'Olier Duckworth, O.B.E., DL

\*Gregory Percy Jones, Q.C., Alderman

**For Decision**

## 12 **The Honourable The Irish Society**

- (A) To appoint three Common Councilmen to The Honourable The Irish Society, for three year terms expiring in March 2021:

*\* denotes a Member standing for re-appointment*

**Nominations received:-**

\*Christopher Michael Hayward

\*Richard David Regan, O.B.E., Deputy

\*Ian Christopher Norman Seaton

- (B) To note that Alderman Vincent Keaveny and Alderman William Russell will continue to serve as the appointed Aldermen on The Honourable The Irish Society, having previously been appointed for terms expiring in March 2020.

- (C) To note that Alderman Sir Andrew Parmley has been nominated by the Court of Aldermen to become Governor of The Honourable The Irish Society and endorse his appointment for a three-year term, expiring March 2021.

13 **Questions**14 **Motions**15 **Awards and Prizes**

To receive reports of the Chairman of the Markets Committee and the Chairman of the Culture, Heritage and Libraries Committee advising of the recent receipt of awards.

**For Information**  
(Pages 31 - 34)

16 **Standards Regime Working Party**

To consider the findings of the review undertaken by the Standards Regime Working Party in respect of the City Corporation's current Standards Framework.

**For Decision**  
(Pages 35 - 158)

17 **Policy and Resources Committee**

To consider reports of the Policy and Resources Committee, as follows:-

(A) **Corporate Plan** – to consider the Corporate Plan for 2018-23.

**For Decision**  
(Pages 159 - 170)

(B) **Report of Urgent Action Taken: London Councils Grant Scheme Levy** – to receive a report advising of action taken under urgency procedures in approving the 2018/19 London Councils Grants Scheme Levy.

**For Information**  
(Pages 171 - 174)

18 **Finance Committee**

To consider reports of the Finance Committee, as follows:-

(A) **City Fund 2018/19 Budget Report and Medium Term Financial Strategy** – to approve the budget for 2018/19.

**For Decision**  
(Pages 175 - 242)

(B) **Revenue and Capital Budgets 2017/18 and 2018/19** – to receive the latest revenue budgets for 2017/18, approve the revenue budgets for 2018/19, and approve the capital budgets.

**For Decision**  
(Pages 243 - 262)

19 **Hospitality Working Party of the Policy and Resources Committee**

To consider several applications relating to the provision of hospitality.

**For Decision**  
(Pages 263 - 266)



20 **Port Health and Environmental Services Committee**

To consider the two reports of the Port Health and Environmental Services Committee, as follows:-

- (A) **Animal Reception Centre: Annual Review of Charges** – to consider the annual review of charges for the Heathrow Animal Reception Centre.

**For Decision**  
(Pages 267 - 272)

- (B) **Illegal Street Trading** – to consider proposals concerning enforcement activity relative to illegal street trading.

**For Decision**  
(Pages 273 - 276)

21 **Establishment Committee**

To consider the draft pay policy statement for 2018/19.

**For Decision**  
(Pages 277 - 288)

22 **Standards Committee**

To receive a report advising of action taken under urgency procedures in relation to the appointment of a co-opted Member.

**For Information**  
(Pages 289 - 290)

23 **Social Investment Board**

To receive a report providing an update on the progress made in the five years since the Court approved the establishment of a Social Investment Fund.

**For Information**  
(Pages 291 - 308)

**MOTION**

24 **By the Chief Commoner**

That the public be excluded from the meeting for the following items of business below on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A of the Local Government Act, 1972.

**For Decision**

25 **Non-Public Minutes**

To agree the non-public minutes of the meeting of the Court held on 11 January 2018.

**For Decision**  
(Pages 309 - 312)

26 **Markets Committee**

To consider proposals concerning the Strategic Review of Markets.

**For Decision**  
(Pages 313 - 316)

27 **Establishment Committee and The City Bridge Trust Committee**

To consider a joint report concerning a staffing matter.

**For Decision**  
(Pages 317 - 320)

28 **Police Committee**

To receive reports of the Police Committee, as follows:-

- (A) **Report of Urgent Action Taken: Reversionary Lease** – to receive a report advising of action taken under urgency procedures relative to an agreement concerning a reversionary lease.

**For Information**  
(Pages 321 - 322)

- (B) **Report of Urgent Action Taken: Action and Know Fraud** – to receive a report advising of action taken under urgency procedures in relation to the City Police's Action and Know Fraud Centre.

**For Information**  
(Pages 323 - 324)

29 **Property Investment Board**

To receive reports of the Property Investment Board, as follows:-

- (A) **Report of Urgent Action Taken: Major Refurbishment and Renovation** – to receive a report advising of action taken under urgency procedures concerning the major refurbishment and renovation of a property.

**For Information**  
(Pages 325 - 326)

- (B) **Report of Urgent Action Taken: Long-Leasehold Purchase** – to receive a report advising of action taken under urgency procedures concerning the acquisition of a long-leasehold.

**For Information**  
(Pages 327 - 328)



## BOWMAN, MAYOR

# COURT OF COMMON COUNCIL

**11th January 2018**  
**MEMBERS PRESENT**

### ALDERMEN

Nicholas Anstee  
The Rt. Hon. the Lord Mayor, Charles Edward Beck Bowman  
Peter Estlin  
John Garbutt  
Sir Roger Gifford  
David Andrew Graves

Sheriff Timothy Russell Hailes, JP  
Peter Lionel Raleigh Hewitt, JP  
Robert Picton Seymour Howard  
Gregory Jones QC  
Vincent Thomas Keaveny  
Alastair John Naisbitt King  
Ian David Luder, JP

Nicholas Stephen Leland Lyons  
Professor Michael Raymond Mainelli  
William Anthony Bowater Russell  
Dame Fiona Woolf  
Sir Alan Colin Drake Yarrow

### COMMONERS

George Christopher Abrahams  
John David Absalom, Deputy  
Caroline Kordai Addy  
Munsur Ali  
Randall Keith Anderson  
Thomas Alexander Anderson  
Alexander Robertson Martin Barr  
Douglas Barrow, Deputy  
Adrian Mark Bastow  
John Bennett, Deputy  
Peter Gordon Bennett  
Nicholas Michael Bensted-Smith, JP  
Sir Mark Boleat  
Mark Bostock  
Keith David Forbes Bottomley, Deputy  
David John Bradshaw, Deputy  
Tijs Broeke  
Roger Arthur Holden Chadwick, OBE, Deputy  
John Douglas Chapman  
Dominic Gerard Christian  
Thomas Cowley Clementi  
Henry Nicholas Almroth Colthurst

Karina Dostalova  
Simon D'Olier Duckworth, OBE, DL  
Peter Gerard Dunphy  
Mary Durcan  
Emma Edhem  
Anne Helen Fairweather  
Sophie Anne Fernandes  
John William Fletcher  
Stuart John Fraser, CBE  
Marianne Bernadette Fredericks  
Prem Goyal, OBE, JP  
Caroline Wilma Haines  
The Revd Stephen Decatur Haines, Deputy  
Graeme Harrower  
Christopher Michael Hayward  
Christopher Hill  
Tom Hoffman, Deputy  
Ann Holmes  
Michael Hudson  
Wendy Hyde, Deputy  
Jamie Ingham Clark, Deputy  
Henry Llewellyn Michael Jones, Deputy

Angus Knowles-Cutler  
Tim Levene  
Vivienne Littlechild JP  
Oliver Arthur Wynlayne Lodge, TD  
Edward Lord, OBE, JP, Deputy  
Paul Nicholas Martinelli  
Andrew Paul Mayer  
Jeremy Mayhew  
Catherine McGuinness, Deputy  
Andrew Stratton McMurtrie, JP  
Wendy Mead, OBE  
Robert Allan Merrett, Deputy  
Andrien Gereith Dominic Meyers  
Brian Desmond Francis Mooney, Deputy  
Hugh Fenton Morris  
Sylvia Doreen Moys, MBE  
Joyce Carruthers Nash, OBE, Deputy  
Barbara Patricia Newman, CBE  
Graham David Packham  
Dhruv Patel  
Susan Jane Pearson

Judith Pleasance  
James Henry George Pollard, Deputy  
Henrika Johanna Sofia Priest  
Richard David Regan, OBE, Deputy  
Elizabeth Rogula, Deputy  
James de Sausmarez  
Ruby Sayed  
John George Stewart Scott, JP  
Ian Christopher Norman Seaton  
Oliver Sells QC  
Jeremy Lewis Simons  
Tom Sleigh, Deputy  
Graeme Martyn Smith  
James Michael Douglas  
Thomson, Deputy  
James Richard Tumbridge  
Michael Welbank, MBE  
Mark Raymond Peter Henry  
Delano Wheatley  
Philip Woodhouse, Deputy

1. Apologies      The apologies of those Members unable to attend this meeting of the Court were noted.
2. Declarations    There were none.
3. Minutes        *Resolved* – That the Minutes of the last Court are correctly recorded.

## 4. Resolutions

*Resolved unanimously* – That, on his retirement from this Honourable Court, Members wish to place on record their most sincere thanks to:-

Jones, H.L.M.,  
Deputy.; Mead, W.,  
O.B.E.

Sir Michael David Bear, Kt.

for the service that he has given to the City of London Corporation and to the City – as a Common Councilman for the Ward of Portsoken, as Alderman for that Ward, as Sheriff, and also of course as the City's 683rd Lord Mayor.

It has been an exemplary record of service, spanning some fifteen years, and the knighthood he received in the 2012 New Year Honours List for services to Regeneration, Charity and the City of London reflects this.

Sir Michael's specialist knowledge as a civil engineer and the work that he undertook to help regenerate the Spitalfields area on the City fringes gave him a unique perspective on the importance of the City in creating wealth, jobs and prosperity. He has used this expertise to benefit the City – not just through his civic roles and through the many City Corporation Committees on which he has served, but also on the international stage, including as the UK Special Envoy for Sustainable Urbanisation in China. Through all he has done, he has truly been a stalwart supporter of the City and its pre-eminence as a global hub for financial and professional services.

Having now stepped down from Office, Sir Michael, so well supported throughout by Lady Bear, can take with him the very best wishes of all his colleagues on this Court for a long, happy and healthy retirement from civic life in the City.

Mead, W., O.B.E.;  
Mayhew, J.P.

*Resolved unanimously* – That the sincere congratulations of this Court be offered to

Sir Andrew Charles Parmley, Kt.

on his recent appointment by Her Majesty the Queen as a Knight Bachelor, in recognition of his services to for services to Music, Education and Civic Engagement.

Mead, W., O.B.E.;  
Mayhew, J.P.

*Resolved unanimously* – That the sincere congratulations of this Court be offered to

Willimina Ann Beauchamp Hampson, OBE

the City Corporation's Chief Planning Officer and Development Director, on her recent appointment by Her Majesty the Queen as an Officer of the Most Excellent Order of the British Empire, for services to Planning in London.

Mead, W., O.B.E.;  
Mayhew, J.P.

*Resolved unanimously* – That the sincere congratulations of this Court be offered to

Sylvia Doreen Moys, MBE

on her recent appointment by Her Majesty the Queen as a Member of the Most Excellent Order of the British Empire, in recognition of service to the City of London Corporation and to education in Croydon.

*Mead, W., O.B.E.;  
Mayhew, J.P.*

*Resolved unanimously* – That the sincere congratulations of this Court be offered to

Matt Hone, QPM

a Police Constable with the City of London Police, on the recent award of the Queen's Policing Medal by Her Majesty the Queen.

*Mead, W., O.B.E.;  
Mayhew, J.P.*

*Resolved unanimously* – That the sincere congratulations of this Court be offered to

Ann Francesca Marjorie Pembroke, BEM

Until recently a Member of this Court, on the recent award of the British Empire Medal by Her Majesty the Queen, in recognition of her services to the cultural history of the City of London.

*Resolved unanimously* – That the sincere congratulations of this Court be offered to

Rosamund Anne Sweet, BEM

a Community Support Officer with the City of London Police, on the recent award of the British Empire Medal by Her Majesty the Queen, in recognition of her services to policing and the community in the City of London.

5. Mayoral  
Visits

The Lord Mayor reported on his recent visits to Saudi Arabia and the United Arab Emirates.

6. Policy  
Statement

There was no statement.

7. Hospital Seal

There were no docquets to be sealed.

8. Freedoms

The Chamberlain, in pursuance of the Order of this Court, presented a list of the under-mentioned, persons who had made applications to be admitted to the Freedom of the City by Redemption:-

<b>Sister Caroline Campbell</b> <i>Suzanne Margarete Peppitt</i> <i>Matthew John Edward Peppitt</i>	a Religious Sister <i>Citizen and Tax Adviser</i> <i>Citizen and Tax Adviser</i>	North Cheam, Surrey
<b>Julia Vivienne Galgano</b> <i>Peter Reginald Allcard</i> <i>Anne Elizabeth Holden</i>	a Private Medical Secretary, retired <i>Citizen and Blacksmith</i> <i>Citizen and Basketmaker</i>	Billericay, Essex
<b>Adrian De Villiers</b> <i>Richard George Clerk Thornton, TD</i> <i>Patrick John Marsland-Roberts, TD</i>	a Police Officer <i>Citizen and Leatherseller</i> <i>Citizen and Carman</i>	Sydenham, London
<b>Michael Andrew Abelson</b> <i>Martin John Davies</i> <i>Dame Heather Steel, DBE</i>	a Judge, retired <i>Citizen and Scrivener</i> <i>Citizen and Pattenmaker</i>	Spital, Wirral
<b>Andrew Donald Anthony Johnson</b> <i>Brian Warburton</i>	an Insurance Company Chief Executive, retired <i>Citizen and Insurer</i>	Calpe, Alicante, Spain

<i>Reverend Richard Horner</i>	<i>Citizen and Draper</i>	
<b>Robert Manus O'Donel Alexander, OBE</b> <i>John George Stewart Scott, JP, CC</i> <i>Charles Edward Lord, OBE, JP,</i> <i>Deputy</i>	The Head of Government Hospitality <i>Citizen and International Banker</i> <i>Citizen and Broderer</i>	Oval, London
<b>Claire Rachel Chitty</b> <i>David Mark Spofforth, OBE</i> <i>David Chitty</i>	a Registered Nurse <i>Citizen and Horner</i> <i>Citizen and Horner</i>	Oxted, Surrey
<b>Alice Ann Chadd</b> <i>Anjola Adeniyi</i>  <i>Mark John Herbage</i>	an Auditor <i>Citizen and Information</i> <i>Technologist</i> <i>Citizen and Cook</i>	Stewkley, Buckinghamshire
<b>Andrew Ryan Lonas</b> <i>Michael Peter Cawston</i> <i>James William Lane</i>	an Investigator <i>Citizen and Tyler &amp; Bricklayer</i> <i>Citizen and Tyler &amp; Bricklayer</i>	Lambeth, London
<b>Robert Stanley Dearing</b> <i>James John Madden</i>  <i>Lawrence John Day</i>	a Chartered Accountant <i>Citizen and Maker of Playing</i> <i>Cards</i> <i>Citizen and Maker of Playing</i> <i>Cards</i>	Stoke Mandeville, Buckinghamshire
<b>Ian Andrew Hall</b> <i>Peter Richard John York</i> <i>Eric Royston Gill</i>	a Services Supervisor, retired <i>Citizen and Plaisterer</i> <i>Citizen and Plaisterer</i>	Uffington, Lincolnshire
<b>Robert John Cottrell</b> <i>Richard Leslie Springford</i> <i>Iain Reid</i>	an Author and Genealogist <i>Citizen and Carman</i> <i>Citizen and Educator</i>	Longfield, Kent
<b>Alan Reginald Froom</b>  <i>Harold Ebenezer Piggott</i> <i>Paul Stephen Hollebhone</i>	a Toolmaking Company Proprietor, retired <i>Citizen and Basketmaker</i> <i>Citizen and Chartered Accountant</i>	Chichester, West Sussex
<b>Sir Angus McFarlane McLeod Grossart, QC CBE DL</b> <i>Sir Roger Gifford, Kt, Ald.</i> <i>Carolyn Foreman Dwyer</i>	a Merchant Banker  <i>Citizen and Musician</i> <i>Citizen and Pavior</i>	Edinburgh, Scotland
<b>Edmund Bonaparte Andrew Sokolowski</b> <i>John Alexander Smail</i> <i>John Donald Lunn</i>	an Operations Officer  <i>Citizen and Distiller</i> <i>Citizen and Fan Maker</i>	Upper Tooting, London
<b>Kessick John Jones</b>  <i>Graham Leslie Flight</i> <i>Lt. Col. John Craven Chambers</i>	a Chief Superintendent, retired <i>Citizen and Loriner</i> <i>Citizen and Wax Chandler</i>	Orpington, Kent
<b>Stephen Charles Galpin, JP</b> <i>Alan Elias, JP</i> <i>Dr Stephen J Perkins, JP</i>	a Property Company Director <i>Citizen and Solicitor</i> <i>Citizen and Carman</i>	Canary Wharf, London
<b>Toby Bernard Roseman</b> <i>Antony William Mullee</i> <i>Kevin Malcolm Everett, Deputy</i>	a Student <i>Citizen and Marketer</i> <i>Citizen and Fletcher</i>	Carterton, Oxfordshire
<b>Rommel Ariman Romato</b>	a Diplomat	Notting Hill, London

<i>Michael Alan Rutherford</i>	<i>Citizen and Management Consultant</i>	
<i>Ian Bonny</i>	<i>Citizen and Management Consultar</i>	
<b>Frederick Wilbert Russell-Rivoallan</b>	a Diplomat	Paris, France
<i>Michele McCarthy</i>	<i>Citizen and Scrivener</i>	
<i>Neil Frederick Purcell</i>	<i>Citizen and Painter Stainer</i>	
<b>Barbara Jill Seamark</b>	a Farmer	Wilstead, Bedford
<i>William John Hudson Clark</i>	<i>Citizen and Woolman</i>	
<i>Richard Michael Excell</i>	<i>Citizen and Woolman</i>	
<b>David James Seamark</b>	a Farmer	Wilstead, Bedford
<i>William John Hudson Clark</i>	<i>Citizen and Woolman</i>	
<i>Richard Michael Excell</i>	<i>Citizen and Woolman</i>	
<b>Charles Resar Jalali-Farhani</b>	a Student	Chiswick, London
<i>Neville John Watson</i>	<i>Citizen and Fletcher</i>	
<i>Peter Francis Clark</i>	<i>Citizen and Mason</i>	
<b>Michael Thomas Smyth, CBE</b>	a Lawyer	Pimlico, London
<i>Jeremy Paul Mayhew, CC</i>	<i>Citizen and Loriner</i>	
<i>Robert James Ingham Clark, Deputy</i>	<i>Citizen and Clothworker</i>	
<b>Andrew McNab, CBE, DCM, MM</b>	a Writer	Marylebone, London
<i>Mark Raymond Peter Henry Delano Wheatley</i>	<i>Citizen and Draper</i>	
<i>James Henry George Pollard, Deputy</i>	<i>Citizen and Skinner</i>	
<b>Ian Ronald Weatherley</b>	a British Army Engagement Officer	South Hornchurch, Essex
<i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	<i>Citizen and Grocer</i>	
<b>Keiron Mark Francis, VR</b>	a Sales Manager	Eastbourne, East Sussex
<i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	<i>Citizen and Grocer</i>	
<b>Col. Andrew Charles Wood</b>	a Regular Army Officer	Rainham, Kent
<i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	<i>Citizen and Grocer</i>	
<b>Richard Mark Gardiner Steele</b>	an Information Manager	Stansted Mountfitchet, Essex
<i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	<i>Citizen and Grocer</i>	
<b>Martin John Cannon</b>	a Royal Navy Officer	Pinner, Middlesex
<i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	<i>Citizen and Grocer</i>	
<b>Paul Patrick Keherly</b>	a Systems Analyst	Tower Hamlets, London
<i>Richard Leslie Springford</i>	<i>Citizen and Carman</i>	
<i>Brian Sidney Lamden</i>	<i>Citizen and Chartered Surveyor</i>	
<b>Maj. Michael Patrick Blake</b>	a Service Manager	Barkingside, Essex
<i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	<i>Citizen and Grocer</i>	
<b>Karen Chambers</b>	a Local Government Officer	Trimley St Martin, Suffolk
<i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	<i>Citizen and Grocer</i>	

<b>Maj. William Nigel Charles Hale</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a Financial Risk Manager  <i>Citizen and Grocer</i>	Canary Wharf, London
<b>Elizabeth Church</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a Royal Navy Officer  <i>Citizen and Grocer</i>	Hutton, Essex
<b>David John Cooper</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a Royal Navy Officer  <i>Citizen and Grocer</i>	Long Ditton, Surrey
<b>Lt. Col. Mark Stephen Judge</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a Chief Operations Manager  <i>Citizen and Grocer</i>	Forest Hill, London
<b>Larry Brian Davis</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a Deputy Headteacher  <i>Citizen and Grocer</i>	Walthamstow, London
<b>Peter Pequignot Gracey</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a Royal Navy Officer  <i>Citizen and Grocer</i>	Clapton, London
<b>Andrew David Poe</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a Regular Army Officer  <i>Citizen and Grocer</i>	Llandefalle, Powys
<b>Brian Paul Ramsay</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a Project Manager  <i>Citizen and Grocer</i>	Kings Cross, London
<b>Fraser John Lyttleton Smith</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	an Accountant  <i>Citizen and Grocer</i>	Battersea, London
<b>Lt. Col. Neil Gareth Watkinson</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a Civil Servant  <i>Citizen and Grocer</i>	Gomshall, Surrey
<b>Sarah-Jane Abigail Lancashire, OBE</b> <i>John Alfred Bennett, Deputy Vivienne Littlechild, JP, CC</i>	an Actress  <i>Citizen and International Banker Citizen and Glover</i>	Richmond Lock, Twickenham
<b>John Henry Ernest Taverner</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a General Manager  <i>Citizen and Grocer</i>	Redhill, Surrey
<b>Cdr. Gregory Christian Young, VR RNR</b> <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	a Marketing Director  <i>Citizen and Grocer</i>	Epsom, Surrey
<b>Pamela Valentine Nash</b> <i>Mark Anthony Grove Marianne Bernadette Fredericks, CC</i>	a Teacher <i>Citizen and Cook Citizen and Baker</i>	Durfold Wood, West Sussex
<b>Roderick William Urquhart</b>	a Marketing Consultant	Witley, Surrey



*The Rt. Hon The Lord Mayor  
John Dominic Reid*

*Citizen and Grocer*

**Cdr. John Christopher  
Anderson, VRSM**

a Banker

Warsash, Hampshire

*The Rt. Hon The Lord Mayor  
John Dominic Reid*

*Citizen and Grocer*

**Lt. Col. Steven Rupert Bruce  
Lowe, TD**

a Client Portfolio Manager

Brixton, London

*The Rt. Hon The Lord Mayor  
John Dominic Reid*

*Citizen and Grocer*

**Wg. Cdr, Christopher Martin  
Owen**

a Software Company Vice  
President

Bracknell, Berkshire

*The Rt. Hon The Lord Mayor  
John Dominic Reid*

*Citizen and Grocer*

**Lt. Howard San, RD, RNR**

a Royal Navy Officer

Esher, Surrey

*The Rt. Hon The Lord Mayor  
John Dominic Reid*

*Citizen and Grocer*

**Lt. Cdr. Anthony John Scott,  
VR, RNR**

a Chief Information Officer

Tonbridge, Kent

*The Rt. Hon The Lord Mayor  
John Dominic Reid*

*Citizen and Grocer*

Read.

*Resolved* – That this Court doth hereby assent to the admission of the said persons to the Freedom of this City by Redemption upon the terms and in the manner mentioned in the several Resolutions of this Court, and it is hereby ordered that the Chamberlain do admit them severally to their Freedom accordingly.

## 9. Legislation

The Court received a report on measures introduced by Parliament which might have an effect on the services provided by the City Corporation as follows:-

### Bill

#### **Taxation (Cross-border Trade) Bill**

The Bill paves the way for the UK to establish a stand-alone customs regime. It will allow the UK to charge customs duty on goods, including those imported from the EU. It will allow the Government to set out how and in what form customs declarations should be made.

### Statutory Instrument

### Date in force

#### **Administrative Forfeiture of Terrorist Cash and Terrorist Money Held in Bank and Building Society Accounts (Cash and Account Forfeiture Notices) Regulations 2017**

31<sup>st</sup> January 2018

The Regulation makes technical changes to provide that a cash forfeiture notice must be given to persons known to be affected

by an order. This relates to the period of detention of seized cash. The Regulation makes similar provision in relation to account forfeiture notices and informing persons known to be affected by an order freezing the money in an account.

Read.

*The text of the measures and the explanatory notes may be obtained from the Remembrancer's office.)*

10. Ballot  
Results

The Town Clerk reported the result of a ballot taken at the last Court, as follows:-

Four Members to the **Board of Governors of the Museum of London.**

	Votes
*Vivienne Littlechild, J.P.	62
Paul Nicholas Martinelli	68
*Jeremy Paul Mayhew	44
Judith Lindsay Pleasance	51
*John George Stewart Scott, J.P.	57

Read.

Whereupon the Lord Mayor declared Vivienne Littlechild, Paul Martinelli, Judith Pleasance and John Scott to be appointed to the Board of Governors of the Museum of London.

15. The Lord Mayor directed that Item 15 be taken in advance of Item 11.

## **POLICY AND RESOURCES COMMITTEE**

**(Catherine McGuinness, Deputy)**

12 December 2017

### **Capital Buildings Committee**

Approval was sought for the formation of a new committee to scrutinise and provide detailed oversight and delivery of two major capital projects, namely the upcoming Police Accommodation and City's Courts projects.

Welbank, M.,  
M.B.E.; Simons,  
J.L.

*Amendment* – That an additional recommendation be added to the effect that the provisions of the relevant part of Standing Order No.30(4)(b) should not apply in respect of this Committee, thereby enabling ex-officio Members to be eligible to serve as Chairman and Deputy Chairman of the Committee. Further, that the Committee be added to the list set out in Standing Order Nos.29(7) and 30(10), thereby enabling ex-officio Members to be able to vote in the election of Chairman and Deputy Chairman.

Several Members spoke to debate the proposal with it suggested that, whilst the intent of the amendment was to provide the possibility for continuity of leadership, it was partially self-defeating in that Chairmen and Deputy Chairmen serving in an ex-officio capacity were subject to re-election and term limits on their own Committees and would therefore not enjoy any greater longevity on the Capital Buildings Committee than any other Member.

Upon the Amendment being put, the Lord Mayor declared it to fall.

*Lord, C.E.L.,  
O.B.E., J.P., Deputy;  
Tumbridge, J.R.*

**Amendment** – That the number of Members on the Committee to be appointed by the Court of Common Council be increased from five to seven, and that the number of Members to be appointed by the Policy and Resources Committee be increased from two to four.

Several Members suggested that, should this Amendment be carried, it would be unfair to continue with the ballot this day. This was in view of the fact that a number of additional Members might have decided to stand for appointment, had they been aware that there would be a greater number of vacancies. Following further debate, during which a number of Members spoke to emphasise the urgency of this Committee being established, the Amendment was withdrawn.

**Resolved** – That:-

- a) the formation of a Capital Buildings Committee be approved, together with the terms of reference and constitution as set out in the report;
- b) the membership of the Committee should not count towards the limit on the number of committees on which a Member may serve contained in Standing Order 22;
- c) that the Committee be added to those Committees listed in Standing Order 29 (3), thereby enabling its Chairman to be eligible to be Chairman of another Committee (Ward or non-Ward) at the same time; and,
- d) the Town Clerk be instructed to amend Standing Orders accordingly.

11.  
Appointments

The Court proceeded to consider appointments to the Capital Buildings Committee.

*Where appropriate:-*

*# denotes a Member with fewer than five years' service on the Court.*

**Capital Buildings Committee** (five vacancies for varying terms).

**Nominations received:-**

#Randall Keith Anderson

#Peter Gordon Bennett

John Douglas Chapman

#Henry Nicholas Almroth Colthurst

Alison Jane Gowman, Alderman

#Timothy Russell Hailes, J.P., Alderman & Sheriff

#Christopher Michael Hayward

Michael Hudson

Ian David Luder, J.P., Alderman  
Charles Edward Lord, O.B.E., J.P., Deputy  
#Susan Jane Pearson  
James Henry George Pollard, Deputy  
John George Stewart Scott, J.P.  
#Oliver Sells, Q.C.  
Sir Michael Snyder  
James Richard Tumbridge

Read.

The Court proceeded, in accordance with Standing Order No.10, to ballot on the vacancies. The Lord Mayor appointed the Chief Commoner and the Chairman of the Finance Committee, or their representatives, to be the scrutineers of the ballot.

*Resolved* – That the votes be counted at the conclusion of the Court and the result printed in the Summons for the next meeting.

## 12. Questions

### **Thames Footbridge**

Deputy Brian Mooney asked a question of the Chairman of the Planning and Transportation Committee seeking an update in respect of the future of the pedestrian bridge at Queenhithe, which connected the Ward to the north side of Upper Thames Street.

In reply, the Chairman confirmed that a deed to acquire the bridge had been forwarded by the City Corporation to the lawyers representing the structure's current owners, and it was hoped that legal completion would be achieved by mid-January. Meanwhile, officers were working with consultant engineers to review costings and time allocation for the next stage of investigations into making the bridge safe for long-term usage and it was expected that this work would also be commissioned before the end of this month.

It was anticipated that a report would be presented to Members during Quarter 2 of 2018/19 setting out the works required to enable the opening of the bridge. Provided the bridge was structurally sound, it was expected that it could be brought back into public use before the end of the calendar year, subject to the requisite funding approvals.

In response to a supplementary question from Deputy Mooney concerning funding commitments, the Chairman observed that this would be a matter for the Resource Allocation Sub-Committee and not something he was personally able to guarantee. He added however that the Planning and Transportation Committee was strongly in support of this proposal and was confident that the Resource Allocation Sub Committee would take this into account when coming to a decision.

### **Mansion House External Cleansing**

Andrew McMurtrie asked a question of the Chairman of the Finance Committee concerning the cleansing of the exterior of Mansion House.

Responding, the Chairman outlined the current schedule for stonework cleaning and maintenance works, noting that in the context of the Bank Junction Scheme and further potential improvements to the environment in the area, the relatively poor current appearance of the Mansion House was increasingly evident. Consequently, he was minded that appearance now needed to influence the timing of the care and maintenance programme for the Mansion House and the existing timescale for cleaning now needed to be re-examined, taking into account the competing demands on repairs and maintenance budgets.

He added that he had asked for a report on this subject to be produced for the next meeting of the Corporate Asset Sub-Committee and thanked Mr McMurtrie for bringing this matter to his attention.

In response to a supplementary question from Deputy James Thomson concerning lighting arrangements for the exterior of Mansion House, the Chairman observed that it would be prudent to wait until after such time as cleaning works were undertaken before installing any additional lighting. However, he would ask officers to include consideration of lighting arrangements as part of their report to Corporate Asset Sub-Committee.

### **Recycling and Plastics**

Henry Colthurst asked a question of the Chairman of the Port Health and Environmental Services Committee concerning the City Corporation's progress in respect of recycling and its approach to plastics.

The Chairman, responding, noted that the City Corporation was one of the best performing Authorities in London in respect of recycling; however, in line with national and London trends, overall recycling rates had unfortunately declined in the past three years. He outlined the various national factors which were believed by the industry to be behind this trend, adding that on a local level the relatively small number of residential properties within the City, compared to the high daily footfall resulted in waste collected on street and in litter bins, had a disproportionate impact on household recycling percentage figures, particularly as waste collected on the street had a high level of contamination and thus was often rejected by recycling plants.

The Chairman also outlined the wide range of initiatives employed to increase recycling levels and confirmed that, since October 2011, absolutely no City domestic waste had been sent to landfill and only plastic materials which were not recyclable due to contamination or type were incinerated to produce energy from waste.

Regarding future plans to address the issue of plastic waste, it was intended to launch a "Plastic Free City" campaign during 2018 to work in partnership with businesses and stakeholders across the City to reduce single use plastics by encouraging and facilitating the use of re-usable products, as well as discouraging the provision of single use plastics such as bottles, straws, cutlery and plastic bags. The City Corporation would also continue to seek opportunities to install more drinking fountains which could be used to refill reusable drinking containers and to encourage all local businesses to register as "refill sites" providing free water, as

part of a move to discourage people from using single-use plastic bottles.

### **Single-use Coffee Cups**

Deputy Robert Merrett asked a question of the Chairman of the Policy and Resources Committee concerning the City Corporation's policy in respect of single-use coffee cups.

Making reference to the Chairman of Port Health and Environmental Services' earlier response, the Chairman of the Policy and Resources Committee agreed that the use of plastics, particularly single-use plastics, was an area of very real importance and one which the City Corporation was taking extremely seriously. On the issue of coffee cups in particular, the Chairman made reference to the Square Mile Challenge which the City Corporation had launched in 2017, installing more than 100 recycling points across the City to facilitate dedicated collection and delivery to specialist recycling plants which could process the plastic lining inside the cup properly. She noted that there were six areas within the Guildhall Complex itself with these dedicated bins and added that she had asked officers to look into placing more around the complex to encourage an increase in coffee cup recycling on-site.

The Chairman observed that a wide range of issues that would need to be borne in mind before considering any wide-scale ban of single-use cups and that the Port Health & Environmental Services Committee would be receiving a report entitled "Plastic Free City" at its next meeting which would begin to look at the wider issue of plastic usage in more detail. Whilst it would be precipitate to commit to any course of action before that Committee took its own views on this matter, she was keen to see the City Corporation take action and so would be referring this matter to that Committee to take a view as part of their wider considerations.

### **Freedom Applications**

Anne Fairweather asked a question of the Chairman of the Freedom Applications Committee about the inclusion of a second parent's name in the Freedom application process.

In the Chairman's absence, the Chairman of the Policy and Resources Committee responded on his behalf. In doing so, she provided the historical rationale for questions concerning a father's details being asked as part of the process, advising that this practice had been maintained to ascertain whether patrimony was applicable for each application and, more importantly, for the purposes of genealogy and historical research. She confirmed that there was no reason that the mother's details could not be included and advised that they were already often used if the applicant was from a single parent family or if the father had divorced and remarried.

The Chairman was pleased to confirm that the system used for maintaining Freedom records and applications had the facility for entering either a mother or same-sex second parent's details. Consequently, she was able to report that the nomination form would be amended to facilitate this.

In response to a supplementary question from Anne Fairweather concerning the

use of the term “Free Sisters” or equivalent, the Chairman advised that she would pass the suggestion on to the Chairman of the Freedom Applications Committee. The Chairman also agreed with James Tumbridge that it would be important to continue to encourage applicants to share parental details, so as to maintain the utility of Freedom records for genealogical purposes.

13. Motions There were no motions.

14. Awards & Prizes There was no report.

## 16. **HOSPITALITY WORKING PARTY OF THE POLICY AND RESOURCES COMMITTEE**

**(Wendy Mead, O.B.E., Chief Commoner)**

13 December 2017

### **Applications for Hospitality**

#### **(i) Lecture and early evening reception to mark the 250<sup>th</sup> anniversary of the imprisonment of John Wilkes**

John Wilkes was an 18<sup>th</sup> century journalist and radical politician who, following repeated expulsions from Parliament and a period of imprisonment, was elected as an Alderman in 1769. He became a Sheriff of the City of London in 1771, before being elected as Lord Mayor in 1774. He was subsequently elected as City Chamberlain in 1779. 2018 marks the 250<sup>th</sup> anniversary of his imprisonment for seditious libel and a study of his remarkable life provided an opportunity to examine eighteenth-century British politics, demonstrate the City Corporation’s commitment to education, and provide the opportunity to engage with students from the City Corporation’s associated schools and academies. It would also help illuminate an intriguing element of the City Corporation’s rich history.

It was proposed that the City Corporation invite Professor Jeremy Black to give a lecture on the career of John Wilkes, followed by a reception and a small private dinner. Guests would include historians, students from the City Academies and Schools, representatives from the Livery Companies and the London Metropolitan Archives, past Lord Mayors and parliamentarians.

It was therefore **recommended** that hospitality be granted for a lecture and early evening reception, with arrangements made under the auspices of the Hospitality Working Party; the costs to be met from City’s Cash and within the approved parameters.

This was to be a full Court event.

*Resolved* – That hospitality be granted for a lecture and early evening reception, with arrangements made under the auspices of the Hospitality Working Party; the costs to be met from City’s Cash and within the approved parameters.

#### **(ii) Lecture and reception to mark the 500<sup>th</sup> anniversary of the birth of Sir Thomas Gresham**

Sir Thomas Gresham was born in London in 1519 and, in 1565, founded the Royal

Exchange. Sir Thomas left proceeds in his will for the foundation of the college in his name, intended to make 'new learning' freely available to people living and working in London. The College, established in 1597, played a key part in the scientific revolution of the 17<sup>th</sup> century, with early professors including Sir Christopher Wren, Robert Hooke, and John Taverner, and management of the College is jointly exercised by the City Corporation and the Worshipful Company of Mercers, acting through the Joint Grand Gresham Committee.

The 500<sup>th</sup> anniversary of Sir Thomas Gresham's birth was to be marked by a new biography by historian John Guy, the introduction of new types of lectures and one-off events focused on the theme of 'new learning'. In addition, it was proposed that the City Corporation hosts a lecture followed by an early evening reception and small dinner to mark the anniversary, with it anticipated that the lecture would be live streamed to maximise the audience it reaches. The event would help to signify the City Corporation's general commitment to the provision of education ranging from Gresham College, the City's oldest institute of higher education, to the recently established group of City Academies.

Guests attending the lecture would include the members of Gresham College, representatives from supporting organisations such as the Royal Society, sponsors of the anniversary year, academics, representatives from the Museum of London, the Royal Exchange and the Mercers' Company.

It was therefore **recommended** that hospitality be granted for a lecture and early evening reception in Spring 2019, with arrangements made under the auspices of the Hospitality Working Party; the costs to be met from City's Cash and within the approved parameters.

This was to be a full Court event.

*Resolved* – That hospitality be granted for a lecture and early evening reception in Spring 2019, with arrangements made under the auspices of the Hospitality Working Party; the costs to be met from City's Cash and within the approved parameters.

### **(iii) Guildhall Art Gallery: Private Views 2018**

The Guildhall Art Gallery usually hosts private views ahead of major exhibitions opening to the public. Private views provide an opportunity to publicise an exhibition and highlight the City Corporation's contribution to London's cultural landscape to an influential audience of cultural, political, media and other stakeholders. They aim to foster constructive business relationships, draw attention to the City Corporation as a major player in London and the UK's cultural offer and provide an opportunity to develop interest in Guildhall as a venue for private hire.

In 2018 two exhibitions were planned. The first, *Sublime Symmetry*, was to focus on the mathematical devices used in William de Morgan's designs, and was particularly aimed at children and families, linking to Key Stage 2 in the primary school curriculum. The second, *Children in Art*, was to explore how childhood was represented in art over the course of the nineteenth century.



It was proposed that the City Corporation hosts a private view to launch the start of each exhibition. Guests attending would include exhibition partners, exhibit lenders and funders, representatives from the media, industry professionals, City and London cultural and heritage providers, artists and historians with a connection to the exhibition.

It was therefore **recommended** that hospitality be granted for early evening private views, with arrangements made under the auspices of the Culture, Heritage and Libraries Committee; the costs to be met from City's Cash and within the approved parameters.

These were to be a full Court events.

*Resolved* – That hospitality be granted for early evening private views, with arrangements made under the auspices of the Culture, Heritage and Libraries Committee; the costs to be met from City's Cash and within the approved parameters.

#### **(iv) Industry and Parliament Trust 2018 Programme**

Engagement with parliamentarians within the Palace of Westminster is an important aspect of the City Corporation's parliamentary activity to highlight matters of interest to the City and its stakeholders. The significant advantage of holding meetings in the Palace of Westminster is that it offers straightforward and effective access for politicians to attend an event.

The Industry and Parliament Trust (IPT) is an independent, non-partisan organisation that provides a platform for engagement between Parliament and UK business. IPT is supported by cross-party representation of senior parliamentarians. The two presidents of IPT are the Speaker of the House of Commons and the Lord Speaker.

The Remembrancer's Office had previously worked with IPT to provide opportunities to discuss issues relevant to the City. Examples include meetings on financial services, culture and the creative sector, banking standards, and the City's cultural offering; all chaired by relevant City Corporation Members or Officers.

It was proposed that in 2018 the Remembrancer's Office collaborate with IPT on a joint programme of six meetings. This would facilitate discussion on matters of concern to the City between parliamentarians and City businesses and other organisations. Topics covered would relate to a wide range of City interests including Brexit and financial services, trust in business, fintech, green finance, policing, culture and innovation. Typically, the City Corporation would have a chairing or speaking slot and other Members with a relevant interest would be invited. Other participants would include policy makers and prominent business, academic and industry representatives. The hospitality cost would be shared equally with IPT.

The meetings would add to the City Corporation's support for London as a world-leading hub for business and professional services, with it envisaged that most meetings would be breakfast meetings. It was therefore **recommended** that

hospitality be granted for this series of meetings; the costs to be met from City's Cash and within the approved parameters.

*Resolved* – That hospitality be granted for a series of six meetings hosted jointly with the IPT; the costs to be met from City's Cash and within the approved parameters.

17.

## **POLICY AND RESOURCES COMMITTEE**

**(Catherine McGuinness, Deputy)**

### **FINANCE COMMITTEE**

**(Jeremy Paul Mayhew)**

12 December 2017

14 December 2017

#### **Pilot Scheme for Business Rates Devolution in London**

The Government, the Greater London Authority (GLA) and London Councils had negotiated a pilot scheme for business rates devolution in London for the financial year 2018–19, involving the establishment of a business rates pool.

The scheme would have a financially neutral starting-point but enable any year-on-year growth in rates revenue to be retained in London – a dividend projected to be worth £240 million in 2018–19. Some of this would be used to establish a new strategic investment fund and the rest would be shared among the participating authorities (with the Common Council's projected share £8.2 million). If these projections were not to materialise, the Government would guarantee that no individual authority would be worse off as a result of participating in the pool. The Common Council would therefore not face any risk to its current allocations, including the City Premium and the City Offset. The scheme would carry no commitment beyond 2018–19 but could offer a platform for a further-reaching devolution settlement.

In addition to this the City Corporation had been invited to act as lead authority under the scheme and undertake the main administrative responsibility for operating the pool and the strategic investment fund.

The proposal required the unanimous agreement of the borough councils and the Court of Common Council to proceed and it was **recommended** that the Court grant its approval.

*Resolved* – That:-

- i) approval be granted for the City Corporation to participate in business rates pool pilot scheme for the 2018-19 financial year, together with the Greater London Authority and the London borough councils;
- ii) the arrangements for the distribution of revenue within the pool should, subject to recommendation (iii), be as described in the body of the report;
- iii) the Chairman of the Policy and Resources Committee be authorised, in consultation with the Chairman of the Finance Committee, to agree to minor

- variations in the arrangements, if agreed by the other participants in the pool;
- iv) the City of London Corporation act as the lead authority for the pool and for the strategic investment fund to be established under the pooling arrangements;
  - v) the Town Clerk, the Chamberlain or the Comptroller & City Solicitor (as appropriate) should be authorised, in consultation with the Remembrancer on matters of constitutional or legislative relevance, to take all necessary legal and practical steps for the establishment and administration of the pool and the strategic investment fund, in accordance with the preceding recommendations;
  - vi) the Chamberlain be authorised to draw upon the City Fund reserve to meet the additional costs incurred in the administration of the pool and the strategic investment fund, including those arising from the Common Council's role as lead authority, up to one full-time equivalent post, with the amounts drawn down being refunded, and any future costs met, from additional revenue retained under the scheme as it becomes available; and
  - vii) oversight of the City Corporation's work in connection with the pool and the strategic investment fund be referred to the Policy and Resources Committee so far as concerns governance and the distribution and deployment of resources, and to the Finance Committee so far as concerns financial administration.

## 18. STANDARDS REGIME REVIEW WORKING PARTY

(Emma Edhem)

27 November 2017

### **Independent Review of the City of London's Standards Regime**

This report provided the findings of the review undertaken by the Standards Regime Working Party in respect of the Corporation's current Standards Framework, especially the Complaints Procedure (alleged breaches of the Members' Code of Conduct). Specifically, the report outlined the consideration given to a review undertaken by Mr Charles Bourne QC and his report, who was appointed by the Town Clerk to examine the Standards Framework, and provided both findings and recommendations on how to improve the current arrangements.

It was **recommended** that the Court of Common Council approve the responses proposed in respect of the recommendations as set out in the report, and the revised Code of Conduct, Complaints Procedure and Guidance to Members on the Code of Conduct as appended.

The Chairman spoke to introduce the item, reminding Members of the background to this issue and outlining the process through which the Working Party had examined the various items raised by Mr Bourne, thereby coming to the conclusions now being presented to the Court.

Oliver Lodge expressed his gratitude to the Chairman and the Working Party for the significant time and effort expended on this review; however, he expressed a number of reservations as to the proposals in their current format, noting that there remained a small number of areas where he felt that further thought and reflection

was required. In particular he was concerned that recommendation 10, which proposed that the Monitoring Officer make initial assessments in response to complaints against Members, transferred responsibility and ownership of the process away from democratically elected and accountable Members and unfairly placed officers in a difficult position.

Mr Lodge also outlined concerns in relation to the proposed composition of the Standards Appeals Committee. Whilst agreeing that this body should be separate from the Standards Committee, he was unconvinced that it should be comprised of those Members already holding significant offices, noting that this Committee may well be needed to hold those office-holders to account and act as a check on certain actions.

Finally, Mr Lodge noted that a consequence of approving the proposals in their current format would be that ownership of the appended Code of Conduct guidance documents would transfer solely to the Court. He urged that this be left with the Standards Committee, which could make minor amendments such as changing officer names without recourse to the Court of Common Council, rather than adding an additional layer of bureaucracy.

*Amendment* – That the report be referred back to the Standards Regime Working Party for further consideration.

*Lodge, O.A.W.;  
Mayhew, J.P.*

A number of Members spoke in support of Mr Lodge's amendment, with it argued that each stage of the complaints process should be Member-led and Member-owned as a matter of principle, as it was Members who were accountable to the electorate and officers who were accountable to Members; it was therefore unfair to put the onus of making judgements on officers. It was also urged that any revised proposals should be brought back to the full Court on an informal basis, to resolve any final outstanding issues before submitting it for formal consideration.

Further concerns were also raised in respect of recommendation 25 and the proposal that the burden of proof for complaints should rest with the complainant. Whilst it was agreed that the burden should not rest solely with Members to prove their innocence, it was also felt to be unfair to place full responsibility on the complainant and effectively require them to act as the prosecutor. In addition, it was argued that the proposals concerning rights of appeal merited further consideration, as the current suggestion seemed to suggest that appeals would be permitted without the submission of grounds for the said appeal, which was unusual and could result in appeals being lodged automatically as a matter of course.

Observing that all Members would be bound by this new standards regime, a Member of the Working Party agreed that it would be important for the whole Court to be content with the final proposals. Accordingly, it would be sensible to step back and resolve these outstanding concerns before presenting a revised report for formal consideration and adoption. It was also suggested the item should be placed higher on the agenda when re-submitted, to ensure as large a proportion as possible of Members were able to contribute.

As the mover of the amendment, Oliver Lodge spoke to sum up the arguments

presented in favour of his proposal and urged that the report be referred back to the Working Party for further reflection and deliberation.

The Chairman of the Standards Regime spoke to close the debate, adding that she would be content to re-explore the proposals should that be the will of the Court. She also set out what she had identified as the points of contention that Members wished the Working Party to reconsider:

- that elements of Appendices 2 and 3, in relation to guidance, should continue to be owned by the Standards Committee;
- that the composition of the proposed Standards Appeal Committee should be reconsidered;
- that the proposals relating to the burden of proof should be reconsidered;
- that further thought should be given to requiring grounds for appeal; and
- that proposals concerning the role of the Monitoring Officer in the initial assessment of complaints should be re-examined.

Upon the Amendment being put, the Lord Mayor declared it to be carried.

*Resolved* – That the report be referred back to the Standards Regime Working Party for further consideration.

19. *Resolved* – That the public be excluded from the meeting for the following items of business below on the grounds they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

**Summary of exempt items considered whilst the public were excluded:-**

20. *Resolved* – That the non-public Minutes of the last Court are correctly recorded.

21. **Finance Committee**

The Court:-

- (A) approved the extension of an IT contract.; and
- (B) approved the disposal of highway land.

22. **Police Committee**

The Court received a report advising of action taken under urgency procedures in relation to the City Police's Action and Know Fraud Centre.

23. **Property Investment Board**

The Court received a report advising of action taken under urgency procedures in relation to the grant of a long-term leasehold.

**The meeting commenced at 1.00 pm and ended at 3.00 pm**

**BARRADELL.**





## List of Applications for the Freedom

*To be presented on Thursday, 8th March, 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons of  
the City of London in Common Council assembled.*

Set out below is the Chamberlain's list of applicants for the Freedom of the City together with the names, etc. of those nominating them.

<b>Count Giuseppe Rizzani</b> <i>Frederick Joseph Trowman</i> <i>David Robert Boston</i>	a Property Manager <i>Citizen and Loriner</i> <i>Citizen and Gold &amp; Silver Wyre Drawer</i>	Como, Italy
<b>Anthony Joseph Codd</b> <i>Robert James Ingham Clark, Deputy</i> <i>Christopher Michael Hayward, CC</i>	an Operations Manager <i>Citizen and Clothworker</i> <i>Citizen and Pattenmaker</i>	Enfield, London
<b>Kwabena Nkansa Agyei</b> <i>Peter Kenneth Estlin, Ald.</i> <i>Andrew Stratton McMurtrie, JP, CC</i>	an Optician <i>Citizen and International Banker</i> <i>Citizen and Salter</i>	Penge, London
<b>Karen Rose Knapp</b> <i>Stanley Brown, QGM, TD</i> <i>Michael Richard Adkins</i>	a Financial Controller <i>Citizen and Loriner</i> <i>Citizen and Water Conservator</i>	Reigate, Surrey
<b>Oliver James Jianoran</b> <i>Michael Peter Cawston</i> <i>James William Lane</i>	a Security Company Contracts Manager <i>Citizen and Tyler &amp; Bricklayer</i> <i>Citizen and Tyler &amp; Bricklayer</i>	Plaistow, London
<b>Hamish Macleod</b> <i>John Alexander Smail</i> <i>Elizabeth A Thornborough</i>	a Tooling Technician <i>Citizen and Distiller</i> <i>Citizen and Upholder</i>	Stevenage, Hertfordshire
<b>Mark Simon Ferguson</b> <i>Michael Stuart Gilham</i> <i>Winifred Gilham</i>	a Surgeon <i>Citizen and Upholder</i> <i>Citizen and Upholder</i>	Wandsworth, London
<b>Ian Richard Wood</b> <i>Leslie Findley, TD</i> <i>Michael John Willett</i>	a Prison Officer, retired <i>Citizen and Apothecary</i> <i>Citizen and Air Pilot</i>	Hornsea, East Yorkshire
<b>Ingela Stigemar</b> <i>Steven John Turner</i> <i>Ian Wilson Tough</i>	a Dentist <i>Citizen and Framework Knitter</i> <i>Citizen and World Trader</i>	Zug, Switzerland

<b>Richard Hollier</b> <i>Michael Peter Cawston</i> <i>Mark Richard Cooper</i>	a Builder, retired <i>Citizen and Tyler &amp; Bricklayer</i> <i>Citizen and Basketmaker</i>	Basildon, Essex
<b>Danielle Sollof</b>  <i>Michael Richard Adkins</i> <i>Stanley Brown, QGM, TD</i>	a Project Manager  <i>Citizen and Water Conservator</i> <i>Citizen and Loriner</i>	Bishops Stortford, Hertfordshire
<b>Paul Damian Swarbrick</b>  <i>Derek Franklin Oliver</i> <i>Jason Vincent McCreaney</i>	a Cyber Security Consultancy Director <i>Citizen and Basketmaker</i> <i>Citizen and Basketmaker</i>	Worthing, West Sussex
<b>Dr Maria Loredana Pinotti</b>  <i>Douglas Meager Wallace Wagland</i> <i>Dorothy Newlands of Lauriston</i>	a Consul  <i>Citizen and Scrivener</i> <i>Citizen and Basketmaker</i>	Serravalle, Republic of San Marino
<b>Dr Pierfelice Degli Uberti</b> <i>Douglas Meager Wallace Wagland</i> <i>Dorothy Newlands of Lauriston</i>	a Bank Director <i>Citizen and Scrivener</i> <i>Citizen and Basketmaker</i>	Bologna, Italy
<b>Evangelos Kokkalis</b> <i>George Pipon Francis</i> <i>Matthew Damian Hampson</i>	a Philosopher <i>Citizen and Grocer</i> <i>Citizen and Information Technologist</i>	Abbey Wood, London
<b>Antonio Pischetola</b> <i>Michael Richard Adkins</i> <i>Stanley Brown, QGM, TD</i>	a Financial Consultant <i>Citizen and Water Conservator</i> <i>Citizen and Loriner</i>	Milan, Italy
<b>Hraczja Bojadzjan</b> <i>Stanley Brown, QGM, TD</i> <i>Michael Richard Adkins</i>	a Social Committee President <i>Citizen and Loriner</i> <i>Citizen and Water Conservator</i>	Zabrze, Poland
<b>Peter Clements</b> <i>Michael Peter Cawston</i> <i>Peter Ronald Elliott</i>	a Head of Property Services, retired <i>Citizen and Tyler &amp; Bricklayer</i> <i>Citizen and Blacksmith</i>	Hayes, Middlesex
<b>Malcolm Howard Bilmen</b>  <i>Colin Barrow, CBE</i> <i>Gary Cornwell Morley</i>	an Information Technology Training Director <i>Citizen and Carmen</i> <i>Citizen and Plaisterer</i>	Harlow, Essex
<b>Robert John Humphrey</b> <i>Geoffrey Hill Abraham</i> <i>Mark Hill Abraham</i>	an Operations Manager <i>Citizen and Blacksmith</i> <i>Citizen and Blacksmith</i>	Orpington, Kent
<b>Paul Michael Barwick</b>  <i>Philip Splett</i> <i>Robert Adrian Joseph Waddingham, CBE</i>	an Electrical Contracting Company Director <i>Citizen and Butcher</i> <i>Citizen and Actuary</i>	Fobbing, Essex
<b>Stephen John Parrett</b> <i>Ian Alexander Mason</i> <i>Michael John Parrett</i>	a Garage Director, retired <i>Citizen and Constructor</i> <i>Citizen and Constructor</i>	Chislehurst, Kent



<b>Jon Malcolm Davis</b> <i>Kevin Malcolm Everett, Deputy Richard Evans</i>	a Lecturer <i>Citizen and Fletcher Citizen and Educator</i>	Peckham Rye, London
<b>Alan Paul Frankland</b> <i>Alan Leslie Warman Norman Edward Chapman</i>	a Coachbuilder, retired <i>Citizen and Clockmaker Citizen and Glover</i>	Hurstpierpoint, West Sussex
<b>John Vincent Canning</b> <i>Barry Charles Gasper Audrey Ann Canning</i>	a Chartered Engineer <i>Citizen and Engineer Citizen and Engineer</i>	Reigate, Surrey
<b>David Bartlett</b>  <i>George Henry Capon Peter Ronald Elliott</i>	a Customer Support Technical Inspector <i>Citizen and Blacksmith Citizen and Blacksmith</i>	Hackney
<b>Jeffrey Richard Thomas</b>  <i>David James Sales Nicholas Edward Smith</i>	an Insurance Broker Consultant, retired <i>Citizen and Insurer Citizen and Insurer</i>	Shenfield, Essex
<b>Brendan Sugrue</b>  <i>Christopher Michael Hayward, CC Stanley Ginsburg, JP</i>	a Construction Company Head of Operations <i>Citizen and Pattenmaker Citizen and Glover</i>	Bromley, Kent
<b>Brian Keith Pascoe</b> <i>John Burke Michael Anthony Cave</i>	an Electrical Engineer <i>Citizen and Lightmonger Citizen and Lightmonger</i>	Theydon Bois, Essex
<b>Dr Michael Charles Cassidy- Hogg</b> <i>Denise Deroy-Parker John Alexander Smail</i>	a Chiropractor  <i>Citizen and Upholder Citizen and Distiller</i>	Brighton, Sussex
<b>Lucy Victoria Cassidy</b> <i>Denise Deroy-Parker John Alexander Smail</i>	a Digital Transformation Consultant <i>Citizen and Upholder Citizen and Distiller</i>	Brighton, Sussex
<b>John James Dowell</b> <i>James Hayward Neale Horne Stephen Braithwaite Murray</i>	a Gun Engraver <i>Citizen and Clothworker Citizen and Gunmaker</i>	Palmers Green, London
<b>Lesley Jefford</b> <i>Adarsh Kumar Sharma Tony Robert Pattison</i>	an Administrative Manager <i>Citizen and Chartered Accountant Citizen and Needlemaker</i>	Beckenham, Kent
<b>John William Mason</b> <i>George John Andrews Derek Alan Harrington</i>	a Senior Estimator <i>Citizen and Blacksmith Citizen and Blacksmith</i>	Hayes, Kent
<b>Christopher Glenn Reynolds</b> <i>Ian Burrell Haig Woolley Ian Brooker</i>	a Chartered Accountant, retired <i>Citizen and Basketmaker Citizen and Upholder</i>	Littlestone, Kent
<b>Dr Richard James Rowley Dunstan</b> <i>Graham John Peacock Richard Eaglesfield Floyd</i>	a Doctor of Medicine, retired  <i>Citizen and Loriner Citizen and Basketmaker</i>	Forest Row, Sussex

<b>Patrick Gallagher</b> <i>Gerald Dawson Clarkson, CBE, QFSM</i> <i>Michael John Curtis</i>	a Construction Company Chairman <i>Citizen and Firefighter</i> <i>Citizen and Firefighter</i>	Maidstone, Kent
<b>Elizabeth Obertelli</b> <i>Kevin Malcolm Everett, Deputy</i> <i>Richard Evans</i>	a Deputy Director <i>Citizen and Fletcher</i> <i>Citizen and Educator</i>	Chislehurst, Kent
<b>Edwin Wilhelmus Johannes Velterop</b> <i>Keith John Ebsworth</i> <i>Stephen Joseph Michael Marsh</i>	an Artisan Model Maker  <i>Citizen and Glover</i> <i>Citizen and Glover</i>	Gidea Park, Essex
<b>Kenneth Henry James Milton</b> <i>Iain Reid</i> <i>Richard Leslie Springford</i>	a Hotel Manager <i>Citizen and Educator</i> <i>Citizen and Carman</i>	Sidcup, Kent
<b>Bitu Rezaee</b> <i>Abdul Latif</i> <i>Amir Reza Latif</i>	a Legal Advisor <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Wembley, London
<b>Anthony Lui</b> <i>James Samuel Blake</i> <i>Donald Howard Coombe, MBE</i>	an Accountant <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Walthamstow, London
<b>Keith Alan Horsman</b> <i>Judy Senta Tayler-Smith</i> <i>Adele Loraine Thorpe</i>	a Videographer <i>Citizen and Upholder</i> <i>Citizen and Chartered Secretary &amp; Administrator</i>	Canvey Island, Essex
<b>Edward Michael Jakins</b> <i>Howard Andre Beber</i> <i>Brian John Coombe</i>	a Project Manager <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Midsomer Norton, Somerset
<b>Abdul Hafiz</b> <i>Hilary Miller</i> <i>Alan Wiseman</i>	a Catering Company Director <i>Citizen and Glover</i> <i>Citizen and Pavior</i>	Maldon, Essex
<b>Michael John Dunn</b> <i>Issa Tahhan</i> <i>Nicholas Michael Harris</i>	a Senior Engineer, retired <i>Citizen and Environmental Cleaner</i> <i>Citizen and World Trader</i>	Loughton, Essex
<b>Walter Joseph Maynard</b> <i>Alan William Cornwell</i> <i>Patrick William Thomas Wilkins</i>	a Police Officer, retired <i>Citizen and Baker</i> <i>Citizen and Baker</i>	Banstead, Surrey
<b>Alan Brooker</b> <i>Ian Brooker</i> <i>Michael John Goddard</i>	a Waste Management Supervisor <i>Citizen and Upholder</i> <i>Citizen and Upholder</i>	Strood, Kent
<b>Geoffrey Declan Kavanagh</b> <i>David James Sales</i> <i>Robert Michael John Benham</i>	a Brewery Area Manager, retired <i>Citizen and Insurer</i> <i>Citizen and Plumber</i>	Kneesworth, Hertfordshire
<b>Jonathon Mark Hopkins</b> <i>William Barrie Fraser, OBE</i> <i>Peter York Bartlett</i>	a Financial Journalist <i>Citizen and Gardener</i> <i>Citizen and Fruiterer</i>	Bromley, Kent

<b>Jaco-Albert Van Gass</b> <i>Geoffrey Douglas Ellis</i> <i>Wesley Val Hollands</i>	an Athlete <i>Citizen and Joiner</i> <i>Citizen and Loriner</i>	Wokingham, Berkshire
<b>Grahame William Mark Howett</b> <i>Richard J Muir</i> <i>George Henry Capon</i>	a Sales Manager <i>Citizen and Pattenmaker</i> <i>Citizen and Blacksmith</i>	South Benfleet, Essex
<b>Bernd Gunter Heinze</b>  <i>Malcolm Alastair Craig</i> <i>Timothy Luke Fitzgerald-O'Connor</i>	an Attorney At Law  <i>Citizen and Gold &amp; Silver Wyre Drawer</i> <i>Citizen and Gold &amp; Silver Wyre Drawer</i>	North Wales, Pennsylvania, United States of America
<b>Michael Sidney Stafford</b> <i>Phillip Arthur Dean</i>  <i>Patricia Agnes Campfield, MBE</i>	a Councillor <i>Citizen and Coachmakers and Coach</i> <i>Harness Makers</i> <i>Citizen and Wheelwright</i>	Southend On Sea, Essex
<b>John Vincent Hughes</b> <i>Wesley Val Hollands</i> <i>Geoffrey Douglas Ellis</i>	a Property Developer <i>Citizen and Loriner</i> <i>Citizen and Joiner</i>	Hutton Mount, Essex
<b>Philip Gould</b> <i>Wyndham Seymour-Hamilton</i> <i>Antony David George Harvey</i>	a Technical Consultant <i>Citizen and Loriner</i> <i>Citizen and Educator</i>	Thamesmead, London
<b>Lindsay Vyvyan Melvin</b> <i>Elizabeth Macdonald-Buchanan</i> <i>Michael Berriman Tippetts</i>	a Charity Trustee <i>Citizen and Fishmonger</i> <i>Citizen and Armourer and Brazier</i>	Solihull, West Midlands
<b>Ashley Saltman</b> <i>Donald Howard Coombe, MBE</i> <i>David Peter Coombe</i>	a Mechanical Engineer, retired <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Clayhall, Ilford, Essex
<b>Robert John Flew</b> <i>Donald Howard Coombe, MBE</i> <i>David Peter Coombe</i>	an Insurance Broker, retired <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Epsom, Surrey
<b>Haramrita Kaur Glazebrook</b>  <i>Neville John Watson</i> <i>Peter Francis Clark</i>	a Barrister  <i>Citizen and Fletcher</i> <i>Citizen and Mason</i>	Chalfont St Peter, Buckinghamshire
<b>Surgeon Rear Admiral Lionel John Jarvis, CBE, DL</b> <i>Ruby Sayed, CC</i> <i>Gregory Percy Jones, QC, Alderman</i>	a Prior of the Order of St. John  <i>Citizen and Common Councilman</i> <i>Citizen and Leatherseller</i>	Droxford, Hampshire
<b>Janet Marie Munro</b> <i>Judy Senta Tayler-Smith</i> <i>Adele Loraine Thorpe</i>	an Administrator <i>Citizen and Upholder</i> <i>Citizen and Chartered Secretary &amp; Administrator</i>	Stevenage, Hertfordshire
<b>Douglas Bainbridge</b> <i>Judy Senta Tayler-Smith</i> <i>Adele Loraine Thorpe</i>	an Investigator <i>Citizen and Upholder</i> <i>Citizen &amp; Chartered Secretary &amp; Administrator</i>	Stevenage, Hertfordshire
<b>Sally Anne McCarthy</b> <i>Sir David Wootton, Kt., Ald.</i> <i>Iain Reid</i>	a Counselling Manager <i>Citizen and Fletcher</i> <i>Citizen and Educator</i>	Blackheath, London

<b>Hugh Gavin Matthew Love</b> <i>Susan Mary Harrison</i> <i>Basil Roy Hodgson</i>	a Chartered Tax Advisor, retired <i>Citizen and Educator</i> <i>Citizen and Stationer &amp; Newspaper Maker</i>	Hitchin, Hertfordshire
<b>John Francis James</b> <i>Sara Pink</i>  <i>Jonathan Martin Averbs</i>	an Accountant <i>Citizen and Stationer &amp; Newspaper Maker</i> <i>Citizen and Fletcher</i>	Edmonton, London
<b>Jonathan Anthony James Wilson</b> <i>Judy Senta Tayler-Smith</i> <i>Adele Loraine Thorpe</i>	an Information Technology Technician <i>Citizen and Upholder</i> <i>Citizen and Chartered Secretary &amp; Administrator</i>	Tooting, London
<b>John Ross Griffiths</b>  <i>Paul Malcolm Kennerley, RD</i>  <i>Richard Worth, OBE</i>	a Management Consultant  <i>Citizen and Coachmaker &amp; Coach and Harness Maker</i> <i>Citizen and Shipwright</i>	Surfers Paradise, Queensland, Australia
<b>Paul Michael Medlycott</b> <i>Peter John Child</i> <i>Geoffrey Selwyn</i>	a Business Consultant <i>Citizen and Needlemaker</i> <i>Citizen and Needlemaker</i>	Northwood, Middlesex
<b>David Clive Mitchell</b>  <i>Michael Richard Adkins</i> <i>Stanley Brown, QGM, TD</i>	a Litho Printing Company Director, retired <i>Citizen and Water Conservator</i> <i>Citizen and Loriner</i>	Petts Wood, Kent
<b>Martin Andrew Overman</b> <i>Daniel Richard Caspi</i> <i>Robert Picton Seymour Howard, Ald.</i>	a Transport Managing Director <i>Citizen and Gardener</i> <i>Citizen and Gardener</i>	Swaffham, Norfolk
<b>Andrew John Roan</b> <i>Adarsh Kumar Sharma</i> <i>Michael Peter Cawston</i>	a Clockmaker <i>Citizen and Chartered Accountant</i> <i>Citizen and Tyler &amp; Bricklayer</i>	Melksham, Wiltshire
<b>Jonathan David Cordell</b> <i>Sophie Anne Fernandes, CC</i> <i>Charles Edward Lord, OBE, JP, Deputy</i>	a Strategy Director <i>Citizen and Common Councilman</i> <i>Citizen and Broderer</i>	Brixton, London
<b>Brandy Anne Dowdall</b> <i>Michele McCarthy</i> <i>Neil Frederick Purcell</i>	a Lawyer <i>Citizen and Scrivener</i> <i>Citizen and Painter Stainer</i>	Toronto, Ontario, Canada
<b>Derwin Mak</b> <i>Michele McCarthy</i> <i>Neil Frederick Purcell</i>	an Accountant <i>Citizen and Scrivener</i> <i>Citizen and Painter Stainer</i>	Toronto, Ontario, Canada
<b>Gary Colin Wright</b> <i>Colin Trevor Gurnett</i> <i>Michael Peter Cawston</i>	a Senior Barristers' Clerk <i>Citizen and Wheelwright</i> <i>Citizen and Tyler &amp; Bricklayer</i>	Aveley, Essex
<b>Theresa Clare Magdalen Rodgers</b> <i>Catherine Sidony McGuinness, Deputy</i> <i>Wendy Mead, OBE, CC</i>	an Aromatherapist & Relexologist, retired <i>Citizen and Solicitor</i>  <i>Citizen and Glover</i>	High Wycombe, Buckinghamshire

**Mark Stephen Nexsen**

*The Rt. Hon The Lord Mayor  
Catherine Sidony McGuinness,  
Deputy*

The Mayor of Lake Havasu City

*Citizen and Solicitor*

Lake Havasu City, Arizona,  
United States of America

**John Harold Parrott**

*The Rt. Hon The Lord Mayor  
Catherine Sidony McGuinness,  
Deputy*

an Investment Specialist

*Citizen and Solicitor*

Lake Havasu City, Arizona,  
United States of America

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## Report – City Remembrancer

### Measures introduced into Parliament which may have an effect on the services provided by the City Corporation

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

#### **Statutory Instruments**

#### **Date in Force**

##### **The Technical and Further Education Act 2017 (Commencement No. 3) Regulations 2018, S.I. No. 140**

9 February 2018

The Regulations enable the Secretary of State to request the Institute for Apprenticeships to provide advice and assistance in relation to other education or training as well as in relation to apprenticeships. The Institute for Apprenticeships will be renamed the Institute for Apprenticeships and Technical Education.

8 March 2018

##### **The Novel Foods (England) Regulations 2018, S.I. No. 154**

The Regulations provide for the enforcement of EU Regulation 2015/2283 by food authorities including the City Corporation. It gives powers to issue stop notices, compliance notices and fixed monetary penalties for offences.

##### **The Homelessness Reduction Act 2017 (Commencement and Transitional and Savings Provisions) Regulations 2018, S.I. No. 167**

3 April 2018

The Regulations bring the provisions of the Homelessness Reduction Act 2017 into force on 3 April 2018. The Act creates new duties for local authorities to reduce homelessness.

*(The text of the measures and the explanatory notes may be obtained from the Remembrancer's Office.)*

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## Report – Chairman of the Markets Committee

### Awards and Prizes

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons of  
the City of London in Common Council assembled.*

“I wish to draw Members’ attention to the following awards won by the City of London Corporation:

#### **Best Wholesale Market 2017 Award - New Spitalfields Market**

I am delighted to inform Members of the Court that, at the National Association of British Markets Authorities (NABMA) Conference in January, it was announced that New Spitalfields Markets had won the prestigious Best Wholesale Market 2017 Award.

The citation acknowledged the great improvements that have been made over the last two years in safety, waste management, and relationships between the City Corporation, as landlord, and the Market traders. This reflects great credit on the Director of Markets and Consumer Protection, the Market management and the Market Superintendent’s personal leadership qualities in particular, and also on the tenants’ association and the tenants themselves who have co-operated significantly in making the improvements possible.

I commend this achievement to the Court.”

DATED this 26<sup>th</sup> day of January 2018.

SIGNED on behalf of the Committee.

**James Richard Tumbridge**  
Chairman, Markets Committee

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## Report – Chairman of the Culture, Heritage and Libraries Committee

### Awards and Prizes

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons of the City of London in Common Council assembled.*

“I wish to draw Members’ attention to the following awards won by the City of London Corporation.

#### **National Archive Volunteering Award**

At the Guildhall on 1 February 2018 London Metropolitan Archives (LMA) was presented with the National Archive Volunteering Award for its project ‘*Speak Out London – Diversity City*’. The award is made annually by the Archives and Records Association (UK and Ireland) in partnership with The National Archives, the Scottish Council on Archives and the Welsh Government. Speak Out was funded by the Heritage Lottery Fund and aimed at preserving the voices and experiences of the contemporary LGBTQ+ community alongside more traditional archives. It was part of LMA’s continued engagement with the LGBTQ+ community and volunteers from the community were critical to its success, acting as interviewers, exhibition curators and ambassadors.

I commend this achievement to the Court.”

DATED this 1<sup>st</sup> day of February 2018.

SIGNED on behalf of the Committee.

**Graham David Packham**  
Chairman, Culture, Heritage and Libraries Committee

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# Report – The Standards Regime Review Working Party

## Independent Review of the City of London’s Standards Regime

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

### SUMMARY

This report provides the findings of the review undertaken by your Standards Regime Working Party regarding the Corporation’s current Standards Framework, in particular the Complaints Procedure (alleged breaches of the Members’ Code of Conduct). The report outlines the consideration given to a review undertaken by Mr Charles Bourne QC and his report (“the Report”), who was appointed by the Town Clerk to examine the Standards Framework, and provides both findings and recommendations on how to improve the current arrangements.

### RECOMMENDATION

We recommend that the Court of Common Council approves the responses we have proposed in respect to the recommendations set out in the Report, and the revised Code of Conduct, Complaints Procedure and Guidance to Members on the Code of Conduct as appended.

### MAIN REPORT

#### Background

1. At the meeting of the Court of Common Council on 23<sup>rd</sup> June 2016, concerns were expressed by a number of Members about the content of the Standards Committee’s annual report, principally around the identification of a Member involved in a particular complaint and that Committee’s handling of the complaint. This led to a decision by the Court to refer the report back to the Standards Committee for further consideration.
2. In light of the concerns raised, the Standards Committee re-submitted its annual report to the Court at its meeting on 21<sup>st</sup> July 2016, without naming the individual Member concerned with the complaint.
3. To ensure that Members would have full confidence in the arrangements in place, the Standards Committee also reported to the Court of Common Council its intention to commission an independent review of the current arrangements for addressing matters connected to the conduct of Members under the Localism Act 2011.

4. The Standards Committee proposed that the review should be independent and broad in its remit so that the City Corporation's responsibilities under the Act, fulfilled by the Standards Committee in accordance with the Terms of Reference set by the Court, could be further considered. The review would examine the arrangements the City Corporation currently has in place for addressing matters connected to the conduct of Members (including co-opted Members) under the Localism Act 2011 with a particular focus on the Complaints Procedure (alleged breaches of the Members' Code of Conduct).
5. The Town Clerk appointed Mr Charles Bourne QC of 11 King's Bench Walk to carry out the task. As part of the review process, written submissions were sought from all directly elected and co-opted Members from the outset. Mr Bourne subsequently met with Members of the Standards Committee and then, on a one-to-one basis, with a number of other Members.
6. A meeting with Mr Bourne, which all Members were invited to, also took place on 7<sup>th</sup> November 2016 to enable further consultation and input into the process.
7. The final report detailing Mr Bourne's findings, together with his recommendations, was presented to the Court of Common Council, for information, at your meeting on 12<sup>th</sup> January 2017.
8. The Court decided that *'a Panel be established by resolution of this Court today comprising the Chairman of the Standards Committee, the Chairman of Policy & Resources, the Chairman of the General Purposes Committee of Aldermen and the Chief Commoner with power to act to appoint a Working Party to report to this Court as soon as is practicable during this year on how the various recommendations in Mr Bourne's Report might be progressed and implemented as appropriate'*.
9. After careful consideration, the Panel reached a consensus on the final ten Members who should be approached to serve.
10. At the Working Party's initial meeting in February 2017, Emma Edhem was elected as our Chairman. The other Members of the Working Party were:
  - Deputy John Bennett
  - Nicholas Bensted-Smith
  - Simon Duckworth
  - Alderman David Graves
  - Christopher Hayward
  - Deputy Wendy Hyde
  - Alderman Vincent Keaveny
  - Ian Seaton
  - Deputy Philip Woodhouse
11. Your Working Party initially sought to decide upon a method of working for considering the various recommendations contained in the Report. After working through each of the recommendations presented within the Report, it

was concluded that there were primarily six clear, separate, areas of work that required investigation. These were agreed to be:

- Assessment of Complaints
- Investigation of Complaints
- Complaints Hearings
- Sanctions
- Appeals
- the Role of the Independent Person

12. On 6<sup>th</sup> November 2017 and twice on 9<sup>th</sup> November 2017, a total of three sessions were held by the Chairman of your Working Party for all Members of the Court of Common Council in order to informally brief Members on the findings of your Working Party and to invite further input into the process. Your Working Party's draft findings were circulated to all Members on 10<sup>th</sup> October 2017. The Chairman of your Working Party also held a briefing session for the Standards Committee, again inviting input into the process. Additionally, and prior to holding the four meetings with the Standards Committee and Members as described above, all Members, including those of the Standards Committee, were invited to email comments on the draft findings of your Working Party for consideration. Following comments received from Members at those briefings and also by email, your Working Party met further to consider the comprehensive representations made by the Members and to amend the draft report and guidance accordingly.
13. At its meeting on 11th January 2018, the Court of Common Council considered a report which summarised the findings of the review undertaken by your Working Party. Upon further input by Members the item was deferred for continued consideration by your Working Party. Accordingly, further consultation has since taken place, including a meeting which all Members of Court were invited, and many were in attendance. This took place on the 15th February 2018. Subsequently your Working Party met to consider additional views raised.
14. Your Working Party has, following consideration of Members' views, and recognising the need to maintain a balance between expertise within the Standards Committee and broader involvement of Members in the final determination of complaints, made the following amendments to its recommendations/responses, as well as the accompanying Complaints Procedure:
  - Training Members on the Code of Conduct for Members is a matter of importance. Members will not be compelled to attend training, however, if a Member is the subject of an allegation and has not attended training this may be considered an aggravating feature and held against the offending Member when considering the imposition of sanctions. (Paragraph 16.1).
  - It is recommended that the initial assessment of complaints should continue to be undertaken by a sub-committee of three elected Members, one non-voting co-opted Member drawn from the Standards Committee,

whilst still exercising the requirement that the views of the Independent Person are taken into consideration. The decision on initial assessment will be that of the panel as aforementioned in this paragraph advised by the Monitoring Officer. This therefore maintains the status quo. In the circumstances, and so as to enable a fair and balanced initial panel, your Working Party considers that membership of the Standards Committee should be increased to 12 elected Members. A larger membership of the Standards Committee will permit greater flexibility in constituting a panel for initial assessments. Your Working Party considered whether it would be appropriate for Members dealing with an initial assessment to sit at a subsequent conduct hearing relating to the same complaint. While an advantage of this could be the importing of prior knowledge of the matter which might assist efficiency, it was felt, on balance, that there was a significant risk of perceived pre-judgement of the complaint at the hearing stage and that a fresh panel drawn from the Standards Committee should be formed for any subsequent conduct hearing. Further, a Standards Committee with an increased number will support a strict demarcation between Members of the Standards Committee dealing with initial assessments and subsequent hearings. In addition, such an increase should afford greater scope for diversity in the composition of panels dealing with complaints, which is wholly encouraged by your Working Party. However, your Working Party believes that Appeals panels should not be composed of Members of the Standards Committee. (Paragraph 17.1).

- The Complaints Procedure has been modified to clarify 'exceptional' circumstances in respect to the three-month cut-off period for making a complaint. (Paragraph 17.5).
- A concern was expressed that those making complaints might be unfairly disadvantaged by the absence of a person in the role of "prosecutor" to assist them. The Working Party was mindful that the complainant and accused alike may be assisted by the Monitoring Officer regarding the complaints process, may be assisted at a hearing by a friend or professional representative, and that hearings will be conducted on an inquisitorial basis, requiring the panel to ascertain the relevant facts in coming to a decision. (Paragraph 19.8).
- It is proposed that appeals from a decision made at a conduct hearing should be determined by a panel of three elected Members randomly selected from a specially trained pool of 12 elected Members (two of whom may be appointed by the Court of Aldermen) but otherwise elected annually by the Court of Common Council from among Common Councilmen not serving on the Standards Committee ("the Standards Appeal Committee"). Members will be expected to complete training within three months of being elected to the Standards Appeal Committee. Failure to do so may result in a Member surrendering their position on it. (Paragraph 21.2).



- The Court of Common Council should own the Code of Conduct and be responsible for any changes to it, whilst the Standards Committee should – following the Court’s initial approval of the revised documents – then own the complaints procedure and relevant paperwork, as well as the guidance to Members on the Code of Conduct. The Standards Committee will be required to report any changes to those documents in its Annual Report to the Court of Common Council and be mindful of the will of the Court, in the event this report along with the Code of Conduct, complaints procedure and the guidance to Members on the Code of Conduct, is approved.
  - That, if approved by the Court, the new Code of Conduct and Guidance to Members on the Code of Conduct shall come into force immediately. The new Complaints Procedure shall come into force once the Standards Appeal Committee and Standards Committee have been elected and their Terms of Reference approved for the 2018-19 Municipal Year and relevant training of those Members subsequently having taken place, with authority delegated to the Town Clerk (in consultation with the Chairman of the Standards Committee) to confirm the commencement date. Once the new Complaints Procedure is in force it will be applied to any new complaints and any existing complaints that have yet to reach the assessment stage.
15. For the purpose of this report, each recommendation and our responses are provided in the following section, grouped in the areas of work (as stated at paragraph 11).

#### **Review of recommendations**

16. At our first meeting, 27<sup>th</sup> February 2017, we agreed that some recommendations were straight forward, made good sense and could be dealt with quickly, without the need for detailed consideration. These recommendations – and our response to each one – were as follows:

- 16.1 ***Recommendation 1: Members should be required to attend such training on conduct and standards matters as the City may provide from time to time***

**Working Party response:** We support this recommendation. Whilst training is not mandatory, if a Member is the subject of an allegation and has not attended training then this may be considered an aggravating feature and held against the same in consideration of any sanction.

- 16.2 ***Recommendation 2: The Code of Conduct should adopt the CSPL's [Committee on Standards in Public Life] revised descriptions of the Nolan Principles***

**Working Party response:** We support this recommendation.

- 16.3 ***Recommendation 3: The Code of Conduct should contain more express requirements in respect of equality and diversity***

**Working Party response:** We support this recommendation, and were also of the view that the Code of Conduct should make explicit reference to Members' obligation to comply with the Equality Act 2010.

- 16.4 ***Recommendation 4:*** *The Code should prohibit Members from bringing their office into disrepute, engaging in any bullying and intimidation or breaching obligations of confidentiality to the City*

**Working Party response:** We supported the recommendation but with the proviso that behavioural issues should be contained in an additional separate and distinct clause in the Code. We were also of the view that the reference to Members bringing their office into disrepute, engaging in any bullying and intimidation, and breaching obligations of confidentiality to the City be three, clearly separate bullet points in the Code of Conduct.

- 16.5 ***Recommendation 5:*** *The Guidance to Members on the Code should be updated to reflect changes to the Code and also to deal with conduct matters generally, rather than only with the declaration of interests*

**Working Party response:** We support this recommendation.

- 16.6 ***Recommendation 6:*** *The City should retain a Standards Committee which will keep abreast of all of the City's activities relating to conduct and standards, including training*

**Working Party response:** We support this recommendation and considered that the Standards Committee should not only be retained but should also continue to operate as a Grand Committee with the ability to report directly to the Court of Common Council. We agreed that it is important to retain the independent dynamics of a Standards Committee with continued involvement of both Co-opted Members and Independent Persons in their separate and distinct roles respectively.

- 16.7 ***Recommendation 7:*** *The Chief Commoner and Privileges Chairman should have a discretion to share with the Standards Committee information which may be useful to it. Whilst the Standards Committee may ask them, from time to time, whether there is any such information to be shared, the Standards Committee should not have a formal role of monitoring the pastoral activities of the Chief Commoner and Privileges Chairman*

**Working Party response:** We support this recommendation. It is our opinion that there is no formal role for the Standards Committee in monitoring the pastoral responsibilities of the Chief Commoner or the Aldermanic Chairmen (the Chairman of the General Purposes Committee of Aldermen and the Chairman of the Privileges Committee of Aldermen).

The Chief Commoner and the Aldermanic Chairmen should continue to have a discretion to report matters which are not serious in nature but may nevertheless be deemed of sufficient breach to report to the Standards Committee. Accordingly, on matters of a serious nature, an obligation should be imposed upon the same to report matters to the Standards Committee. It is

borne in mind that the role of the Standards Committee is in promoting and maintaining high standards of conduct by Members. In the circumstances, the Standards Committee should be put in a position whereby they are capable of enquiring whether there is any such information to be shared. In matters of criminality, racial abuse or sexual harassment, such matters should be immediately referred to the Standards Committee.

It was felt by your Working Party that the Standards Committee should have the discretion to refer minor issues to the Chief Commoner for resolution (this could apply in circumstances where an issue could be resolved informally).

It should be emphasised that the Chief Commoner and the Aldermanic Chairmen have the ability to refer a dispute for formal resolution under the Complaints Procedure, where it relates to a potential breach of the Code of Conduct.

We agreed that the Chief Commoner and the Aldermanic Chairmen should receive guidance from the appropriate officer on how to most appropriately handle such instances. We were also of the view that all Members should be offered training and guidance on when to make a formal complaint or when to flag issues with the Chief Commoner and the Aldermanic Chairmen.

- 16.8 **Recommendation 8:** *There should be more detailed published guidance on the procedure for dealing with complaints, especially at the hearing stage*

**Working Party response:** We support this recommendation.

- 16.9 **Recommendation 9:** *The City should provide training for all Members and Officers who deal with complaints (and appeals) to ensure that they are dealt with expertly and consistently*

**Working Party response:** We support this recommendation.

- 16.10 **Recommendation 36:** *After a finding of breach, publication of the finding should be an available sanction and the usual course, subject to recommendation 35. Otherwise the Standards Committee should have a discretion as to publication, to be exercised having regard to legal advice where appropriate, the views of the Independent Person and all the circumstances as set out at paragraph 199 [of the report]*

**Working Party response:** We support this recommendation.

### **Recommendations relating to the Assessment of Complaints**

17. Recommendations 10-14 of the Report were considered within the Assessment of Complaints area of work.

- 17.1 **Recommendation 10:** *Initial assessment of a complaint should be by the Monitoring Officer, with a limited discretion to assign the function to another officer (or an officer of another authority) where necessary e.g. in a case of conflict of interest*

**Working Party response:** We disagree with this recommendation, and instead support the continuation of the current process, whereby the initial assessment of complaints is undertaken by a sub-committee of three elected Members and one non-voting co-opted Member drawn from the Standards Committee (taking into account the views of an Independent Person), with the proviso that the Standards Committee should be increased to 12 elected Members. This is suggested so that there is a larger pool to draw from for the assessment sub-committee, which will reduce the possibility of any conflicts of interest. We also felt that it should be expected that those who take part in the initial assessment of complaints should not then take part in any subsequent stage of the complaints process (i.e. hearing or appeal). The Monitoring Officer will, as now, advise the panel involved in the initial assessment.

- 17.2 ***Recommendation 11:*** *A rule should require that an Independent Person's views be sought at the assessment stage unless this is considered unnecessary*

**Working Party response:** We support the recommendation that an Independent Person's views be sought at the assessment stage, but deem it necessary that the same always be consulted at this stage.

- 17.3 ***Recommendation 12:*** *The published arrangements should refer to the possibility of the Independent Person's views being sought at the assessment stage by the respondent to an allegation*

**Working Party response:** We support this recommendation and add that the draft reflect 14.2 above.

- 17.4 ***Recommendation 13:*** *Decisions on initial assessment should be accompanied by concise written reasons which enable the complainant and the respondent to understand (1) whether any of the grounds for not proceeding are present and if so (2) the reasons for the decision on whether and how to proceed*

**Working Party response:** We support this recommendation as a statutory requirement.

- 17.5 ***Recommendation 14:*** *If assessment is carried out by the Monitoring Officer and if the complaint is not dismissed or resolved informally, it should be referred for investigation by an Investigating Officer who may be another officer of the Corporation or an officer from another local authority, with provision for the Investigating Officer to be assisted by an external investigator where appropriate*

**Working Party response:** We do not seek the Monitoring Officer to refer matters for investigation as per recommendation 14 above. It is our opinion that it would be both just and cost effective for another officer from the Comptroller & City Solicitor's Department, or another Chief Officer of this authority, to undertake the investigation of a complaint. We supported the notion that the Monitoring Officer (in consultation with Chairman of the Standards Committee) should decide the most appropriate investigating officer (including external support where appropriate) on a case by case basis.

We are also of the view that the criteria currently contained within the document entitled '*How complaints to the City of London Corporation's Standards Committee will be dealt with*' should be tightened to stipulate that all complaints should be submitted for consideration within three months and after potential misconduct has come to light whilst matters are still fresh in the minds of all involved, unless there are reasonable grounds for not bringing a complaint earlier. Further to this, it should also be amended to state that an initial assessment will normally be completed within 30 working days (removing the words 'an average of' in the document) and that Investigations must be completed and a report provided within three (as opposed to six) months of assessment. Deviation from the time limits can be only be in reasonable circumstances backed with cogent reasons.

### **Recommendations relating to the Investigation of Complaints**

18. Recommendations 15-17 of the Report were considered within the Investigation of Complaints area of work.

- 18.1 **Recommendation 15:** *Investigation should be the subject of a concise but sufficiently detailed protocol covering the matters set out at paragraph 110 of the Report*

**Working Party response:** We support this recommendation, but with the proviso that the Member who was the subject of a complaint would have the same right as the complainant to identify supporting evidence and/or witnesses at the interview stage.

- 18.2 **Recommendation 16:** *When interviewed by the Investigating Officer, the Member should have the right to be accompanied by a person of their choice. This could be a lawyer although the process should be an interview with the Member rather than a hearing involving advocacy*

**Working Party response:** We support this recommendation.

- 18.3 **Recommendation 17:** *The Investigating Officer should report on whether there is or is not evidence of a breach, or whether the allegation of breach of the Code of Conduct raises a case to answer*

**Working Party response:** We support this recommendation, and were of the view that that there needs to be a reasoned explanation offered to substantiate the findings of the Investigating Officer

### **Recommendations relating to Complaints Hearings**

19. Recommendations 18-25 and 34 of the Report were considered within the Complaints Hearings area of work.

- 19.1 **Recommendation 18:** *Hearings should be conducted by a committee or sub-committee including at least one (non-voting) co-opted member*

**Working Party response:** We are of the view that hearings should continue to be conducted by a Sub-Committee of the Standards Committee, to comprise of three elected Members, one (non-voting) Co-opted Member and the mandatory role of the Independent Person. It was, however, unanimously and strongly felt that the Standards Committee (or any sub-committee thereof) should not then be involved in any subsequent appeal.

- 19.2 ***Recommendation 19:*** *A pre-hearing process should be used to identify the issues and decide what (if any) witnesses need to attend the final hearing unless all parties consider it unnecessary*

**Working Party response:** We are of the view that a pre-hearing process should be used and that this should be formalised. We are also of the opinion that both the respondent and the complainant should be included in the pre-hearing process. We considered that Recommendation 19 should be amended thus - “A pre-hearing process should be used to identify the issues and decide what witnesses are required to attend the final hearing and address issues of disputed fact unless all parties consider it unnecessary.”

- 19.3 ***Recommendation 20:*** *The committee should continue to conduct hearings in public session, subject to its statutory powers to move into confidential session under Part VA of and schedule 12A to the Local Government Act 1972*

**Working Party response:** We support this recommendation, and were of the view that there cannot be a “blanket rule” as to whether or not hearings should be conducted in public session. We considered that, this must be for the Hearing Sub-Committee to determine on a case-by-case basis.

- 19.4 ***Recommendation 21:*** *The procedure should state that the respondent may be legally represented. Respondents or their representative should be allowed to question witnesses, subject to the Chairman's discretion to set a timetable which may limit the time for questioning*

**Working Party response:** We are of the view that both the respondent and the complainant should be entitled to be legally represented. We felt that recommendation 21 should be amended to “The procedure should state that either party may be legally represented. Respondents/Complainants or their representatives should be allowed to question witnesses, subject to the Chairman’s discretion to manage the Hearing in a fair and expeditious manner”. During the course of discussing this recommendation, it was further our opinion that there was clearly a need for a more robust Hearing Procedure to be developed.

- 19.5 ***Recommendation 22:*** *The role of the Independent Person at a hearing (and generally) should be set out in writing, emphasizing its importance. The Independent Person should answer questions and express views in the presence of all those attending the hearing. Where a panel finds a breach of the Code of Conduct, the views of the Independent Person should be sought on sanction*

**Working Party response:** We support this recommendation.

- 19.6 **Recommendation 23:** *The arrangements should reiterate that an Independent Person's views may also be sought by the respondent at the hearing stage*

**Working Party response:** We support this recommendation.

- 19.7 **Recommendation 24:** *The written procedure should also make separate provision for the committee to take legal advice where necessary*

**Working Party response:** We support this recommendation.

- 19.8 **Recommendation 25:** *The arrangements should clarify that the question whether there has been a breach of the Code must be answered on the balance of probabilities. The panel should give concise but clear reasons for its decisions in relation to breach and sanction*

**Working Party response:** We support this recommendation and are of the view that the arrangements should also explicitly clarify that the burden of proof remains with the complainant. We also were of the view that it should be made clear in the guidance that any hearings will take place on an inquisitorial basis.

- 19.9 **Recommendation 34:** *Before any finding of breach there should be a presumption against publication of details of a case*

**Working Party response:** We support this recommendation.

- 19.10 **Recommendation 35:** *The announcement of any findings and/or sanction at the hearing stage should be delayed until either (1) the appeal time limit passes and no appeal is received or (2) an appeal is dismissed or (3) a new finding is made and/or a sanction is imposed at a re-hearing*

**Working Party response:** We support this recommendation, with the deletion of the words 'at a re-hearing.'

### **Recommendations relating to Sanctions**

20. Recommendation 26 was considered within the Sanctions area of work. We endorsed the following in respect to the recommendation:

- 20.1 **Recommendation 26:** *The list of available sanctions should draw a distinction between a finding of breach and the sanction of censure*

**Working Party response:** We first gave consideration to the general comments about available sanctions in paragraphs 145-152 of the Report. It was acknowledged that an elected Member cannot be disqualified or suspended under the Corporation's arrangements. However, we noted that the Court of Common Council reserves the power to appoint Members to Committee, and similarly has the power to revoke such appointments. We noted that that any such sanction must be necessary and proportionate to the nature of the breach.

We support the recommendation that the list of available sanctions should draw a distinction between a finding of breach and the sanction of censure.

## Recommendations relating to appeals against complaints

21. Recommendations 27-31 of the Report were considered within the appeals area of work.

- 21.1 **Recommendation 27:** *A respondent Member should continue to have a right of appeal against finding of breach and/or sanction, subject to a written appeal being delivered within a reasonable time limit such as 14 days*

**Working Party response:** It is our opinion that a Member should continue to have a right of appeal against a finding of breach and/or sanction, but we considered that the right to appeal should also be extended to the complainant, notwithstanding the view expressed by Mr Bourne at paragraph 158 of his report. This should be subject to written notice of intention to appeal being given within 14 calendar days from the date that the appellant was notified of the decision of the Standards Committee (with reasons). The right of appeal would also be subject to the appellant providing a full written appeal, including all reasons for that appeal, within 28 calendar days from the date that he/she was notified of the decision of the Standards Committee.

- 21.2 **Recommendation 28:** *Those deciding an appeal should not be part of the body (e.g. the Standards Committee) from which the hearing panel is constituted; and*

**Recommendation 29:** *It may be better for a separate individual or panel to receive a written appeal, review the decision and decide whether to remit it to a differently constituted hearing panel (161). If this course is taken there should be no right of appeal against the outcome of the re-hearing*

**Working Party response:** Having considered these recommendations, it is our opinion that a separate Standards Appeal Committee, made up of Members who are not on the Standards Committee, should be constituted. However, we considered it preferable that this Committee should be able to substitute a new decision on appeal, but may remit the decision(s) back to the Standards Committee to be re-decided if deemed appropriate to do so, as per Mr Bourne's suggestion. It should therefore have the authority to either uphold, change, reverse or remit back a decision made by the Standards Committee. It is our opinion that there should be no further appeal from a decision of the Standards Appeal Committee. It was further our opinion that this Committee would normally determine any appeal on the papers but should have the discretion to receive oral representations if necessary on a case by case basis.

We recommend that a Standards Appeal Committee should take the form of a trained pool of 12 Members (two of whom may be appointed by the Court of Aldermen) elected annually by the Court of Common Council from which a sub-committee Appeals Panel of three Members can be randomly selected when an appeal is brought forward. Members will be expected to complete training within three months of being elected to the Standards Appeal Committee; a failure to do so may result in a Member surrendering their position on the same.



- 21.3 **Recommendation 30:** *The Court should decide how to design its appeal arrangements by considering the questions set out at paragraph 165 of the report*

**Working Party response:** In respect to one question posed, it is our opinion that there should be a training and guidance requirement for the Members of the new Standards Appeal Committee. In relation to those other questions, it is our opinion that we had already answered them by our consideration of recommendations 27-29.

- 21.4 **Recommendation 31:** *Any appeal panel should receive the views of an Independent Person before making its decision, preferably one who was not involved at or before the hearing stage*

**Working Party response:** We support this recommendation.

### **Recommendations relating to the role of the Independent Person**

22. Recommendations 32-33 of the Report were considered within the Role of the Independent Person area of work.

- 22.1 **Recommendation 32:** *The City's Independent Persons should not routinely attend meetings of the Standards Committee other than (1) hearings where they have a statutory role and (2) meetings at which their role is under discussion and they may contribute useful information. They should however be supplied with all such agendas, minutes and other documents as will enable them to remain abreast of the Standards Committee's discussions and decisions about the Code [of Conduct] and conduct matters generally*

**Working Party response:** We noted that, contrary to Mr Bourne's suggestion, the Independent Persons themselves felt that they should routinely attend meetings of the Standards Committee. The majority of Members of the Working Party, however, are in support of Mr Bourne's suggestion that Independent Persons should no longer continue to routinely attend Standards Committee meetings particularly so as to reinforce their independence from that Committee. Whilst the Independent Persons' input is important and valued, it is our opinion that in the interest of independence they should instead be invited to attend a separate briefing session with the Chairman, Deputy Chairman and relevant Officers of the Standards Committee every six months in order to be updated on their activities instead of regularly attending Committee meetings. It is also our opinion that, under this new approach, they should also continue to receive all Standards Committee agendas and minutes. It should be noted that Independent Persons are at liberty to attend open Standards Committee meetings as members of the public should they so wish.

- 22.2 **Recommendation 33:** *A respondent Member exercising the right to seek the views of an Independent Person should be given a choice between a non-confidential consultation with the Independent Person who will advise the hearing panel and a confidential consultation with an Independent Person who will not. Arrangements should state that the purpose of either type of*

*consultation is for the respondent to seek the Independent Person's views, not to influence them, and a note should be kept of what is said*

**Working Party response:** We noted that it is mandatory for an Independent Person to be consulted on the determination of any allegation. It was recognised that respondent Members also had a statutory right to consult an Independent Person about their case. We are in favour of insisting on the separation of the two roles so that respondent Members could only consult an Independent Person not advising the hearing panel.

### **Conclusion**

23. Having given thorough consideration to each recommendation, we submit this report to the Court for consideration. Should the Court approve the responses to the recommendations, it is recommended that the Court should consequently approve the revised Code of Conduct, Complaints Procedure and Guidance to Members on the Code of Conduct as appended. The suggested amendments to these documents are detailed throughout our responses to the report's recommendations.

### **Background Papers**

- Item 17, Standards Committee: Annual Report, Meeting of the Common Council, 23<sup>rd</sup> June 2016
- Item 8, Referral Back – Standards Committee, 8<sup>th</sup> July 2016
- Item 16a, Independent Review of Standards Framework, Meeting of the Common Council, 21<sup>st</sup> July 2016
- Item 18, Standards Regime Review Working Party, Meeting of the Court of Common Council, 9<sup>th</sup> January 2018

### **Appendices**

- Appendix 1 – Revised Code of Conduct
- Appendix 2 – Revised Complaints Procedure and form
- Appendix 3 – Revised Guidance to Members on the Code of Conduct
- Appendix 4 – Report of Mr Bourne QC: 'An independent review by leading counsel of the arrangements made under the Localism Act 2011 by the City of London Corporation for addressing matters connected with the conduct of Members and Co-opted Members'

DATED this 21<sup>st</sup> day of February 2018.

SIGNED on behalf of your Committee.

**Emma Edhem**  
Chairman, Standards Regime Review Working Party

## APPENDIX 1



### CODE OF CONDUCT FOR MEMBERS IN RESPECT OF THE CITY OF LONDON CORPORATION'S LOCAL AUTHORITY, POLICE AUTHORITY AND NON-LOCAL AUTHORITY FUNCTIONS

1. You are a member of the City of London Corporation ("the Corporation") or a member of a committee of the Corporation (in this Code collectively referred to as a "Member") and hence you shall have regard to the Seven Principles of Public Life –
  - a) **SELFLESSNESS:** Holders of public office should act solely in terms of the public interest.
  - b) **INTEGRITY:** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

NB - This Principle applies only to conduct by a Member in their capacity as a Member which may foreseeably lead to the Member being subjected to inappropriate influence in the performance of their duties. It does not apply to contracts of employment, service or other formal and informal business relationships entered into by Members in their private capacities and which are dealt with by the rules on disclosable pecuniary and non-pecuniary interests.
  - c) **OBJECTIVITY:** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
  - d) **ACCOUNTABILITY:** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
  - e) **OPENNESS:** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
  - f) **HONESTY:** Holders of public office should be truthful.
  - g) **LEADERSHIP:** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

2. As a Member your conduct shall in particular address the Seven Principles of Public Life by:
- a) Championing the public interest, taking into account the needs of your constituents, including those that did not vote for you, and the community as a whole.
  - b) Dealing with representations or enquiries from residents, City voters, members of our communities and visitors fairly, appropriately and impartially.
  - c) Not allowing other pressures, including the financial interests of yourself or others connected to you, to deter you from pursuing constituents' casework, the interests of the Corporation or the good governance of the Corporation in a proper manner.
  - d) Exercising independent judgement and not compromising your position by allowing individuals or organisations to improperly influence you in the performance of your official duties by means of any financial or other obligations.
  - e) Listening to the interests of all parties, including relevant advice from statutory and other professional officers, taking all relevant information into consideration, remaining objective and making decisions on merit.
  - f) Being accountable for your decisions and co-operating when scrutinised internally and externally, including by constituents.
  - g) Contributing to making the Corporation's decision-making processes as open and transparent as possible to enable constituents to understand the reasoning behind those decisions and to be informed when holding you and other Members to account, and not seeking to prevent any person from obtaining information that they are entitled to by law.
  - h) Restricting access to information when the wider public interest or the law requires it, and not disclosing confidential information, unless you are entitled to by law – refer to the Monitoring Officer if you are unsure.
  - i) Behaving in accordance with all of the Corporation's legal obligations, alongside any requirements contained within the Corporation's policies, protocols or procedures, including on the use of the Corporation's resources.
  - j) Ensuring that, when using or authorising the use by others of the resources of the Corporation, such resources are not used improperly for political purposes (including party political purposes) and having regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.
  - k) Valuing your colleagues and officers of the Corporation and engaging with them in an appropriate manner and one that underpins the mutual respect that is essential to good local governance.
  - l) Always treating people with respect, including the organisations and constituents that you engage with and those that you work alongside, and not bullying,

harassing (including sexually harassing), intimidating or attempting to intimidate any person.

- m) Not doing anything which could reasonably be regarded as bringing your office or authority into disrepute.
- n) Upholding the Corporation's obligations under the Equality Act 2010 by promoting equality, and not discriminating unlawfully against any person on the grounds of race, gender, disability, religion or belief, sexual orientation or age.
- o) Registering and declaring any private interests, both pecuniary and non-pecuniary, that relate to your public duties in a manner conforming with the procedures set out below.
- p) Providing leadership through behaving in accordance with these principles when championing the interests of constituents with other organisations as well as within the Corporation.

### **Registering and declaring pecuniary and non-pecuniary interests**

- 3. You must, within 28 days of taking office as a Member, notify the Town Clerk (on behalf of the Corporation's Monitoring Officer) of any disclosable pecuniary interest as defined by regulations made by the Secretary of State, where the pecuniary interest is yours, your spouse's or civil partner's, or is the pecuniary interest of somebody with whom you are living with as a husband or wife, or as if you were civil partners, together with any non-pecuniary interests of yours described in paragraph 7 below and thereafter maintain an up to date register of any such interests.
- 4. The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (Appendix 1) currently define disclosable pecuniary interests under the following categories:
  - a) Employment, office, trade, profession or vocation
  - b) Sponsorship
  - c) Contracts
  - d) Land
  - e) Licences
  - f) Corporate tenancies
  - g) Securities
- 5. Where you believe you have a sensitive interest<sup>1</sup>, you should apply to the Monitoring Officer (via the Town Clerk) for exemption from the requirement that details of the interest be published and made available for inspection.

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<sup>1</sup> A 'sensitive interest' is described in the Localism Act 2011 as a member or co-opted member of an authority having an interest, and the nature of the interest being such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.

6. In addition, you must, within 28 days of taking office as a Member, and thereafter on an ongoing basis, notify the Corporation's Monitoring Officer (via the Town Clerk) of any other pecuniary or non-pecuniary interest which you consider should be included on your Members' Declaration form if you are to fulfil your duty to act in conformity with the Seven Principles of Public Life.
7. In any event you are required to disclose your membership of any:
  - (a) Management board or similar organ of any charity or body directed to a charitable purpose (e.g. a trustee or director) but excluding any charity or other such body administered by the Corporation
  - (b) Club or Society active in the City of London or which relates to any functions of the Corporation
  - (c) Fraternal or Sororal Societies
  - (d) Livery Company, City Company without Livery, Guild or Company seeking Livery
  - (e) Political Party
  - (f) Organisation, one of whose principal purposes includes the influence of public opinion or policy, and which is likely to seek to affect the policy of the Corporation or which may have an impact on its services or stakeholders
  - (g) Professional Association
  - (h) Trade Association
  - (i) Trade Union
  - (j) Management board or similar organ of any organisation not falling within paragraph 3 or sub-paragraphs (a)-(i) above.
8. You must also notify the Corporation's Monitoring Officer (via the Town Clerk) of any gift or hospitality received by you as a Member with a value of £100 or more, or multiple gifts and/or instances of hospitality with a cumulative value of £200 or more when received from a single donor within a rolling twelve month period. Such notification must be made within 28 days of receipt, or within 28 days of reaching the cumulative threshold, as appropriate.
9. Special provision shall be made for the Lord Mayor and other holders of special offices in relation to the registration of gifts and hospitality to be set out in Guidance to be issued by the Standards Committee.
10. Entries shall be retained in the register of gifts and hospitality for three years – older entries will be removed.
11. If an interest has not been entered onto the Corporation's register, then the Member must disclose the interest to any meeting of the Corporation at which they are present, where they have a disclosable interest in any matter being considered and where the matter is not a 'sensitive interest'<sup>1</sup>.
12. Following any disclosure of an interest not on the Corporation's register or the subject of pending notification<sup>2</sup>, you must notify the Monitoring Officer (via the Town Clerk) of the interest within 28 days beginning with the date of disclosure.

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<sup>2</sup> This is where an interest has been notified to the Monitoring Officer but has not yet been entered on the register.

13. Unless dispensation has been granted, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a pecuniary interest as defined by regulations made by the Secretary of State.

14. Your participation in any item of business:

- a) in which you have any other interest; or
- b) that affects a donor from whom you have received any gift or hospitality;

that is registered, or ought to be registered as set out above, will need to be considered by you on a case by case basis. You will only be expected to exclude yourself from speaking or voting in exceptional circumstances, for example where there is a real danger of bias.

15. If in doubt about any of the above matters you are encouraged to seek advice from the Town Clerk or the Corporation's Monitoring Officer.

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STATUTORY INSTRUMENTS

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**2012 No. 1464**

**LOCAL GOVERNMENT, ENGLAND**

**The Relevant Authorities (Disclosable Pecuniary Interests)  
Regulations 2012**

*Made* - - - - *6th June 2012*

*Laid before Parliament* *8th June 2012*

*Coming into force* - - *1st July 2012*

The Secretary of State, in exercise of the powers conferred by sections 30(3) and 235(2) of the Localism Act 2011<sup>(3)</sup>, makes the following Regulations.

**Citation, commencement and interpretation**

**1.**—(1) These Regulations may be cited as the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 and shall come into force on 1st July 2012.

(2) In these regulations—

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of [a registered society within the meaning given by section 1(1) of the Co-operative and Community Benefit Societies Act 2014, other than a society registered as a credit union];

“land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant authority;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or section 31(7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000<sup>(4)</sup> and other securities of any description, other than money deposited with a building society.

**Specified pecuniary interests**

**2.** The pecuniary interests which are specified for the purposes of Chapter 7 of Part 1 of the Act are the interests specified in the second column of the Schedule to these Regulations.

Signed by authority of the Secretary of State for Communities and Local Government

*Grant Shapps*  
Minister of State

6th June 2012

Department for Communities and Local Government

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<sup>(3)</sup> 2011 c.20.

<sup>(4)</sup> 2000 c. 8.



# SCHEDULE

Regulation 2

<i>Subject</i>	<i>Prescribed description</i>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992<sup>(5)</sup>.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to M's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where—</p> <p>(a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p>

<sup>(5)</sup> 1992 c. 52.

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

Section 30 of the Localism Act 2011 provides that a member or co-opted member of a relevant authority as defined in section 27(6) of the Localism Act 2011, on taking office and in the circumstances set out in section 31, must notify the authority's monitoring officer of any disclosable pecuniary interest which that person has at the time of notification. These Regulations specify what is a pecuniary interest. Section 30(3) of the Act sets out the circumstances in which such an interest is a disclosable interest.

A full impact assessment has not been produced for these Regulations as no impact on the private or voluntary sectors is foreseen.

DRAFT

Approved by the Court of Common Council on XX and in force from XX.

## **APPENDIX 2**



# **HOW COMPLAINTS SUBMITTED TO THE CITY OF LONDON CORPORATION RELATING TO THE MEMBER CODE OF CONDUCT WILL BE DEALT WITH**

## **INTRODUCTION**

1. The Localism Act 2011 requires the City of London Corporation to have in place arrangements under which written allegations of a breach of the member code of conduct can be investigated and decisions on those allegations taken. These arrangements apply to both elected members and co-opted members and this handbook sets out to explain the arrangements in more detail.
2. The Localism Act 2011 only applies to the City of London Corporation in its capacity as a local authority or police authority. However the City of London Corporation has chosen to apply the member code of conduct and these arrangements to all of its functions.

## **DEFINITIONS**

3. In this handbook:-

“the Corporation” means the City of London Corporation;

“member” means an elected member or co-opted member of the Corporation (unless specified);

“complaint” means a written allegation of a breach of the member code of conduct;

“complainant” means a person who has made a complaint;

“subject member” means a member who is the subject of a complaint;

“the Aldermanic Chairmen” means the Chairman of the General Purposes Committee of Aldermen and the Chairman of the Privileges Committee of Aldermen.

## **PEOPLE INVOLVED IN THE COMPLAINTS PROCESS**

### **MONITORING OFFICER**

4. The Corporation’s Monitoring Officer is the Comptroller & City Solicitor. The Monitoring Officer has a statutory duty under section 5 of the Local Government and Housing Act 1989 to report any contravention, or likely contravention, of any enactment or rule of law, and certain types of maladministration or failure, by the Corporation, its members or officers. The Monitoring Officer also has responsibility under the Localism Act 2011 for maintaining the register of interests for members, and has traditionally had a wider role in relation to member conduct.

### **STANDARDS COMMITTEE**

5. The Corporation's Standards Committee will consist of 12 elected Aldermen and Common Councilmen of the Corporation, together with 4 non-voting co-opted members appointed under the Local Government Act 1972.

## **INDEPENDENT PERSONS**

6. The Corporation must appoint at least one Independent Person under the Localism Act 2011 whose views:
  - (i) must be sought, and taken into account, by the Corporation before it makes its decision on an allegation that it has decided to investigate;
  - (ii) may be sought by the Corporation in relation to an allegation in other circumstances;
  - (iii) may be sought by a member against whom an allegation has been made.
7. The Corporation has decided to seek the views of an Independent Person at every stage of the consideration of a complaint. A subject member may also seek the views of an Independent Person at every stage of the complaints process. Further details are provided in the relevant sections of this procedure. To avoid any issues of fairness and confidentiality arising from this dual role, the Corporation aims to have three Independent Persons in post at any one time.
8. Independent Persons must not have been a member, co-opted member or officer of the Corporation in the last five years, nor be a relative or close friend of a member, co-opted member or officer. In addition, in order to preserve their independence and remain at arms length from the Standard Committee, the Corporation's Independent Persons do not attend meetings of the Standards Committee other than hearings, where they have a statutory role, and meetings at which their role is under discussion to which they are invited to contribute on matters relating to that role. Upon request, they are supplied with the agendas, minutes and other documents of the Standards Committee to enable them to remain abreast of discussions and decisions about the code of conduct and conduct matters generally. They are also invited to attend a six monthly briefing with the Chairman and Deputy Chairman of the Standards Committee and the Monitoring Officer.

## **CHIEF COMMONER & ALDERMANIC CHAIRMEN**

9. The Chief Commoner is a Common Councilman who has made a distinguished contribution to the Corporation over a number of years. A new Chief Commoner is elected by the Court of Common Council in October each year. The Aldermanic Chairmen are elected by the Aldermen from amongst their number who have passed the Chair (i.e. served as Lord Mayor). The role of the Chief Commoner has traditionally included a concern for the welfare and conduct of Common Councilmen and the Aldermanic Chairmen perform a similar function in relation to Aldermen.

## **STANDARDS APPEAL COMMITTEE**

10. The Corporation's Standards Appeal Committee will consist of 12 members comprising elected Aldermen and Common Councilmen of the Corporation, who are not members of the Standards Committee.

## **CONFLICTS OF INTEREST**

11. Individuals should not participate in the consideration of a complaint where there is a real risk of bias, or the perception of bias, or if they have, or might be reasonably perceived to have, a conflict of interests – for example, if they are personally involved, or if a family member or close associate is involved. A close associate is someone that a reasonable member of the public might think they would be prepared to favour or disadvantage because of their connection with them. It may be a friend, a colleague, a business associate or someone that they know through general social contacts. A conflict would not arise from mere acquaintance, or the sort of relationship that usually exists between members and/or officers of the Corporation.
12. If the Monitoring Officer has a conflict of interests then he shall delegate his functions in relation to that particular complaint to another officer of the Corporation. If another individual involved in the consideration of complaints has a conflict of interests in relation to a particular matter, this will generally be dealt with through selection and the committee arrangements at the relevant stage of the process.

## **TRAINING**

13. The Corporation provides training for all individuals involved in the consideration of complaints and appeals to ensure that they are dealt with appropriately and consistently. The Corporation also provides training for all members to help them to comply with the code of conduct.

## **INFORMAL RESOLUTION OF DISPUTES**

14. An allegation that a member has breached the code of conduct may not necessarily be made in writing, for example it may be a concern raised with the Monitoring Officer orally. In such cases, the Monitoring Officer should ask the person making the allegation whether they want to formally put the matter in writing. If they do not, the Monitoring Officer may consider options for the informal resolution of the matter.
15. This could involve a meeting with the Chief Commoner or one of the Aldermanic Chairmen. Their intervention has in the past been a very effective mechanism for resolving problems between members. Equally, there is nothing to stop aggrieved individuals continuing to approach the Chief Commoner or the Aldermanic Chairmen directly for assistance with the reconciliation of disputes. These arrangements generally fall outside the scope of this handbook.
16. The Chief Commoner and the Aldermanic Chairmen have a discretion to share with the Standards Committee information which they consider necessary in

promoting and maintaining high standards of conduct by members. The Standards Committee may also ask them whether there is any such information to be shared, although the Standards Committee does not have a formal role of monitoring the pastoral activities of the Chief Commoner and the Aldermanic Chairmen.

17. Where the Chief Commoner or one of the Aldermanic Chairmen receive allegations of criminality, racial abuse or sexual harassment relating to a member, they shall be under an obligation to pass such matters to the Standards Committee for assessment. In other cases where the matter relates to a potential breach of the code of conduct, informal resolution by the Chief Commoner or one of the Aldermanic Chairmen will require the consensus of all parties, as the matter could be referred to the Standards Committee as a complaint at any time – including by the Chief Commoner or the Aldermanic Chairman concerned. If a matter in which the Chief Commoner or one of the Aldermanic Chairmen is involved is subsequently referred to the Standards Committee as a complaint, he or she should cease to take any action in relation to the matter. Similarly, a member who is aggrieved by any course of action proposed by the Chief Commoner or one of the Aldermanic Chairmen in relation to a potential breach of the code of conduct may refer the matter to the Standards Committee for formal consideration.

## **COMPLAINTS**

### **MAKING A COMPLAINT**

18. The Corporation's complaints process is publicised on the complaints and corporate governance pages of our website and explains where code of conduct complaints should be sent to. This is to ensure that members of the public are aware of the responsibility for handling code of conduct complaints and what the process entails.
19. A copy of the complaint form is included at Appendix 1 to this handbook and can be accessed via the Corporation's website. Alternatively, a complaints form can be requested from Lorraine Brook, Principal Committee & Member Services Manager, Town Clerk's Office (telephone 020 7332 1409). Formal complaints must be submitted in writing although this includes fax and electronic submissions.
20. The form covers the following matters:-
  - (i) Complainant's name, address and contact details;
  - (ii) Complainant's status i.e. fellow member, member of the public or officer;
  - (iii) Who the complaint is about;
  - (iv) Details of the alleged misconduct including, where possible, the paragraphs of the code of conduct that have been breached, dates, witness details and other supporting information;

- (v) A warning that the complainant's identity and a copy of the complaint will normally be disclosed to the subject member, unless there are exceptional circumstances.

21. Once a complaint is received at the Corporation, and the complaint specifies or appears to specify that it is in relation to the code of conduct, then it will be passed to the Assessment Sub-Committee of the Standards Committee for initial assessment. A complainant may, at any stage, withdraw their complaint with the consent of the Monitoring Officer, acting in consultation with the Chairman of the Standards Committee. If at this stage (or a later stage) it appears that a criminal offence may have been committed then the relevant allegation will be referred to the police.

## **CONFIDENTIALITY**

22. In the interests of fairness and natural justice, the Corporation believes that members who are complained about generally have a right to know who the complainant is and to be provided with a copy of the complaint. We are unlikely to withhold a complainant's identity or any details of their complaint unless there are exceptional circumstances, for example if the complainant has reasonable grounds for believing that they will be at risk of physical or other harm or detriment if their identity is disclosed – but this list is not exhaustive.
23. Requests for confidentiality or for suppression of complaint details should be included in the complaint form and will not automatically be granted. The Assessment Sub-Committee will consider the request alongside the substance of the complaint. Where it is not appropriate to give the subject member a full copy of the complaint, the Assessment Sub-Committee will consider whether it is possible to give them a summary, or a redacted version of the complaint.
24. The Assessment Sub-Committee will confirm its decision to the complainant. If the request for confidentiality is not granted, the complainant will usually be allowed the option of withdrawing their complaint. However, it is important that in certain exceptional circumstances, where the matter complained about is very serious, the Corporation can proceed with an investigation or other action and disclose a complainant's name even if they have expressly asked us not to.
25. Where there is a reasonable suspicion that informing the subject member of a complaint may lead to an attempt to interfere with evidence or intimidate witnesses the Assessment Sub-Committee has the discretion to defer notification to enable a proper investigation to take place.
26. Where issues around confidentiality do arise, the procedures as set out in this handbook shall be modified accordingly.

## **ACKNOWLEDGING RECEIPT OF A COMPLAINT**

27. The Monitoring Officer will acknowledge receipt of a complaint within 10 working days. The Monitoring Officer will provide the subject member with a copy of the



complaint within the same timescale. The letter to the subject member will make it clear that they may seek the views of an Independent Person at the initial assessment stage, should they wish (see below).

## **INITIAL ASSESSMENT OF COMPLAINTS**

### **RESPONSIBILITY**

28. The Standards Committee will receive and assess allegations that a member of the Corporation has failed, or may have failed, to comply with the code of conduct. However, in order to carry out its functions efficiently and effectively, and to avoid any conflicts of interest, the Standards Committee will conduct hearings through an Assessment Sub-Committee. The Standards Committee and its Assessment Sub-Committee are subject to the Corporation's standing orders in the normal way.
29. The Assessment Sub-Committee will consist of four members of the Standards Committee, including three elected members of the Corporation and one non-voting co-opted member. The selection of the Assessment Sub-Committee is delegated to the Town Clerk in consultation with the Chairman of the Standards Committee. The quorum will be three voting members. The Assessment Sub-Committee will take into account the views of an Independent Person.

### **SUBJECT MEMBER CONSULTING WITH INDEPENDENT PERSON**

30. The views of an Independent Person may be sought by the subject member at the assessment stage. A subject member exercising this right will be entitled to consult confidentially with an Independent Person who has not been and will not be involved in the assessment of the complaint.

### **PUBLIC ACCESS TO MEETINGS AND PAPERS**

31. Meetings of the Assessment Sub-Committee are subject to the same provisions regarding public access to meetings as any other Committee. Under section 100A of the Local Government Act 1972, meetings shall be open to the public except to the extent that they are excluded. The Assessment Sub-Committee may by resolution exclude the public from a meeting during an item of business whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during that item there would be disclosure to them of exempt information. For more information on exempt information see Appendix 2 to this handbook.
32. Meetings of the Assessment Sub-Committee are also subject to the same provisions regarding public inspection of agendas, reports and background papers prior to a meeting as any other Committee, under section 100B and section 100D of the Local Government Act 1972. However, reports and background papers may be excluded from public inspection where they are likely to be considered in non-public session. In addition, the Corporation will not publish the agendas, reports and background papers for meetings of the Assessment Sub-Committee on its website.

## **PRE-ASSESSMENT REPORTS AND ENQUIRIES**

33. The Monitoring Officer may contact a complainant for clarification of their complaint if he is unable to understand the document submitted. The Monitoring Officer may also invite the subject member to provide initial written comments on the complaint before it is submitted to the Assessment Sub-Committee.
34. The Monitoring Officer may decide to obtain further information to assist the Assessment Sub-Committee with its decision – this may include:-
  - (i) Obtaining a copy of a declaration of acceptance of office form;
  - (ii) Minutes of meetings;
  - (iii) A copy of a member's entry in the Register of Interests;
  - (iv) Information from Companies House or the Land Registry;
  - (v) Other relevant and readily obtainable documents.
35. Caution should be exercised in order to ensure that pre-assessment enquiries are not carried out in such a way as to amount to an investigation e.g. they should not extend to interviewing the parties or a potential witness.

## **ASSESSMENT OF COMPLAINTS**

36. The Assessment Sub-Committee should firstly satisfy itself that the complaint meets the following tests:-
  - (i) It is a complaint against one or more named members of the Corporation;
  - (ii) The named member was in office at the time of the alleged conduct and the code of conduct was in force at the time;
  - (iii) The complaint, if proven, would be a breach of the code of conduct under which the member was operating at the time of the alleged misconduct;
  - (iv) The complaint is about something that happened or came to light within the last three months, or is connected to alleged misconduct within the last three months, unless there are reasonable grounds for the complaint not having been made within that time period.
37. If the complaint fails one or more of these tests, it cannot be investigated as a breach of the code and the complainant must be informed that no further action will be taken in respect of the complaint.

## **ASSESSMENT CRITERIA**

38. The Corporation has developed criteria for the Assessment Sub-Committee to use when assessing new complaints and deciding what action, if any, to take. These criteria should ensure fairness for both the complainant and the subject member. Assessing all new complaints by established criteria will also protect the Assessment Sub-Committee from accusations of bias.
39. In drawing up assessment criteria, the Corporation has borne in mind the importance of ensuring complainants are confident that complaints are taken seriously and dealt with appropriately, whilst appreciating that a decision to investigate a complaint or to take other action will cost both public money and the officers' and members' time – an important consideration where the matter is relatively minor.
40. The following questions constitute the current assessment criteria:-
- (i) Has the complainant submitted enough information to satisfy the Assessment Sub-Committee that the complaint should be referred for investigation?
  - (ii) Has the complaint already been the subject of an investigation or other action relating to the code of conduct? Similarly, has the complaint been the subject of an investigation by other regulatory authorities?
  - (iii) Is the complaint insufficiently serious to warrant further action?
  - (iv) Does the complaint appear to be simply malicious, politically motivated or tit-for-tat? In relation to politically motivated or tit-for-tat complaints, the Assessment Sub-Committee must decide whether the allegation is genuine and serious despite the motivation, or whether in fact it is reasonable to assume that it is not the expression in good faith of a genuine concern.

#### **INITIAL ASSESSMENT DECISIONS**

41. The Assessment Sub-Committee will make an initial assessment of each complaint received and will then do one of the following:-
- (i) arrange a formal investigation of the complaint; or
  - (ii) arrange training, conciliation or other appropriate alternative steps; or
  - (iii) decide that no action should be taken in respect of the complaint.
42. The suitability of "other action" is dependent on the nature of the complaint. Deciding to deal pro-actively with a matter in a positive way that does not involve an investigation can be a good way of resolving less serious matters. Examples of alternatives to investigation are:-
- (i) Arranging for the subject member to attend a training course;

- (ii) Arranging for the subject member and complainant to engage in a process of conciliation;
  - (iii) Instituting changes to a procedure of the Corporation if this has given rise to the complaint.
43. It may be useful for the Assessment Sub-Committee to seek written confirmation from all involved parties that they will co-operate with the process of other action proposed. In this case, a letter should be written to the parties outlining what is being proposed, why it is being proposed, why they should co-operate and what the Assessment Sub-Committee is hoping to achieve.
44. The Assessment Sub-Committee will normally complete its initial assessment of an allegation within 30 working days. The decision reached by the Assessment Sub-Committee and the reasons for it should adhere to the assessment criteria previously agreed.

## **PUBLICATION OF INITIAL ASSESSMENT DECISIONS**

45. After the Assessment Sub-Committee has reached a decision, it will write to the complainant and the subject member to advise them of the outcome within 10 working days. The decision letter will include:-
- (i) The main points of the matter considered;
  - (ii) The decision reached;
  - (iii) Clear and concise reasons for the decision on whether to proceed (including whether any of the assessment criteria were engaged); and
  - (iv) Clear and concise reasons for the decision on how to proceed (if appropriate).
46. Meetings of the Assessment Sub-Committee are subject to the same provisions regarding public access to information following a meeting as any other Committee. Therefore, under section 100C of the Local Government Act 1972, the following documents will be made available for the public to inspect at the Corporation's offices for six years from the date of the meeting:-
- (i) a copy of the agenda for the meeting;
  - (ii) a copy of any report considered in public session;
  - (iii) the minutes of the proceedings held in public session;
  - (iv) a written summary of the proceedings held in non-public session (excluding exempt information);

and under section 100D of the Local Government Act 1972 a copy of the background papers for any report considered in public session will be made available for the public to inspect at the Corporation's offices for four years from the date of the meeting. However, the Corporation is not required to disclose to the public any document or part of a document that contains exempt information. For more information on exempt information see Appendix 2 to this handbook.

47. The outcome will also be reported to the next meeting of the Standards Committee but the Corporation will not automatically publish the minutes and/or written summary and any other documents available for public inspection on its website, or further disseminate the decision. If the Assessment Sub-Committee has determined the matter without the need for an investigation then it will decide whether a formal announcement is called for as to its findings and any action taken. This might, for example, take the form of a notice on the members' notice board, a statement to the Court of Common Council and/or a statement on the Corporation's website.
48. Where the Assessment Sub-Committee finds that a subject member has not breached the code of conduct there will be a presumption against a formal announcement being made. However, the Assessment Sub-Committee will have regard to all of the circumstances of the case including:
  - (i) the nature of the allegation(s);
  - (ii) any information already in the public domain;
  - (iii) where relevant, the proximity of any election;
  - (iv) the effect of publication on the subject member;
  - (v) the views of the parties; and
  - (vi) the public interest.
49. Where the Assessment Sub-Committee refers the complaint for a formal investigation, any decision as to whether a formal announcement is called for will pass to the Hearing Sub-Committee, once the complaint has been determined.

## **INVESTIGATIONS**

### **RESPONSIBILITY**

50. Where the Assessment Sub-Committee has decided that an allegation should be formally investigated, an individual other than the Monitoring Officer will be responsible for that investigation ("the Investigating Officer"). The Monitoring Officer will appoint the Investigating Officer, in consultation with the Chairman of the Standards Committee. The Investigating Officer may be another officer from the Comptroller & City Solicitor's Department, or another Chief Officer of the Corporation. Where appropriate the Investigating Officer may be assisted by an

external investigator. The Monitoring Officer will write to the complainant and the subject member to advise them of the person who will be responsible for conducting the investigation.

## **PROCEDURE**

51. Investigations will be conducted in accordance with the relevant protocol, which is included at Appendix 3 to this handbook.
52. There are many factors that can affect the time it takes to complete an investigation. However investigations must be carried out, and a report on the investigation completed, within three months of the original complaint being assessed, unless there are exceptional circumstances. In the report, the Investigating Officer will conclude whether there is a case to answer i.e. whether there is or is not evidence of a breach of the code of conduct. The report will include all of the relevant evidence that the Investigating Officer has relied upon in coming to this conclusion. The hearing will normally be held within three months of receipt of the report.

## **HEARINGS**

### **RESPONSIBILITY**

53. The Standards Committee will hear and determine any allegation that a member has failed, or may have failed, to comply with the code of conduct. However, in order to carry out its functions efficiently and effectively, and to avoid any conflicts of interest, the Standards Committee will conduct hearings through a Hearing Sub-Committee. The Standards Committee and its Hearing Sub-Committee are subject to the Corporation's standing orders in the normal way.
54. The Hearing Sub-Committee will consist of four members of the Standards Committee, including three elected members of the Corporation and one non-voting co-opted member. Members should not be selected to sit on the Hearing Sub-Committee if they were selected to sit on the Assessment Sub-Committee in relation to the same complaint. The selection of the Hearing Sub-Committee is delegated to the Town Clerk in consultation with the Chairman of the Standards Committee. The quorum will be three voting members. The Hearing Sub-Committee will take into account the views of an Independent Person; preferably one who was not involved at the assessment stage.

### **SUBJECT MEMBER CONSULTING WITH INDEPENDENT PERSON**

55. The views of an Independent Person may also be sought by the subject member at the hearing stage. A subject member exercising this right will again be entitled to consult confidentially with an Independent Person who has not been and will not be involved in the hearing of the complaint.

### **PUBLIC ACCESS TO MEETINGS AND PAPERS**

56. Meetings of the Hearing Sub-Committee are subject to the same provisions regarding public access to meetings as any other Committee. Under section 100A of the Local Government Act 1972, meetings shall be open to the public except to the extent that they are excluded. The Hearing Sub-Committee may by resolution exclude the public from a meeting during an item of business whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during that item there would be disclosure to them of exempt information. For more information on exempt information see Appendix 2 to this handbook.
57. Meetings of the Hearing Sub-Committee are also subject to the same provisions regarding public inspection of agendas, reports and background papers prior to a meeting as any other Committee, under section 100B and section 100D of the Local Government Act 1972. However, reports and background papers may be excluded from public inspection where they are likely to be considered in non-public session. In addition, the Corporation will not publish the agendas, reports and background papers for meetings of the Hearing Sub-Committee on its website.

## **PRE-HEARING PROCESS**

58. A pre-hearing process shall be used to identify the issues, including areas of disputed fact, and to decide what (if any) witnesses are required to attend the hearing, unless all parties consider this unnecessary. A copy of the pre-hearing checklist is included at Appendix 4 to this handbook.

## **HEARING PROCEDURE**

59. Both the complainant and the subject member may be legally represented and they, or their representatives, will be allowed to question witnesses, subject to the Chairman's discretion to manage the hearing in a fair and efficient manner. A copy of the hearing procedure is included at Appendix 5 to this handbook.
60. The burden of proof rests on the complainant, however the Hearing Sub-Committee will operate on an inquisitorial basis. The question whether there has been a breach of the code of conduct must be answered on the balance of probabilities.

## **FINDINGS**

61. Following the hearing, the Hearing Sub-Committee will make one of the following findings:-
- (i) that the subject member has not failed to comply with the code of conduct;
  - (ii) that the subject member has failed to comply with the code of conduct but that no action needs to be taken in respect of the matters considered at the hearing;

- (iii) that the subject member has failed to comply with the code of conduct and that a sanction should be imposed.

62. If the Hearing Sub-Committee makes a finding under sub-paragraph (iii) above, it may impose any one of or any combination of sanctions that are available, as set out below. Where the subject member has failed to attend training provided by the Corporation in relation to the code of conduct this may be considered as an aggravating feature and held against the subject member when considering the imposition of any sanction or sanctions.

## **SANCTIONS**

63. If the Hearing Sub-Committee finds that a subject member has failed to follow the code of conduct and that they should be sanctioned, it may impose any one or a combination of the following:-

- (i) censure of that member;
- (ii) withdrawal of Corporation hospitality for an appropriate period;
- (iii) recommending removal of that member from a particular committee or committees (including sub-committees);
- (iv) the Hearing Sub-Committee may also consider the suitability of other action.

## **CENSURE**

64. Censure means a formal expression of severe disapproval, and is distinct from a simple finding that there has been a breach of the code of conduct.

## **WITHDRAWAL OF CORPORATION HOSPITALITY**

65. Corporation hospitality includes committee lunches and dinners, drinks receptions, state banquets, etc. This sanction will normally only be considered where relevant to the nature of the complaint.

## **REMOVAL FROM COMMITTEE**

66. The option of removal from a particular committee or committees includes sub-committees. The Hearing Sub-Committee will make a recommendation to the relevant appointing body in each case. This sanction will only be considered where proportionate and relevant to the nature of the complaint.

## **OTHER ACTION**

67. The Hearing Sub-Committee has no power to impose any alternative sanctions, although the willingness of a member to co-operate in the matters listed below may have a bearing on any sanction that is imposed:-



- (i) that the member submits a written apology in a form specified by the Hearing Sub-Committee;
- (ii) that the member undertakes such training as the Hearing Sub-Committee specifies;
- (iii) that the member participates in such conciliation as the Hearing Sub-Committee specifies.

### **PUBLICATION OF DECISIONS FOLLOWING A HEARING**

68. After the Hearing Sub-Committee has reached a decision, it will write to the complainant and the subject member to advise them of the outcome within 10 working days. The decision letter will include:-

- (i) The main points of the matter considered;
- (ii) The decision reached;
- (iii) Clear and concise reasons for the decision in relation to breach; and
- (iv) Clear and concise reasons for the decision in relation to sanction (if appropriate).

69. Meetings of the Hearing Sub-Committee are subject to the same provisions regarding public access to information following a meeting as any other Committee. Therefore, under section 100C of the Local Government Act 1972, the following documents will be made available for the public to inspect at the Corporation's offices for six years from the date of the meeting:-

- (i) a copy of the agenda for the meeting;
- (ii) a copy of any report considered in public session;
- (iii) the minutes of the proceedings held in public session;
- (iv) a written summary of the proceedings held in non-public session (excluding exempt information);

and under section 100D of the Local Government Act 1972 a copy of the background papers for any report considered in public session will be made available for the public to inspect at the Corporation's offices for four years from the date of the meeting. However, the Corporation is not required to disclose to the public any document or part of a document that contains exempt information. For more information on exempt information see Appendix 2 to this handbook.

70. The outcome will also be reported to the next meeting of the Standards Committee but the Corporation will not automatically publish the minutes and/or written summary and any other documents available for public inspection on its website, or further disseminate the decision. The Hearing Sub-Committee will decide whether a formal announcement is called for as to its findings and any sanctions imposed. This might, for example, take the form of a notice on the members' notice board, a statement to the Court of Common Council and/or a statement on the Corporation's website.
71. In the absence of a finding that a subject member has breached the code of conduct there will be a presumption against a formal announcement being made. Where the Hearing Sub-Committee finds that a subject member has breached the code of conduct, there will be a presumption in favour of a formal announcement being made. However, the Hearing Sub-Committee will have regard to all of the circumstances of the case including:
- (i) the nature of the allegation(s);
  - (ii) any information already in the public domain;
  - (iii) where relevant, the proximity of any election;
  - (iv) the effect of publication on the subject member;
  - (v) the views of the parties; and
  - (vi) the public interest.
72. Any formal announcement will be delayed until the appeal time limit expires and no appeal is received. If an appeal is received, any decision as to whether a formal announcement is called for will pass to the Standards Appeal Committee, once the appeal has been determined.

## **APPEALS**

### **RESPONSIBILITY**

73. The Standards Appeal Committee will determine any appeal from a complainant or subject member from a decision of the Hearing Sub-Committee. In order to carry out its functions efficiently and effectively, and, further, to avoid any conflicts of interest, the Standards Appeal Committee will conduct appeals through an Appeal Sub-Committee. The Standards Appeal Committee and its Appeal Sub-Committee are subject to the Corporation's standing orders in the normal way.
74. The Appeal Sub-Committee will consist of three members of the Standards Appeal Committee. The selection of the Appeal Sub-Committee is delegated to the Town Clerk in consultation with the Chairman of the Standards Appeal Committee. The quorum will be three members. The Appeal Sub-Committee

will take into account the views of an Independent Person; preferably one who was not involved at the assessment or hearing stage.

## **MAKING AN APPEAL**

75. If a subject member is aggrieved by a decision of the Hearing Sub-Committee they are entitled to appeal to the Appeal Sub-Committee. This may relate either to a finding that there has been a breach of the code of conduct and/or in relation to any sanction imposed. A complainant is also entitled to appeal to the Appeal Sub-Committee if aggrieved by a finding that there has not been a breach of the code of conduct. Written notice of intention to appeal must be received by the Monitoring Officer within 14 days from the date that the appellant received the decision letter of the Hearing Sub-Committee. Full written details of the reasons for the appeal must then be received by the Monitoring Officer within a further 14 days.

## **RESPONDING TO AN APPEAL**

76. The Monitoring Officer will forward the full written details of any appeal to the respondent and invite them to submit their own written comments in response to the Appeal Sub-Committee. Any written response must be received by the Monitoring Officer within 14 days from the date that the respondent received the full written details of the appeal.

## **SUBJECT MEMBER CONSULTING WITH INDEPENDENT PERSON**

77. The views of an Independent Person may also be sought by the subject member at the appeal stage. A subject member exercising this right will again be entitled to consult confidentially with an Independent Person who has not been and will not be involved in the determination of the appeal.

## **PUBLIC ACCESS TO MEETINGS AND PAPERS**

78. Meetings of the Appeal Sub-Committee are subject to the same provisions regarding public access to meetings as any other Committee. Under section 100A of the Local Government Act 1972, meetings shall be open to the public except to the extent that they are excluded. The Appeal Sub-Committee may by resolution exclude the public from a meeting during an item of business whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during that item there would be disclosure to them of exempt information. For more information on exempt information see Appendix 2 to this handbook.
79. Meetings of the Appeal Sub-Committee are also subject to the same provisions regarding public inspection of agendas, reports and background papers prior to a meeting as any other Committee, under section 100B and section 100D of the Local Government Act 1972. However, reports and background papers may be excluded from public inspection where they are likely to be considered in non-public session. In addition, the Corporation will not publish the agendas, reports

and background papers for meetings of the Appeal Sub-Committee on its website.

## **APPEAL PROCEDURE**

80. The Appeal Sub-Committee may adopt such procedure as it considers appropriate having regard to the nature of the case. The Appeal Sub-Committee will normally make its decision on any appeal on the papers and will not hold a hearing *de novo* (a completely new hearing) of the whole matter. However, the Appeal Sub-Committee may decide to hear further oral evidence in a particular case if it deems this necessary. If the Appeal Sub-Committee does decide to hear further oral evidence then the procedure will as far as possible follow the hearing procedure included at Appendix 5 to this handbook with any necessary modifications.

## **FINDINGS**

81. Having due regard to the decision of the Hearing Sub-Committee, the Appeal Sub-Committee may substitute any alternative decision that it considers appropriate, providing it is a decision that the Hearing Sub-Committee had the power to make. The Appeal Sub-Committee may also remit a matter back to the Hearing Sub-Committee to be re-heard if it deems it appropriate to do so. The Appeal Sub-Committee will normally complete its review of the decision within 30 working days following receipt of the full written details of the appeal. There is no further right of appeal against a decision of the Appeal Sub-Committee.

## **PUBLICATION OF APPEAL DECISIONS**

82. After the Appeal Sub-Committee has reached a decision, it will write to the complainant and the subject member to advise them of the outcome. The decision letter will include:-
- (i) The main points of the matter considered on appeal;
  - (ii) The decision reached;
  - (iii) Clear and concise reasons for the decision in relation to breach (if appropriate); and
  - (iv) Clear and concise reasons for the decision in relation to sanction (if appropriate).
83. Meetings of the Appeal Sub-Committee are subject to the same provisions regarding public access to information following a meeting as any other Committee. Therefore, under section 100C of the Local Government Act 1972, the following documents will be made available for the public to inspect at the Corporation's offices for six years from the date of the meeting:-
- (i) a copy of the agenda for the meeting;

- (ii) a copy of any report considered in public session;
- (iii) the minutes of the proceedings held in public session;
- (iv) a written summary of the proceedings held in non-public session (excluding exempt information);

and under section 100D of the Local Government Act 1972 a copy of the background papers for any report considered in public session will be made available for the public to inspect at the Corporation's offices for four years from the date of the meeting. However, the Corporation is not required to disclose to the public any document or part of a document that contains exempt information. For more information on exempt information see Appendix 2 to this handbook.

84. The outcome will also be reported to the next meeting of the Standards Committee and the Standards Appeal Committee but the Corporation will not automatically publish the minutes and/or written summary and any other documents available for public inspection on its website, or further disseminate the decision. The Appeal Sub-Committee will decide whether a formal announcement is called for as to its findings and any sanctions imposed. This might, for example, take the form of a notice on the members' notice board, a statement to the Court of Common Council and/or a statement on the Corporation's website.
85. In the absence of a finding that a subject member has breached the code of conduct there will be a presumption against a formal announcement being made. Where the Appeal Sub-Committee finds that a subject member has breached the code of conduct, there will be a presumption in favour of a formal announcement being made. However, the Appeal Sub-Committee will have regard to all of the circumstances of the case including:
- (i) the nature of the allegation(s);
  - (ii) any information already in the public domain;
  - (iii) where relevant, the proximity of any election;
  - (iv) the effect of publication on the subject member;
  - (v) the views of the parties; and
  - (vi) the public interest.



# COMPLAINT FORM

## YOUR DETAILS

**1.** Please provide us with your name and contact details:

Title:	
First name:	
Last name:	
Address:	
Daytime telephone:	
Evening telephone:	
Mobile telephone:	
Email address:	

Your address and contact details will not usually be released unless necessary or to deal with your complaint.

However, we will tell the following people that you have made this complaint:-

- The Member that you are complaining about;
- The Monitoring Officer of the City of London Corporation.

We will normally tell them your name and give them full details of your complaint. If you have serious concerns about your name and details of your complaint being released, please complete section 5 of this form.

**2.** Please tell us which complainant type best describes you:

- ☐ Member of the public
- ☐ An elected or co-opted Member of the City of London Corporation
- ☐ An employee of the City of London Corporation
- ☐ Other (please specify.....)

## MAKING YOUR COMPLAINT

3. Please provide us with the name of the member(s) you believe have breached the Code of Conduct:

Title	First name	Last name

4. Please explain in this section (or on separate sheets) what the member has done that you believe breaches the Code of Conduct. If you are complaining about more than one member, you should clearly explain what each individual person has done that you believe breaches the Code of Conduct.

It is important that you provide all the information you wish to have taken into account by the Assessment Sub-Committee when it decides whether to take any action on your complaint. For example:-

- You should be specific, wherever possible, about exactly what you are alleging the member said or did. For instance, instead of writing that the member insulted you, you should state what it was they said.
- You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates, it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.
- If possible, please be specific about which paragraphs of the Code of Conduct you believe have been breached.

Please provide us with the details of your complaint. Continue on a separate sheet if there is not enough space on this form.



ONLY COMPLETE THIS NEXT SECTION IF YOU ARE REQUESTING THAT  
YOUR IDENTITY IS KEPT CONFIDENTIAL

5. In the interests of fairness and natural justice, we believe Members who are complained about have a right to know who has made the complaint. We also believe that they have the right to be provided with a copy of the complaint. We are unlikely to withhold your identity or any details of your complaint unless you have reasonable grounds for believing that you will be at risk of physical or other harm or detriment if your identity is disclosed.

Please note that requests for confidentiality or requests for suppression of complaint details will not be automatically granted. The Assessment Sub-Committee will consider the request alongside the substance of your complaint. We will then contact you with the decision. If your request for confidentiality is not granted, we will usually allow you the option of withdrawing your complaint.

However, it is important that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation or other action and disclose your name even if you have expressly asked us not to.

Please provide us with the details of why you believe we should withhold your name and/or details of your complaint. Continue on a separate sheet if there is not enough space on this form:

## **6. ADDITIONAL HELP**

Complaints must be submitted in writing (this includes fax and electronic submissions). However, we can make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint in writing. We can also help if English is not your first language.

If you need any support in completing this form, please let us know as soon as possible.

## **7. CONTACT DETAILS**

If you have any queries regarding the completion of this form, or to submit your completed form by fax or email, please use the following contact details:

Michael Cogher (Comptroller & City Solicitor)

Tel: 020 7332 3699

Fax: 020 7332 1992

Email: [michael.cogher@cityoflondon.gov.uk](mailto:michael.cogher@cityoflondon.gov.uk)

Lorraine Brook (Principal Committee & Member Services Manager)

Tel: 020 7332 1409

Fax: 020 7796 2621

Email: [lorraine.brook@cityoflondon.gov.uk](mailto:lorraine.brook@cityoflondon.gov.uk)

Paper forms should be sent to either of the above recipients at the following address:

PO Box 270

Guildhall

London

EC2P 2EJ

<p><b>GDPR PRIVACY NOTICE</b></p>
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## EXEMPT (NON-PUBLIC) INFORMATION

### **THE DESCRIPTIONS OF EXEMPT INFORMATION**

The descriptions of exempt information under Part VA and Schedule 12A to the Local Government Act 1972 are as follows:-

1. Information relating to any individual.
2. Information which is likely to reveal the identity of an individual.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the authority proposes-
  - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
  - (b) to make an order or direction under any enactment.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Where, in the opinion of the proper officer, the consideration of a complaint at a meeting is likely not to be open to the public, in order to prevent the disclosure of exempt information, any related papers will be treated as non-public pending a formal decision on the matter. This is in accordance with section 100B(2) of the Local Government Act 1972 and so as to avoid pre-judging the matter.

### **THE PUBLIC INTEREST TEST**

However, the types of information set out above are only exempt information if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. If the public interest is equal on both sides, then the information must be disclosed – in this sense there is an assumption in favour of disclosure.

The Corporation must consider the balance of the public interest in each individual case, and therefore it is not possible to have a blanket ruling as to whether information relating to a complaint will be exempt or not.

There is no statutory definition of what constitutes the 'public interest'. The public interest can cover a wide range of values and principles relating to the public good, or what is in the best interests of society, and there are often arguments to be made on both sides. A non-exhaustive list of relevant factors to be considered are set out below:-

## **GENERAL PUBLIC INTEREST IN TRANSPARENCY**

There is a general public interest in promoting transparency, accountability, public understanding and involvement in the democratic process.

## **SPECIFIC PUBLIC INTEREST IN THE COMPLAINT**

As well as the general public interest in transparency, which is always an argument for disclosure, there may also be a legitimate public interest in knowing the details of a particular complaint. For example, if the complaint relates to the misappropriation of public funds, or it is alleged that the subject member's conduct has impacted on public services.

## **DETERRENT EFFECT**

If members know – because the Corporation's policy is to publish in an appropriate case – that improper conduct, if it comes to light, will be exposed to the glare of public scrutiny then this, in and of itself, can act as a deterrent to misconduct in the first place.

## **OF INTEREST TO THE PUBLIC**

The public interest is not necessarily the same as what interests the public. The fact that a subject member's actions are being discussed, for example in the media, does not automatically mean that there is a public interest in disclosing the information.

## **THE VIEWS OF THE PARTIES**

The public interest test is concerned only with public interests, not private interests. However, the complainant and the subject member may be invited to make representations regarding the public interest in a particular case. For example, if neither has any concerns about information relating to the complaint being disclosed then it is unlikely that the exemption would be maintained.

## **INFORMATION ALREADY IN THE PUBLIC DOMAIN**

If a complaint relates to the conduct of the subject member at a public meeting, then it is unlikely to be treated as exempt because knowledge of the incident is already in the public domain. However if, for example, the conduct may have been caused by an underlying medical condition, then it is likely that this would be exempt information.

## **PRESENTING A 'FULL PICTURE'**

Similarly, there may be cases where allegations have been thoroughly aired, for example in the press and on social media; the coverage may have been partisan and not always accurate. It may be in the public interest to make the full facts known to the public, rather than having snippets referred to and innuendos drawn from those snippets.

## **EVIDENCE OF WRONGDOING**

It is not in the public interest for baseless accusations against members of the Corporation to be publicised. Therefore in order for information regarding a complaint to be disclosed, the suspicion of wrongdoing must normally amount to more than a mere allegation; there should be a plausible basis for the suspicion, even if it is not actually proven at that stage. It is not wrong or unfair in principle to publish allegations, as opposed to ultimate findings, but we will take into account the nature and depth of any investigations undertaken, and the strength of the case against the subject member.

Consequently, it is less likely that information regarding a complaint will be disclosed at the initial assessment stage, particularly where the Monitoring Officer has decided that no action should be taken. It is more likely that information will be disclosed if a subsequent investigation reveals a serious case to answer. It is more likely still that information will be disclosed if, after full consideration of all of the evidence at a hearing, or after any appeal, a subject member is found to have breached the code of conduct and a sanction is imposed.

## INVESTIGATIONS PROTOCOL

### Meeting with complainant

The Investigating Officer will interview the complainant to explore the complaint and identify supporting evidence and/or witnesses.

### Meeting with subject member

The Investigating Officer will interview the subject member to explore the complaint and identify supporting evidence and/or witnesses.

The subject member shall have the right to be accompanied by a person of their choice. This may be a lawyer although the process will be an interview with the subject member rather than a hearing involving advocacy.

### Interviewing witnesses

All requests for interviews will be made in writing and will include a summary of the matters that the Investigating Officer wishes to ask the witness about.

### Recording of interviews

All interviews will either be recorded, or a full written transcript taken, and the interviewee will be provided with a copy.

### Preparation of statements

The Investigating Officer may assist the parties and witnesses in the preparation of statements if they so wish, or they may choose to prepare their own statements.

### Confidentiality

All interview records, witness statements and other materials produced in the course of the investigation will only be used and disclosed in accordance with the procedures set out in this handbook.

### Retention of records

All interview records, witness statements and other materials produced in the course of the investigation will be retained by the Monitoring Officer for six years following the determination of the complaint and then destroyed.

### Provision of draft report

At least 14 days prior to submitting a final report to the Hearing Sub-Committee on whether there is or is not evidence of a breach of the code of conduct the Investigating Officer will provide a copy of his/her draft report to the parties for comment. The draft report will include all of the material gathered during the

investigation that the Investigating Officer is intending to present to the Hearing Sub-Committee.

## PRE-HEARING CHECKLIST

Should the pre-hearing (and hearing) be held in public session?

Are the parties to be legally represented or accompanied, and if so by whom?

When and where is the hearing scheduled to start?

When is the hearing expected to end?

If a public hearing, can the room accommodate the number of people expected?

Are any special facilities required?

What are the issues to be determined at the hearing?

Which facts are agreed and which are in dispute?

What, if any, of the written evidence is agreed or not in issue?

Do either of the parties wish to introduce additional evidence that is not included in the Investigating Officer's report?

Which witnesses are to be called, by whom and in relation to what issue?

What is the extent of the cross-examination of each witness that is proposed?

Does the Chairman wish to limit the time for questioning?

What order should the witnesses be called in and when should they attend?

Are there any representations in relation to the hearing procedure?



## **HEARING SUB-COMMITTEE – HEARING PROCEDURE**

1. The Sub-Committee will open in public session. It is a matter for the Sub-Committee to determine whether it moves into confidential session with the press and public excluded, in accordance with the provisions of Part VA and Schedule 12A of the Local Government Act 1972. The views of the complainant and the subject member will be sought, if these have not already been received at the pre-hearing review.
2. The Chairman introduces the members of the Sub-Committee and others present, and explains the purpose of the hearing, the procedure to be followed and the nature of the meeting.
3. The complainant and the subject member may be legally represented if they wish, or accompanied by some other person, but will be expected to give evidence and answer any questions put to them personally.
4. The complainant and the subject member (and anyone representing or accompanying them) are invited to be present throughout the hearing; other witnesses will enter to give evidence and then withdraw.
5. The Investigating Officer presents his report (N.B. the Investigating Officer is not acting as 'prosecutor' or 'defence'). The Investigating Officer will then answer questions (if any) from the complainant, the subject member, the Independent Person and the Sub-Committee (in that order).
6. The complainant and then the subject member will be invited to make an opening statement which should be no more than ten minutes long.
7. The Chairman calls witnesses in the order agreed at the pre-hearing review, or otherwise in the order that their statements appear in the papers. The statements will be taken as read rather than read out. Witnesses will be asked to confirm that their statements are true.
8. Immediately after confirming the contents of their statement each witness will be invited to answer questions (if any) from the complainant, the subject member, the Independent Person and the Sub-Committee (in that order).
9. The Chairman has a discretion to manage the hearing in a fair and efficient manner and may therefore refuse to allow certain questions, or limit the time for questioning, in appropriate circumstances.
10. The views of the Independent Person in relation to the complaint will then be heard. The Independent Person will be invited to answer questions (if any) from the complainant, the subject member and the Sub-Committee (in that order).
11. There will then be an opportunity for the complainant and the subject member (in that order) to make any closing comments if they so wish. Again, these should be no more than ten minutes long.

12. The Investigating Officer, the complainant, the subject member, the Independent Person and any other persons present then withdraw to allow the Sub-Committee to consider the evidence and representations with the committee clerk and legal adviser and to take legal advice where necessary.
13. The Investigating Officer, the complainant, the subject member, the Independent Person and any other persons present are then invited to return and the Sub-Committee announces its decision as to whether there has been a breach of the Code of Conduct.
14. If the Sub-Committee considers that there has been a breach of the Code it may invite any representations from the complainant and the subject member (in that order) on the appropriate sanction (censure of the member; withdrawal of Corporation hospitality for an appropriate period; or removal of the member from a particular committee or committees). The Sub-Committee will also seek the views of the Independent Person on the question of sanction. The Sub-Committee may ask the parties to withdraw again to allow it to consider the appropriate sanction, then invite them to return to hear the Sub-Committee's decision as to any appropriate sanction.
15. The Sub-Committee will endeavour to conclude the hearing in one day but, in exceptional circumstances, may at any stage adjourn the hearing to a different day. This may be necessary, for example, where one of the parties makes a request to introduce additional evidence at the hearing, and more time is needed to consider this. An adjournment may also be necessary where the Sub-Committee, having heard all of the evidence, requires more time to come to a decision.
16. The decision, together with the reasons for that decision, will be confirmed to the parties in writing following the hearing.
17. This procedure may be varied by the Sub-Committee as it considers appropriate in order to dispose of the matter in a fair and efficient manner.

## APPENDIX 3



### ***Guidance to Members – Members’ Code of Conduct***

#### **General**

1. This Guidance is supplemental to the City of London Corporation’s Code of Conduct for Members (“the Code”). As in the Code, any reference to a “Member” includes both a member of the Corporation and a member of a committee of the Corporation.
2. It is not possible to cover every scenario or eventuality in this Guidance, which is intended as an aid for Members. It is not meant to be construed in an overly forensic or legalistic fashion. Rather, Members should consider how their actions might be perceived by the general public. In interpreting this Guidance and the Code, Members should at all times have regard to the Seven Principles of Public Life – selflessness; integrity; objectivity; accountability; openness; honesty; and leadership. Further advice on the requirements of the Code can be obtained from the Corporation’s Monitoring Officer (the Comptroller & City Solicitor) or the Committee and Member Services Team.

#### **Register of Member Interests**

3. All information provided on a Member Declaration Form will be published and made available for inspection – the only exception is where specific information is deemed to be sensitive, as set out in the Code.
4. A Member’s register of interests will be published via the respective Member’s page on the Corporation’s website. The register includes sections on disclosable pecuniary interests, non-pecuniary interests and gifts and hospitality.
5. The Code sets out the relevant timescales for registering interests. One requirement is to notify the Monitoring Officer (via the Town Clerk) of any disclosable pecuniary interest, and specified non-pecuniary interests, within 28 days of taking office as a Member. Accordingly, a Member Declaration Form will be sent to Members following election or appointment.
6. Where a Member has been re-elected or re-appointed, the requirements of the Code are satisfied if the register is updated – it is not necessary to register interests that have previously been notified to the Town Clerk.
7. The Code also states that a Member must maintain an up to date register of interests and Members are encouraged to regularly review their register entries. In addition, Members will be contacted individually once a year to review and where necessary

update their register of interests and will also be reminded of the arrangements in respect of requests for dispensations.

8. Where you wish to register any interest, please use the Declaration Form provided (where appropriate) or contact the Committee and Member Services Team via email at [declarations@cityoflondon.gov.uk](mailto:declarations@cityoflondon.gov.uk) or telephone: 020 7332 1407 or 020 7332 1409.

### **Disclosable Pecuniary Interests**

9. The Code requires Members to register their disclosable pecuniary interests, as defined by regulations made by the Secretary of State – the current regulations are included in Appendix 1 of the Code.
10. It is essential that Members follow the rules on disclosable pecuniary interests because failure to do so may result in prosecution, a fine and/or disqualification as a member for up to 5 years. Investigations and sanctions regarding breaches of this aspect of the Code will be a matter for the Director of Public Prosecutions.

### **Declaring interests in Securities**

#### *What are Securities?*

11. For these purposes “securities” means “shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and any other securities of any description other than money deposited with a building society” (Regulation 1 of The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012).

#### *What Securities must be registered?*

12. Members must register any beneficial interest in securities where:-
- (a) The body, to the member’s knowledge has a place of business or land within the City of London’s area; and
- (b) either-
- (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body (whichever is the lower); or
  - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares in any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

#### *What is a “beneficial interest”?*

13. A beneficial interest arises where there is a right to the economic benefit of the securities i.e. a right to the income from the securities or a share of it and a right to the proceeds of sale or part of the proceeds.

#### *What degree of knowledge is required?*

14. A Member will be taken to have knowledge of the necessary facts if:-  
They have actual knowledge; or

They wilfully shut their eyes to the obvious; or  
They wilfully and recklessly fail to make such inquiries as an honest and reasonable man would make; or  
They have knowledge of circumstances which would indicate the facts to an honest or reasonable man; or  
They have knowledge of circumstances which would put an honest and reasonable man on enquiry.

Thus genuine and reasonable ignorance of the facts is required if the obligation to register a disclosable pecuniary interest is to be avoided.

15. There is no general obligation to undertake extensive enquiries and thus a Member with significant holdings in, say, a unit trust is unlikely to be required to ascertain the value of the beneficial interest in each company within the trust and whether they have a place of business in the City provided that this is not apparent from the material routinely supplied to unit trust holders.

*What is a “reasonable excuse”?*

16. There is no statutory definition and whether a “reasonable excuse” for failure to register a disclosable pecuniary interest exists will depend on all the circumstances of the case. The Court will consider the actions of a Member from the perspective of a prudent person exercising reasonable foresight and due diligence having proper regard to their responsibilities.

### **Non-pecuniary interests**

17. Members are also required to register specific non-pecuniary interests as set out in the Code. Some illustrative examples of the types of organisations and bodies intended to be included in particular categories in paragraph 7 of the Code are set out below:

- Fraternal or Sororal Societies would include Freemasonry and the Royal Antediluvian Order of Buffaloes;
- Club or Society active in the City of London would include a Ward Club;
- Club or Society which relates to any functions of the Corporation would include the Heath & Hampstead Society.

18. This does not do away with the general obligation, in accordance with the Nolan Principles and the general duties set out in the Code, that Members are also required to notify the Town Clerk of any other interest that warrants disclosure.

### **Gifts and hospitality**

19. Members must also notify the Corporation’s Monitoring Officer (via the Town Clerk) of any gift or hospitality received that, when valued in accordance with this Guidance, meets or exceeds the relevant thresholds set out in the Code (being £100, or a cumulative value of £200 within a twelve month period). Hospitality can be defined as any food, drink, accommodation or entertainment freely provided or heavily discounted.

20. Please contact the Committee and Member Services Team within 28 days of receipt of any disclosable gift or hospitality specifying the following details:

- description of the gift or hospitality (i.e. tickets to a theatre performance);
- the date it was received;
- from whom the gift or hospitality was received (where the person who invites a Member to an event is not the person paying for the event, the identities of both persons (or organisations, etc.) must be specified if known).

21. It is acknowledged that special arrangements are required in relation to gifts and hospitality provided to the Lord Mayor and Sheriffs, and these arrangements are set out in Appendix 1.

*Gifts and hospitality that do not need to be disclosed*

22. The following do not need to be disclosed:

- gifts and hospitality provided by the Corporation, including committee dinners or lunches associated with committee visits and hospitality offered by the Corporation at external events such as MIPIM;
- tickets to events at the Barbican Centre or Guildhall School of Music and Drama, where the Chairman, Managing Director or Principal (i.e. the Corporation) is the host – but this does not include invitations from external organisations e.g. the London Symphony Orchestra, or the Royal Shakespeare Company;
- any invitation from Her Majesty The Queen.

23. In addition, a Member only has to disclose gifts or hospitality received by virtue of being a Member – this will not normally include gifts or hospitality received from friends or family. Members should apply common sense when they consider how receipt of a gift or hospitality might be interpreted. For example, if the Member is a member of the Planning and Transportation Committee, and a birthday present arrives from an applicant just before a planning application is due to be considered, then the Member should think about how this would be interpreted by a reasonable member of the public. If in doubt, the Member should disclose the interest.

24. Members do not need to disclose gifts and hospitality that do not reach the relevant thresholds.

*How should Members assess the value of gifts and hospitality received?*

25. Members should assess all of the hospitality on offer at any event attended, whether it is accepted or not. This approach is in the interests of transparency, certainty and accountability; and avoids Members being drawn into a debate about exactly what they ate or drank on a particular occasion. Members should consider how much a person could reasonably expect to pay to attend an equivalent function or event run on a commercial basis. Likewise, in relation to gifts, Members should consider how much a person could reasonably expect to pay for an equivalent item on a retail basis. Where a Member is in any doubt as to value, the prudent course is to err on the side of caution and register the gift or hospitality in question.

26. Some examples of gifts and hospitality that are unlikely to reach the individual threshold are as follows:

- drinks receptions (where only drinks and canapés are served);

- standard commemorative gifts including pin badges, published materials, ties, paper weights, plaques.

27. Some examples of gifts and hospitality that are likely to reach the individual threshold are as follows:

- overseas trips or overnight accommodation;
- formal luncheons or evening dinner events;
- bespoke gifts that have been sourced/ made specifically for the Member (e.g. an engraved crystal vase, or a gold picture frame with a signed limited edition print);
- hospitality packages including lunch or dinner and tickets to a sporting or cultural event.

28. Gifts and hospitality received by friends and family of a Member, by virtue of the latter being a Member, should also be treated as having been received by the Member and registered accordingly.

#### **Additional caution**

29. Caution should be exercised where the offer of any gift or hospitality is over and above what could reasonably be viewed as ancillary to the business being conducted, or is wholly unrelated to the business being conducted.

30. Particular caution should also be exercised by Members involved in determining regulatory matters (licensing, planning) and making decisions that affect the financial position of others.

31. Where a Member has reservations about accepting a gift, but is concerned that a refusal to accept the gift might cause offence, one available course of action would be to pass the gift on to the Corporation, rather than retaining it personally.

32. Members also need to be mindful of where their private activities might cross over with or be perceived to cross over with their activities as a Member.

33. Interests under the Code may also give rise to obligations in a Member's other capacities e.g. to an employer, or a charity for which one works in a personal capacity, and Members are advised to independently verify the requirements of such bodies.

#### **Declaring interests at meetings**

34. Where a Member has registered their pecuniary and non-pecuniary interests in accordance with the Code, there is no requirement to additionally declare the existence of such an interest at a meeting of the Corporation at which that interest is engaged. However, in the interests of transparency it is good practice to do so.

#### **Confidential information**

35. A Member must not disclose information given to them in confidence by anyone, or information acquired by them which they believe, or ought reasonably to be aware, is of a confidential nature, except where:

- they have the consent of a person authorised to give it;

- they are required by law to do so;
- the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
- the disclosure is –
  - (i) reasonable and in the public interest; and
  - (ii) made in good faith and in compliance with the reasonable requirements of the authority.

36. A Member should seek advice from the Monitoring Officer if they are unsure about the applicability of the above exceptions.

### **Relationship between the Code and the Protocol on Member/Officer Relations**

37. Non-compliance with the Protocol on Member/Officer Relations (“the Protocol”) does not in itself amount to a breach of the Code. However, the purpose of the Protocol is to provide a guide to working relationships between Members and Officers, and therefore the Protocol may be referred to when interpreting the provisions of the Code in such circumstances.

38. The Protocol includes a dispute procedure where an Officer is dissatisfied with a Member’s conduct or behaviour. This does not preclude an Officer from making a complaint to the Monitoring Officer if they believe that there has been a breach of the Code. Likewise, if a matter is raised with a Chief Officer or the Town Clerk under the Protocol, they may choose to refer the matter to the Monitoring Officer for assessment as a breach of the Code in appropriate circumstances.

39. Where a written complaint is made alleging that a Member has breached the Code, that complaint shall be dealt with in accordance with the arrangements that the Corporation has in place under the Localism Act 2011, notwithstanding any possible alternative action under the Protocol in relation to the conduct or behaviour in question.

### **Further information**

For further information regarding the Members’ Code of Conduct, please contact:

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## **Appendix 1 to Guidance to Members – Members’ Code of Conduct**

### **Gifts and hospitality – Lord Mayor**

The same financial thresholds for the registration of gifts and hospitality apply to the Lord Mayor as to other Members. However, due to the sheer number of events attended, the details of gifts and hospitality received will be presented on a quarterly basis. This will be via a log maintained on the Lord Mayor’s webpages by staff at Mansion House, with a link from the Lord Mayor’s “Member’s” web page during their term of office.

The log will include disclosable gifts and hospitality received by the Lady Mayoress or Lord Mayor’s Consort, as well as gifts and hospitality received by a Lord Mayor Locum Tenens or Sheriff in the place of and on behalf of the Lord Mayor.

There are rare instances where the disclosure of a specific item of hospitality or related gift into the public domain may give rise to diplomatic, commercial or political sensitivities. In such cases that item will not appear on the public register but the relevant details will be notified to the Standards Committee.

It is acknowledged that failure to register gifts, on the basis that they do not meet the relevant value threshold, may cause offence in some cases. Therefore, in the same way that any Member can choose to register gifts with a lesser value, it has been agreed that the Lord Mayor will register all gifts received. For the same reason, in no case will the description of a gift include an approximate value.

Although the Lord Mayor can expect to receive many gifts during his or her year in office as a matter of courtesy, the large majority of those gifts are not retained by the Lord Mayor personally. Whilst the Standards Committee considers that it is important that it receives details of those gifts that are retained, it is acknowledged that this information may again give rise to diplomatic, commercial or political sensitivities and the relevant details will not therefore be released into the public domain.

### **Gifts and hospitality – Sheriffs**

The arrangements for the registration of gifts and hospitality by the Sheriffs will as far as possible mirror the arrangements for the Lord Mayor. The Sheriffs, be they Aldermanic or non-Aldermanic, are subject to the Code and will have an individual register of interests. The details of gifts and hospitality received by the Sheriffs in that capacity will also be presented on a quarterly basis but via a log maintained by Old Bailey staff and published on the Corporate Governance webpages. Again, there will be a link from the “Member’s” web page of both Sheriffs during their term of office.

As set out above, disclosable gifts and hospitality received by a Sheriff in the place of and on behalf of the Lord Mayor will be recorded in the log maintained by staff at Mansion House and not the log maintained by staff at the Old Bailey.

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**AN INDEPENDENT REVIEW BY LEADING COUNSEL  
OF THE ARRANGEMENTS MADE UNDER THE LOCALISM ACT 2011  
BY THE CITY OF LONDON CORPORATION  
FOR ADDRESSING MATTERS CONNECTED WITH  
THE CONDUCT OF MEMBERS AND CO-OPTED MEMBERS**

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## **1. Introduction and terms of reference**

1. I have been instructed by the Comptroller and City Solicitor on behalf of the City of London Corporation (“the City”) to carry out an independent broadly-based review of its current arrangements for addressing matters connected with the conduct of its members and co-opted members, with particular focus on the complaints procedure applicable to alleged breaches of the members’ Code of Conduct.
2. The City is the municipal governing body of the City of London. It is divided into 25 wards and 125 members are elected to represent them. Each ward elects one Alderman, thus 25 in total who serve on the Court of Aldermen, and two or more Common Councilmen, depending on its population, there being 100 members of the Court of Common Council. The Court of Common Council (“the Court”), described as the City of London’s primary decision-making body, works through committees upon which Aldermen also sit. The Court of Aldermen is chaired by the Lord Mayor of London.
3. Local government legislation often provides for the City to be treated as a London borough and for the Common Council to act as a local authority. In this way the Common Council has been made subject to the relevant sections of the Localism Act 2011 dealing with matters of standards and conduct<sup>1</sup>.
4. In pursuance of the 2011 Act the City adopted the current version of its Code of Conduct which came into force on 1 January 2015 (“the Code”).
5. In 2015 the City’s Standards Committee (“the SC”) received what would be the first complaint to progress beyond the initial assessment stage (“the 2015 complaint”). Findings were made at a hearing, some of which were upheld on appeal. Details of these proceedings were contained in the Standards

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<sup>1</sup> The relevant provisions apply to the City in its capacity as a local authority and a police authority. However, for consistency, it chooses to apply its conduct and standards arrangements to Members in respect of all of its functions.

Committee's annual report to the Court on 23 June 2016. The contents of the report caused dissatisfaction among the Court, which referred the report back to the Standards Committee. Concern was also expressed about the procedures used to handle the complaint.

6. This was a trigger for the resolution to commission this independent review. Although my terms of reference do not include a review of the 2015 complaint as such, it is hoped that lessons may be learned from the handling of it.
7. My terms of reference are therefore as stated in paragraph 1 above. In particular I have considered what if any improvements might be made to (1) the Code and related documents, (2) the allocation of conduct matters to, and the constitution of, the Standards Committee and (3) the procedures for dealing with allegations of breaches of the Code.

## 2. Basis of the review

8. In carrying out this review I have applied the relevant law as I understand it.
9. In assessing best practice I have drawn on my experience as a Barrister and as a Judge. I was called to the Bar in 1991 and became Queen's Counsel in 2014. My practice has encompassed a number of areas, notably public law including local authority law. I have thereby had experience of advising authorities, officers and members in cases concerning local authority governance, conduct and standards. I have gained other relevant experience by practising in the fields of professional regulation and discipline and employment law. As well as specialising in the legal requirements for decision-making by bodies, committees, courts, tribunals and individuals, I have also acquired considerable experience as a user of such decision-making bodies. I have also acted as a decision maker. For some years I sat on the internal disciplinary tribunals of the Bar. Since 2009 as a Recorder I have sat as a Judge in the Crown Court. I have recently been appointed as a Deputy High Court Judge. I am also a Mediator accredited by CEDR.

10. By way of further research I have reminded myself of the conduct and standards arrangements of other local authorities and have considered two reports by the Committee on Standards in Public Life (“CSPL”) namely *Standards Matter: a review of best practice in promoting good behaviour in public life* (2013, “the 2013 report”) and *Striking the Balance: upholding the seven principles of public life in regulation* (2016, “the 2016 report”). I have also read a House of Commons briefing paper by Mark Sandford (a Senior Research Analyst at the House of Commons Library), *Local government standards in England* (27 June 2016).
11. In order to glean relevant factual information:
  - (1) I have been shown the documents listed in Appendix 1 to this report.
  - (2) On 5 September 2016 I had introductory meetings with the Town Clerk, and with the Comptroller and City Solicitor and other officers.
  - (3) I asked for all members to be told that they could share any views with me orally or in writing and a number have done so. Those representations are listed in Appendix 2 to this report. They were shared with the Standards Committee but I have not received any responses from the Standards Committee (or anyone else) to those representations.
  - (4) I met with the Chairman and Deputy Chairman of the Standards Committee on 15 September 2016 and attended part of a meeting of that Committee on 7 October 2016.
  - (5) I met with the Chief Commoner on 31 October 2016.
  - (6) On 7 November 2016 I attended the Court of Common Council in order to tell members about the review process, share with them any provisional views which I had formed by that time and glean from them any further information or views to which they wished me to have regard. Following that meeting I reconsidered the entire matter afresh.

12. In considering matters of fact, I have proceeded with caution. Some facts are a matter of record e.g. the procedures adopted by the hearing and appeal committees when dealing with the 2015 complaint. But where the facts are subject to opinion or are matters of individual recollection, I have kept an open mind about them. I regard it as relevant that members hold the various views which have been expressed, whether or not those views are well founded. The purpose of this report is to make recommendations for best practice going forwards, not to make findings of fact about past events.
13. The opinions expressed in this report are my own. I have not adopted the opinion of any other individual on any matter. I have therefore not found it necessary to attribute particular views to particular individuals, with the sole exception of the Chief Commoner who can be expected to have a unique insight into his own role.

### 3. The legislation

14. Section 27 of the Localism Act 2011 provides:

(1) A relevant authority must promote and maintain high standards of conduct by members and co-opted members of the authority.

(2) In discharging its duty under subsection (1), a relevant authority must, in particular, adopt a code dealing with the conduct that is expected of members and co-opted members of the authority when they are acting in that capacity.

...

(4) In this Chapter “co-opted member”, in relation to a relevant authority, means a person who is not a member of the authority but who—

(a) is a member of any committee or sub-committee of the authority, or

(b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority,

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee.

...

(6) In this Chapter “relevant authority” means—

...

(h) the Common Council of the City of London in its capacity as a local authority or police authority,



...

15. Section 27 was part of a re-organisation of the statutory standards regime. It abolished the framework established under the Local Government Act 2000, replacing the Standards Board regime which Government described as having become:

“ ... a system of nuisance complaints and petty, sometimes malicious, allegations of councillor misconduct that sapped public confidence in local democracy.”
16. The Act also abolished the mandatory requirement on local authorities to have standards committees, which are now optional, and the powers of the First Tier Tribunal to hear cases relating to local government standards in England. The original bill had removed entirely the requirement for councils to maintain a code of conduct but this was reinstated by amendment in the House of Lords.
17. The 2011 Act also introduced a new criminal offence of failing to declare or register a pecuniary interest (s.34) and made special provision in relation to allegations of predetermination or bias against local decision-makers (s.25).
18. Section 28 of the Localism Act requires that an authority's code of conduct, viewed as a whole, is consistent with the “Nolan” principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. It must also include appropriate provision for registration and disclosure of pecuniary and non-pecuniary interests.
19. The section makes provision about how an authority must deal with written allegations of a breach of the code of conduct. Before the changes the Local Government Act 2000 required local authorities to have standards committees chaired by an independent person. Under section 28 the requirement is now for “arrangements”. The definition of these is left open but they must include the appointment of at least one “independent person” (“IP”):

(4) A failure to comply with a relevant authority's code of conduct is not to be dealt with otherwise than in accordance with arrangements made under subsection (6); in particular, a decision is not invalidated just because something

that occurred in the process of making the decision involved a failure to comply with the code.

...

(6) A relevant authority ... must have in place—

- (a) arrangements under which allegations can be investigated, and
- (b) arrangements under which decisions on allegations can be made.

(7) Arrangements put in place under subsection (6)(b) by a relevant authority must include provision for the appointment by the authority of at least one independent person—

(a) whose views are to be sought, and taken into account, by the authority before it makes its decision on an allegation that it has decided to investigate, and

(b) whose views may be sought—

(i) by the authority in relation to an allegation in circumstances not within paragraph (a), [and]

(ii) by a member, or co-opted member, of the authority if that person's behaviour is the subject of an allegation ...

(8) For the purposes of subsection (7)—

(a) a person is not independent if the person is—

(i) a member, co-opted member or officer of the authority,

... or

(iii) a relative, or close friend, of a person within sub-paragraph (i) or (ii);

20. A person also may not be appointed as IP if at any time during the 5 years ending with the appointment the person was a member, co-opted member or officer of the authority. An IP must be appointed by application following a public advertisement and the appointment must be approved by a majority of members. The IP may be paid allowances or expenses.
21. Before an IP is appointed the authority must advertise the vacancy, the person must apply and the appointment must be approved by a majority of members.
22. To summarise, the views of the IP must be (1) sought and (2) taken into account before the authority makes its decision on an allegation that it has decided to investigate. The authority may also seek the IP's views in relation to an allegation in any other circumstances. That could mean when deciding whether to investigate an allegation, or in an appeal process.
23. The IP's views also may be sought by the member who is the subject of an allegation.

24. Section 28 further provides:

- (11) If a relevant authority finds that a member or co-opted member of the authority has failed to comply with its code of conduct (whether or not the finding is made following an investigation under arrangements put in place under subsection (6)) it may have regard to the failure in deciding—
- (a) whether to take action in relation to the member or co-opted member, and
  - (b) what action to take.

25. The Localism Act does not state what sanctions may be imposed on a member who is in breach of the code of conduct. It should be noted that there is no power to disqualify or suspend a member (though the new criminal offence of failure to disclose a pecuniary interest may lead to disqualification). In *Heesom v The Public Services Ombudsman for Wales* [2014] EWHC 1504 (Admin) at [28] the High Court stated that sanctions are “limited to (for example) a formal finding of a breach, formal censure, press or other appropriate publicity and removal by the authority from executive and committee roles (and then subject to statutory and constitutional requirements)”.<sup>2</sup>

26. The CSPL in its 2013 report noted the limited scope of possible sanctions and emphasized the importance of authorities taking steps to promote high standards before any allegations arise e.g. by way of training and induction.

#### 4. The City's present arrangements

27. The Court has so far chosen to retain a Standards Committee (“the SC”). Its constitution, attached as appendix 3, describes it in these terms:

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<sup>2</sup> The 2011 Act has more teeth in relation to the registration of interests. A member or co-opted member of a relevant authority must, within 28 days of taking office, notify the authority's monitoring officer of any disclosable pecuniary interests (s.30). A member may not, in general, participate in any discussion or vote in which he has a pecuniary interest (s.31) (although dispensation to participate may be granted in certain limited circumstances (s.33)). Disclosable pecuniary interests are listed under schedule 2 of the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. 19. It is a criminal offence if a member or co-opted member, without reasonable excuse, fails to comply with these requirements (s.34). The offences are punishable by a fine of up to level 5 (currently £5,000) and an order disqualifying the person from being, or becoming, a member or co-opted member of a relevant local authority for up to five years.

A Non-Ward Committee consisting of,

- One Alderman appointed by the Court of Aldermen
- Seven Commoners elected by the Court of Common Council, at least one of whom shall have fewer than five years' service on the Court at the time of their appointment
- Four representatives (with no voting rights) who must not be Members of the Court of Common Council or employees of the City of London Corporation

None of the appointed shall serve on the Committee for more than eight years.

*N.B. Three independent persons are also appointed pursuant to the Localism Act 2011.*

28. The SC's quorum is three members, at least one of whom must be a co-opted member.

29. The SC by its Terms of Reference is to be responsible for:

- (i) Promoting and maintaining high standards of conduct by Members and Co-opted Members of the City of London Corporation and to assist Members and Co-opted Members to observe the City of London Corporation's Code of Conduct;
- (ii) Preparing, keeping under review and monitoring the City of London Corporation's Member Code of Conduct and making recommendations to the Court of Common Council in respect of the adoption or revision, as appropriate, of such Code of Conduct;
- (iii) Keeping under review by way of an annual update by the Director of HR, the City of London Corporation's Employee Code of Conduct;
- (iv) keeping under review and monitoring the Protocol on Member/Officer Relations;
- (v) advising and training Members and Co-opted Members on matters relating to the City of London Corporation's Code of Conduct;
- (vi) dealing with any allegations of breach of the City of London Corporation's Code of Conduct in respect of Members and Co-opted Members, and in particular:
  - (i) To determine whether any allegation should be investigated by or on behalf of the Town Clerk or the Monitoring Officer and their findings reported to the Committee;
  - (ii) In relation to any allegation that it has decided to investigate, to determine whether there has been a breach of the Code of Conduct, taking into account the views of an Independent Person appointed under the Localism Act 2011;
  - (iii) Where there has been a breach of the Code of Conduct, to determine the appropriate sanction, and where this involves removal of a Member or Co-opted Member from any committee or sub-committee, to make an appropriate recommendation to the relevant appointing body;
  - (iv) To determine any appeal from a Member or Co-opted Member in relation to a finding that they have breached the Code of Conduct and/or in relation to the sanction imposed; and

- (vii) Monitoring all complaints referred to it and to prepare an annual report on its activity for submission to the Court of Common Council.

30. The Code, attached as appendix 4:
- (1) requires members to have regard to the Seven Principles of Public Life<sup>3</sup>;
  - (2) recites these with commentary based on “illustrative text” suggested by the DCLG;
  - (3) lists ways (lettered from a to m) in which these are to be addressed, in terms suggested by the Local Government Association; and
  - (4) sets out the rules on registering and declaring pecuniary and non-pecuniary interests.
31. There is also a document entitled *Guidance to Members – Members’ Code of Conduct*, attached as appendix 5. It is notable that this is concerned only with declaration of interests, gifts and hospitality.
32. A further document entitled *How complaints submitted to the City of London Corporation’s Standards Committee will be dealt with* is attached as appendix 6. It includes 10 pages of guidance plus a template complaint form. The document recites the outline legal requirements for dealing with written allegations of a breach of the Code. It then states the following:
- (1) When a complaint is received it will be passed to the Assessment Sub-Committee for consideration. If at any time it appears that a criminal offence may have been committed then the relevant allegation will be referred to the police.
  - (2) If a concern is raised orally with the Monitoring Officer, he/she should ask the complainant whether they want to put the matter formally in writing to the SC and, if the answer is no, should consider options for informal resolution such as a meeting with the Chief Commoner or

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<sup>3</sup> Also known as the Nolan Principles, these were stated in 1995 in the first report of the CSPL. They are Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

Privileges Chairman. But these informal processes should stop if at any time a matter is referred to the SC.

- (3) The Monitoring Officer will normally tell the subject member about the complaint but in exceptional circumstances, after consultation with the Chairman of the SC, has a discretion to defer notification to enable investigation.
- (4) The different stages of the complaints process are dealt with by three sub-committees of the SC namely the Assessment, Hearing and Appeal Sub-Committees. Membership of these is determined case by case but each will normally consist of four members of the SC including three elected City members and one co-opted member. In any one case the same members will normally sit on the Assessment and Hearing Sub-Committees but different members will sit on the Appeal Sub-Committee.
- (5) The Assessment Sub-Committee may (but need not) obtain a summary or report from the Monitoring Officer or another officer. It will conduct an initial assessment and then (i) refer the complaint to the Monitoring Officer for formal investigation, (ii) direct the Monitoring Officer (having sought his/her advice) to arrange training, conciliation or other appropriate steps or (iii) decide to take no further action.
- (6) The complaint must fail at this stage unless (i) it is against a named Member, (ii) the Member was in office and the Code was in force at the time of the alleged conduct and (iii) the complaint if proved would be a breach of the Code applicable at the time of the alleged conduct.
- (7) The currently applicable assessment criteria (which may be changed by the SC) are:
  - i. Has the complainant submitted enough information to satisfy the Assessment Sub-Committee that the complaint should be referred for investigation?
  - ii. Has the complaint already been the subject of an investigation or other action relating to the code of conduct? Similarly, has the

complaint been the subject of an investigation by other regulatory authorities?

- iii. Is the complaint about something that happened so long ago that there would be little benefit in taking action now?
  - iv. Is the complaint too trivial to warrant further action?
  - v. Does the complaint appear to be simply malicious, politically motivated or tit-for-tat?
- (8) Initial assessment will normally be completed within “an average of 30 working days”.
  - (9) If there is to be an investigation, the Monitoring Officer may conduct this or determine that someone else will do so. Most investigations will be completed and a report provided within 6 months of assessment. In the report the investigator will “conclude whether or not there had been a failure to observe the code of conduct”.
  - (10) Any hearing will normally be held within 3 months of receipt of the report. It will hear and determine the allegation and find (i) that there has been no failure to comply with the Code or (ii) that there has been a failure to comply but no action is needed or (iii) that there has been a failure to comply and a sanction should be imposed.
  - (11) The available sanctions are censure, withdrawal of Corporation hospitality for an appropriate period and removal from one or more committees or sub-committees. The sanction may be affected by the member’s willingness to apologise, attend training and/or participate in conciliation.
  - (12) The member may appeal against finding and/or sanction, in writing within 20 working days of being informed of the decision of the Hearing Sub-Committee.
  - (13) The Appeal Sub-Committee, usually “within an average of 30 working days” will review the decision and decide whether to substitute an alternative decision.
  - (14) Meetings of these Sub-Committees are subject to the same provisions regarding public access to information as any other City committee.

Decisions will be set out, with reasons, in a written summary which is sent to the parties and, after being sent to the subject member, made available to the public at the City's offices for 6 years.

33. When considering the 2015 complaint, the Hearing Sub-Committee set out its proposed procedure in writing. This is attached as appendix 7. In particular:
- (1) It proposed to sit in public session, then determining whether to move into private under the provisions of schedule 12A to the Local Government Act 1972.
  - (2) The parties were invited to be present throughout and could be accompanied but would answer questions personally.
  - (3) The Monitoring Officer in a neutral capacity would present his report. Each party could then make a short opening statement. The Chairman would then call witnesses, with the subject member going last. Statements would be taken as read, followed by questions from the committee. Questions from the parties or the Monitoring Officer would be passed to and put by the Chairman. The parties could then make short closing statements, the subject member going last.
  - (4) In the event of a decision of a breach, the Sub-Committee "may invite" representations on sanction.
  - (5) A decision would be confirmed in writing within 5 working days and published, with full reasons published at the Sub-Committee's discretion.
  - (6) The Sub-Committee would have a discretion to vary the procedure as appropriate "to dispose of the matter in a fair and efficient manner".
34. When considering the 2015 complaint the Appeal Sub-Committee also set out its proposed procedure in writing. This is attached as appendix 8. In particular:
- (1) It would consider whether to consider the appeal in public, having regard to the fact that the Hearing Sub-Committee had largely proceeded in public.



- (2) Documents would be dealt with in the same way as other Committee documents.
- (3) A short introductory report by the Town Clerk would be circulated at least 5 clear working days before the meeting.
- (4) The Sub-Committee would consider the appeal on the papers and not call witnesses, subject to its discretion under Standing Orders to request or permit attendance. It would decide whether there had been a breach of the Code and, if so, whether the sanctions should be those imposed by the Hearing Sub-Committee, substituting its own decision as necessary.
- (5) A decision would be confirmed in writing within 5 working days and published, with full reasons published at the Sub-Committee's discretion, having regard to whether the matter had been considered as a public or non-public item.
- (6) The Sub-Committee would have the same discretion to vary the procedure as the Hearing Sub-Committee.

35. I have also been shown the Protocol on Member/Officer Relations, attached as appendix 9. It recites key principles including the need for mutual trust, respect and an understanding of respective roles and responsibilities, the requirement for Members and Committee Chairmen not to do anything which does or may compromise the impartiality of officers and the need to avoid situations which could give an appearance of improper conduct. The Protocol explains the respective roles of Members and Officers and the expectations that each have of the other. A section entitled "Limitations on Behaviour" states that personal relationships between Members and Officers can be problematic, "not least in creating the perception in others that a particular Member or Officer may secure advantageous treatment". Under "Dispute Procedures" the Protocol explains that a complaint by a Member against an Officer will go through a Chief Officer or Town Clerk and may go to the Corporation's Disciplinary Procedure, and that an Officer who is dissatisfied with a Member may raise the matter with the appropriate Chief Officer or the Town Clerk.

36. In terms of structure, the Protocol states that responsibility for upholding it:  
... rests with the Chief Commoner and, when necessary, the Standards Committee in relation to Members, and with the Town Clerk in relation to Officers”.
37. One Member asked me to clarify the relationship between the Protocol and the Code. As the Protocol states at paragraph 1(2), it is not part of the Code but should be viewed in conjunction with it. The Protocol is a guide to the way in which the Court has decided that Members and Officers should work together. If a problem is caused by a Member departing from the Protocol, the primary responsibility for correcting this is given to the Chief Commoner. Responsibility is also given to the SC “where necessary”, which in my view is a reference to cases where there may have been a breach of the Code, and this may require revision if initial assessment of Code complaints becomes the responsibility of the Monitoring Officer rather than the SC (see paragraphs 83-87 below).
38. An Officer who is dissatisfied with a Member’s conduct or behaviour in relation to the Protocol should use the Dispute Procedure as per paragraph 35 above. In my view, having regard to paragraph 1(3), the Chief Officer or Town Clerk in such a case should raise the matter with the Chief Commoner if it does not appear to involve a possible breach of the Code, but should raise it with the Standards Committee (or the Monitoring Officer, if he takes over the initial assessment of Code complaints) if it does.
39. If a Member’s conduct is thought to be in breach of the Code, this should effectively take precedence over the Protocol. To give a practical example, a Member might exceed his or her role by asking an Officer to prepare a report when such a request ought to come from a committee Chairman. This would be a breach of paragraph 9(1) of the Protocol, who ought to raise it with a Chief Officer or the Town Clerk, who in turn could speak to the Member or ask the Chief Commoner to do so, but on the face of it this would probably not breach the Code. But if the Member were to be abusive or threatening to the Officer, that would appear to be a breach of paragraph 2j of the Code and a complaint

ought to proceed under the Code arrangements, regardless of the fact that the behaviour also infringes paragraph 5(2)(d) of the Protocol.

40. At this point it is necessary to say more about the functions of the Chief Commoner. The Chief Commoner is elected by the Court for a single non-renewable term of one year. Typically this will be a Member who has made a distinguished contribution to the City over a period of years. A job description published by the City defines the overall responsibilities of the office:

- The foremost representative of the Commoners in the Court of Common Council with regards to their rights, requirements and privileges, responsible for championing the interests of Common Councilmen on such matters.
- Chairmanship of Sub Committees and Working Parties responsible for the provision of City Corporation hospitality and consideration of the Commoners' privileges and related issues.

A list of the Chief Commoner's main tasks and responsibilities includes:

- To counsel Common Councilmen, as required, with a view to resolving minor problems and in relation to their rights, requirements and privileges.

41. The pastoral aspect of this role can involve what could be described as a disciplinary element. It has been emphasized to me that a difference between the City and other local authorities is that Members are not organised into party political groupings. In authorities where such groupings exist, a party whip may take responsibility for informal disciplinary matters. In the City the nearest analogue is the Chief Commoner.
42. What does this involve in practice? I have been greatly assisted by discussion with the present incumbent, Michael Welbank MBE. He described the relevant part of his role in these terms:
- to be available to give advice, listen to concerns, give guidance, provide a shoulder to cry on, issue reproofs, – a role in part taken by a whip in a party political assembly.
43. Mr Welbank made it clear that the Chief Commoner does not deal with complaints of a breach of the Code, describing his role as “below the complaint radar”. He would use his judgment to decide whether anything mentioned to

him could involve a breach of the Code, and would “*remit anything with a hint of breach of the Code to the Standards Committee*”.

44. I am instructed that in relation to Aldermen a comparable role to that of the Chief Commoner is played by the Chairman of the Privileges Committee of the Court of Aldermen (“the Privileges Chairman”).
45. I have considered the relationship between this pastoral/disciplinary role and the City’s arrangements for dealing with conduct and standards. The essential point is that they are different. When there is a written allegation of a breach of the Code, the conduct arrangements take effect (and a person who makes an oral allegation of that kind should be advised to put it in writing). In those circumstances the Chief Commoner and the Privileges Chairman play no part, unless at assessment stage the case is judged suitable for informal resolution and one of them is asked and agrees to assist.
46. Conversely, when the Chief Commoner or the Privileges Chairman discharges his role as described above, he is not enforcing the Code. If he receives an allegation of a breach of the Code he should refer the matter to be dealt with under the conduct arrangements described above, as I have said. But if a matter is within his competence and does not engage the Code e.g. in a mundane case where one Member complains that another has offended them in some way, it is for him to deal with the matter if he can.
47. My inquiries have revealed that this distinction is clearly understood by those who presently discharge those roles. It would be appropriate for Members and office-holders to be reminded of it in the course of training from time to time. I return to this subject below in relation to the SC’s terms of reference.
48. I have been told about one other arrangement of conceivable relevance. The Guildhall Club is, as I understand it, a Members’ Dining Room. It has certain rules such as dress codes. Violation of these or misbehaviour on the premises may result in a Club sanction such as a temporary ban on the use of its

facilities. As described to me, this is a private or internal system and is not strictly relevant to the City's conduct and standards arrangements which I have been asked to review. I have no doubt that if a breach of the Code occurred on Club premises, the City would deal with it under its conduct and standards arrangements and it would be right to do so. For the avoidance of doubt, I do not think that the Standards Committee (or any other body which might assume its functions) need concern itself with the Club's own disciplinary arrangements. But if there were any lack of clarity among Members over the relationship (or lack of it) between Club rules and the Code of Conduct, this could be addressed in training.

## 5. Discussion

### (1) The Code of Conduct

49. I have considered the City's Code and have compared it with some of those used elsewhere. I should also record that nobody has expressed any discontent to me about the specific contents of the Code.
50. In my view the Code, based as it is around text suggested by the DCLG and the LGA, is not unusual and is broadly fit for purpose though in need of some updating. It complies with those provisions of section 28 of the 2011 Act which apply to codes of conduct. The length of the Code and the degree of detail contained in it are sensible.
51. In considering whether the Code can be improved, I have noted the views of the CSPL in the 2016 report (referred to at paragraph 10 above), though bearing in mind that the focus of that report was on regulators rather than local authorities or other public bodies. It identified as good practice that Codes should be<sup>4</sup>:

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<sup>4</sup> *Striking the Balance: upholding the seven principles of public life in regulation*, page 33.

- Proportionate, giving enough detail to help guide actions without being so elaborate that people lose sight of the underlying principles;
- Adapted to the needs and context of each organisation;
- Clear about the consequences of not complying with the code, both for the individual and others.
- Framed positively wherever possible;
- Personalised, as active personal commitment can have a big impact on encouraging people to behave in the right way; and
- Reinforced by positive leadership and embedded in the culture of the organisation.

52. In my view the City's Code, or its arrangements in general, would be materially improved by requiring Members to attend such training on conduct and standards matters as the City may provide from time to time. This could be part of a wider training topic with updates on equality and diversity. It would be appropriate to require attendance as a condition for serving on committees (which in most cases would be better than trying to enforce attendance by way of a complaint under the Code). The first objective of such training would be to explain why the training itself should be regarded as essential for all those who serve the public. Standards in public office and attitudes to equality and diversity do not stand still but instead continuously evolve, and those elected to public office should be leaders rather than followers in this process. Giving visibility and emphasis to this requirement would bring the City into line with the professions where such requirements are increasingly a matter of course.

53. There are other respects in which I consider the Code could usefully be updated.

54. The first two paragraphs are built around the Nolan principles. In its 2013 report the CSPL adopted revised descriptions of those principles in light of experience and feedback. These are applied e.g. in the 2016 report. In the case of Honesty, for example, the description has changed radically, switching the

focus from conflicts of interest to the need to be truthful. In my view it would improve the Code to adopt the revised descriptions (other than the Preamble although I have quoted this for completeness) which are as follows<sup>5</sup>:

<b>Principle</b>	<b>Revised description</b>
Preamble	The principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, courts and probation services, NDPBs, and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.
Selflessness	Holders of public office should act solely in terms of the public interest.
Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

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<sup>5</sup> See *Standards Matter: a review of best practice in promoting good behaviour in public life*, page 24.

Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful.
Leadership	Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

55. Another recommended update is a reference to equality and diversity. At present paragraph 2h refers to the need to behave in accordance with the Corporation's legal obligations and paragraph 2k refers to the need to treat all people with respect, and the revised description of Objectivity refers to the need to avoid discrimination, but in my view best practice calls for a more clear and explicit requirement for Members to comply with the Equality Act 2010, avoid discrimination and promote equal treatment.

56. By way of example, Birmingham City Council's Code in a paragraph roughly corresponding with the City's paragraph 2k, provides:

Respect for others — members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.

(emphasis added)

57. Birmingham's code also includes a list of "dos and don'ts". Among the nine "don'ts" are:

(a) Bring your authority or office into disrepute.

...

(d) Discriminate against people on the grounds of race, gender, disability, religion or belief, sexual orientation and age.

(e) Bully, intimidate or attempt to intimidate others.

...



- (h) Disclose confidential information, other than in exceptional circumstances – refer to the Monitoring Officer if you are unsure.
- (i) Prevent anyone getting information they are entitled to.

58. Item (d) underlines the equality point made above. Other Codes, e.g. in Leicester, also require members to uphold their authorities' obligations relating to the public sector equality duty under section 149 of the Equality Act 2010, although this might be thought an overly technical provision.
59. Items (a), bringing the office into disrepute, and (e) bullying and intimidation, do not expressly appear in the City's Code. Items (h) and (i) regarding confidentiality can be extracted from the City's paragraph 2g but could be given greater prominence. These are among provisions which were contained in the model codes of conduct which Government published from time to time under the Local Government Act 2000 (the last one being contained in the schedule to the Local Authorities (Model Code of Conduct) Order 2007, SI 2007/1159). They have survived in most of the current Codes which I have looked at.
60. In my view best practice would call for revisions to address these points.
61. I also recommend updating of the Guidance to Members on the Code. Obviously this may have to respond to any revisions to the Code itself. But I would also observe that the Guidance presently focuses almost entirely on questions about interests, gifts and hospitality. The City should consider whether there are more general aspects of conduct which the Guidance can be used to emphasize in the light of experience. Some councils use a list of "dos and don'ts" in their Codes, but such lists are also a potentially helpful illustrative tool to use in guidance.
62. I have not attempted to draft a revised Code or Guidance. It would be for the City to consider how to go about this, having regard to any necessary variations in the wording (e.g. in the descriptions of the Nolan Principles) to

accommodate its particular circumstances, and with or without any internal or external legal or other advice.

(2) The Standards Committee

63. As I have said, authorities were required to have a Standards Committee under the Local Government Act 2000 but this became optional under the Localism Act 2011. Nevertheless, my experience and research suggests that a majority of local authorities have retained their Standards Committees<sup>6</sup>.
64. In some authorities more than one function is combined e.g. in an Audit and Standards Committee.
65. Since the determination of the 2015 complaint some Members have expressed dissatisfaction with the SC. It is not my role to determine whether that dissatisfaction is well founded, but it is important for the City to address the existence of the dissatisfaction so as to maintain confidence in its standards and conduct arrangements.
66. I would add that dissatisfaction with the current committee does not, by itself, mean that there should not be a Standards Committee. Whilst conduct and standards could be adopted by one of the other committees (Policy and Resources has been suggested by some), there would in my view be disadvantages to taking this course.
67. First, such a move could create a perception of the City being less committed to its standards and conduct arrangements. To have a committee devoted to these matters demonstrates commitment and is a visible part of embedding standards in the organisation. I cannot quantify the reputational risk arising from giving the contrary perception but it should be kept in mind. So should

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<sup>6</sup> A national survey of Monitoring Officers in 2012 suggested two thirds of respondent authorities were keeping their Standards Committees: *Preparing for the new Standards regime in English local government*, Macaulay and others, Teesside University.

any risk of Members themselves perceiving conduct and standards to be insufficiently important to warrant a dedicated committee.

68. Second, if and when dealing with one or more complaints (or other standards and conduct issues) becomes burdensome, it could create a resources issue for another existing committee to have this added to its workload. Any lack of resource in terms of available committee members could in turn contribute to negative perceptions of the kind discussed in the last paragraph.
69. Third, as the history of the 2015 complaint shows, dealing with conduct complaints can be controversial. Dissatisfaction with the Standards Committee is a problem in itself, but to import that dissatisfaction into another existing committee by way of its complaints workload could be an undesired side-effect of the change.
70. The goal should be to get the culture right. On the one hand it is essential for Members to take conduct and standards seriously and, therefore, to accept that breaches of the Code must be dealt with robustly for the good of the City as a whole. On the other hand it is essential for those with an enforcement role to be well informed and to act with judgment and sensitivity, reliably determining the seriousness and the merits of cases when they arise.
71. This Review presents an opportunity to improve the arrangements for dealing with complaints, and this is explored further below. One of my recommendations will be to provide training on complaint handling to all of those responsible for the process. I would hope that an improvement in procedures, together with training which improves the expertise and, just as important, the consistency with which conduct matters are handled, should in time help confidence in the SC to be restored.
72. I will also recommend that the SC should operate fewer stages of the complaint handling process, with appeals decided separately. Again, this is discussed below. The effect would be that the SC will “own” the process in the sense of

having responsibility for it but will administer less of it. This should help to ensure the appearance of impartiality as well as impartiality itself.

73. I note also that most members of the SC are elected by the Court and are therefore accountable and, ultimately, replaceable. The City may wish to consider how long an appointment to the SC should last; the current maximum is 8 years.
74. Having regard to all of these matters, I recommend that the City retain a Standards Committee which will keep abreast of all of the City's activities relating to conduct and standards, including training.
75. The SC's core function should be to keep the Code and related arrangements under review, in respect both of their contents and of their efficacy. This should include having responsibility for and oversight of the arrangements for dealing with complaints of breaches of the Code, but that does not mean that members of the SC should control all parts of the practical process of deciding a complaint of breach.
76. Should the SC's remit include oversight of the informal disciplinary role of the Chief Commoner and the Privileges Chairman? At present its terms of reference include responsibility for promoting and maintaining high standards of conduct and not just the observance of the Code of Conduct. So if the Chief Commoner and the Privileges Chairman become aware, in the course of their work, of more general conduct issues, then it would be proper for these to be made known to the Standards Committee.
77. However, the Chief Commoner and Privileges Chairman play a sensitive and valuable role. In my view there is a need to ensure that Members continue to feel able to approach them. My recommendation is that the Chief Commoner and Privileges Chairman should have a discretion to share with the SC information which may be useful to it. It should be permissible for the SC to ask them, from time to time, whether there is any such information to be

shared. However I do not recommend that the SC have a formal role of monitoring these activities of the Chief Commoner and Privileges Chairman.

78. By way of caveat to the above, it would be most unfortunate if this informal pastoral channel were misused as a means of disposing quietly of non-trivial conduct issues. Whilst quiet disposal might seem convenient in the short term, it could be very damaging to the City's reputation in the longer term. It is to be hoped that there will be such reasonable and sensible exchange of information as will give confidence to the Standards Committee (or any responsible body which replaces it) in the present arrangements.

79. I also recommend that the City should (1) overhaul the complaints arrangements as discussed below and (2) provide training for those dealing with complaints to ensure that they are dealt with expertly and consistently, in addition to the recommendation of some periodic training on conduct and standards for all Members.

(3) Arrangements for dealing with allegations of breaches of the Code

80. It is necessary to consider the following stages in the determination of a complaint of breach of the Code:

- (i) Initial assessment
- (ii) Informal resolution
- (iii) Investigation
- (iv) Hearing
- (v) Sanction
- (vi) Appeal.

81. Under the present arrangements summarised at paragraph 32 above, the SC is responsible for stages (i), (iv), (v) and (vi). As for (iii), the investigation is normally carried out by the Monitoring Officer i.e. the Comptroller and City Solicitor. Stage (ii) does not figure in the present arrangements once a complaint has gone to the SC.

82. For all of the other four stages to be carried out by the SC is unusual in my experience. In the 2015 complaint it seems to me that this contributed to a lessening of confidence in the process overall. Some Members felt – rightly or wrongly – that the SC took too strong a line against the Member in question. Their confidence in each stage of the process was therefore undermined by the fact that the same committee was involved, even though there were separate sub-committees.

(i) Initial assessment

83. A complaint could come from any member of the public, another Member, an Officer, the Chief Commoner or anyone else. Upon receipt it should be assessed and a decision made as to whether it should be investigated. The present process, described at paragraph 32(1)-(8) above, involves a decision by a sub-committee of the SC.

84. So far as I have been able to ascertain, most large local authorities give this assessment function to their Monitoring Officers.

85. There are variations. In Manchester, for example, assessment can “in exceptional circumstances” be referred to a sub-committee of the Standards Committee. In Birmingham assessment is by the Chairman of Standards in consultation with the Monitoring Officer. In Westminster assessment is by the Monitoring Officer but with a right of appeal to the Chief Executive.

86. I recommend that the City should follow the most widespread practice by giving the assessment function to the Monitoring Officer, with a limited discretion to assign the function to another officer where necessary e.g. in a case of conflict of interest.

87. In my view this has the advantage of a separation of powers at an early stage of the process. So if in some future case, assessment by the Monitoring Officer

proved to be subject to some bias or other defect, this could be cured later in the process.

88. What is the nature of the initial assessment? The current criteria are set out at paragraph 32(7) above. These are broadly typical of what is seen in other authorities. To proceed, a complaint must be technically valid (i.e. what it alleges must be a breach of the Code, the respondent must have been a Member at the relevant time etc.) and it may not be proceeded with if it appears in some way vexatious, e.g. because it duplicates a previous complaint or is stale or is a “tit for tat” complaint.
89. In my view this decision will require the relevant person(s) (currently a sub-committee, but in my recommendation the Monitoring Officer) to exercise a discretion on a rational basis. If a complaint is invalid e.g. because what it alleges is not a breach of the Code, the only rational exercise of the discretion would be to dismiss the complaint. But if, taking different examples, the complaint is stale because the relevant matters occurred long ago, or it has a “tit for tat” element in that the complainant has been the subject of a complaint by the respondent, a range of options may be open to the decision-maker. In the case of a stale complaint the decision-maker must decide why the delay has occurred, whether it prejudices the respondent’s ability to respond to the complaint and whether it lessens the public interest in having the matter dealt with. In the case of a “tit for tat” complaint, the decision-maker must decide whether it is reasonable to assume that it is not the expression in good faith of a genuine concern, or whether in fact the complaint is genuine and serious despite its “tit for tat” nature.
90. I recommend that an Independent Person take part in this process, at least unless it is obvious that the complaint either should or should not proceed. As I have said, section 28(7)(b) of the Localism Act provides that the IP’s views “may be sought” in circumstances other than the final decision on an allegation. I recommend that the City adopt a rule providing that an IP’s views will be

sought by the Monitoring Officer unless this is considered unnecessary. This should support Members' confidence in initial assessment decisions.

91. I also recommend that the published arrangements refer to the possibility of the IP's views being sought at this stage by the respondent to an allegation. As I interpret section 28(7)(b)(ii), it gives Members the right to seek the IP's views as soon as there is a written allegation that they have breached the Code. I return to this subject at paragraphs 176-187 below.
92. Finally I recommend that decisions on initial assessment be accompanied by concise written reasons which enable the complainant and the respondent to understand (1) whether any of the grounds for not proceeding are present and if so (2) the reasons for the decision on whether and how to proceed.

(ii) Informal resolution

93. At present the options on assessment are (i) refer the complaint to the Monitoring Officer for formal investigation, (ii) direct the Monitoring Officer (having sought his/her advice) to arrange training, conciliation or other appropriate steps or (iii) decide to take no further action. This section of my report concerns option (ii).
94. I am not sure that it is necessary to change the way in which this option is described in the City's published arrangements. The nature of informal resolution may vary infinitely according to the facts of a complaint. Some complaints may be appropriately resolved by an apology or a handshake. Others may call for training or some other practical solution.
95. The other possibility mentioned in the arrangements is conciliation. I have considered whether the City should formulate a written procedure for conciliation which can be used where appropriate but I have come to the conclusion that this is unnecessary. It should be for the skill and judgment of the Monitoring Officer, assisted where appropriate by the views of the parties



and/or by input from the Member(s) concerned, or officers, or other individuals of influence in the City, to decide how two parties can be helped to resolve their differences.

96. One obvious possibility is to ask the Chief Commoner (or the Privileges Chairman) to help parties in this way. In my view it would not be constructive to try to write rules for such a process. An attempt to formalise the pastoral role of the Chief Commoner could jeopardise that role which presently depends on personal confidence and respect rather than formal rules.
97. The Chief Commoner and the Privileges Chairman are not the only individuals who could assist in conciliation. Committee Chairs and senior Officers or former office-holders could also be appropriate choices.
98. I would sound a note of caution about informal resolution. At the initial assessment stage the decision maker should always consider whether the allegation is sufficiently serious to require investigation. If it passes that threshold it may not appropriate for informal resolution. In my view this has reputational importance for the City as an elected body. The City should show the outside world that it is prepared to police its Members. Informal resolution can be a good way of resolving complaints which, in reality, involve personal differences of opinion or matters of personal offence rather than a Member's probity, but it must not be used to cover up matters which the public interest requires to be investigated and aired.

(iii) Investigation

99. Not all authorities have a formal investigation stage. In Leeds, for example, if a complaint survives initial assessment and is not locally resolved, it goes to a standards committee to be resolved. However, the great majority provide for a formal investigation of the facts after assessment and before final hearing.

100. In considering this stage and the hearing stage it is necessary to keep in mind the legal structure of decision-making by the Court of Common Council.
101. The City is subject to section 101 of the Local Government Act 1972 which enables its functions to be discharged by committees, sub-committees, officers and/or other local authorities. Although the City also has the “general power of competence” conferred by section 1 of the Localism Act 2011, this does not extend to altering the arrangements for the discharge of functions or contracting out.
102. Section 102 allows ordinary committees to include non-Members but section 13(1) of the Local Government and Housing Act 1989 provides that these must be non-voting. Section 102 also permits the appointment of a purely advisory committee and this may include or indeed consist of non-Members who have voting rights.
103. Under the Court’s Standing Orders and Scheme of Delegations, officers are authorised to implement agreed policies and to act on the City’s behalf in the discharge of its functions. They are authorised to purchase services but cannot delegate their own functions. The Comptroller and City Solicitor has authority (inter alia) to “instruct counsel, witnesses, experts and external solicitors as appropriate” and to “act as Monitoring Officer pursuant to section 5 of the Local Government and Housing Act 1989”.
104. Under the City’s present arrangements, at the conclusion of the assessment phase the assessment sub-committee, if it does not dismiss the complaint or refer it for informal resolution, may refer it to the Monitoring Officer to investigate. The arrangements at paragraph 37 state:
- It is recognised that the Monitoring Officer may not personally conduct a formal investigation but it will be for the Monitoring Officer to determine who to instruct to conduct a formal investigation.
105. I bear in mind that investigation of complaints is a function of the City under the 2011 Act and so care should be taken about delegation. Although it is

commonplace for local authorities' arrangements to offer the alternative of appointing an external investigator, in my view it is nevertheless prudent to specify that an Officer retains responsibility for the investigation.

106. If the City follows my recommendation that the Monitoring Officer have responsibility for the assessment phase, I would then recommend that a different individual should be responsible for the investigation.
107. In many authorities where initial assessment is by the Monitoring Officer, investigation is by "another officer" or "another senior officer". Some authorities specify that it should be a council lawyer. Others give the alternative of an officer or a lawyer from another authority. Manchester, Westminster, Newcastle and Sheffield (among others) give the alternative of an "external investigator" or "external agent". Where the authorities offer a choice, this is usually to be exercised by the Monitoring Officer who is making the reference.
108. On the whole I recommend that the relevant option at the end of the assessment process should be framed in terms (borrowed from City Councils such as Westminster and Manchester but with some changes) such as:
- Refer the allegation for investigation by an Investigating Officer who may be another officer of the Corporation or an officer from another local authority. Where appropriate the Investigating Officer may be assisted by an external investigator.
109. In my view it is sensible to have this flexibility, bearing in mind the range of possible complaints. Sometimes it may be valuable for the investigator to be a lawyer or to receive legal advice. The option of using an officer from another council can be especially valuable in a sensitive case, and I understand that some authorities have reciprocal arrangements for investigating each other's complaints. However the present arrangements whereby "it will be for the Monitoring Officer to determine who to instruct to conduct a formal investigation" are more open-ended than they need to be.

110. What should the investigation consist of? The present arrangements say almost nothing about this. I recommend that it be made the subject of a concise but sufficiently detailed protocol, albeit one which leaves a discretion for the shape of an investigation to be determined by the nature of the individual case, always having regard to fairness and proportionality. It should cover:
- (1) timescales and communication with the parties during the process;
  - (2) confidentiality;
  - (3) record keeping i.e. preservation of all interview notes and evidence;
  - (4) meeting the complainant to explore the complaint and identify supporting evidence and/or witnesses;
  - (5) interviewing witnesses;
  - (6) interviewing the Member subject to the complaint;
  - (7) provision of a draft report to the parties for comments; and
  - (8) provision of a final report.
111. I recommend that at step (4) the Member have the right to be accompanied by a person of their choice. This could be a lawyer although it may be helpful for the protocol to record that the process is an interview with the Member rather than a hearing involving advocacy.
112. Paragraph 38 of the present arrangements requires the investigator “to conclude whether or not there has been a failure to observe the code of conduct”. This is not unusual. Many authorities similarly require an investigator to reach a firm conclusion. Others (such as Birmingham, Barnet and Oxford) use a template which refers to the investigator finding that there either is or is not evidence of a breach of the Code. Westminster’s arrangements just refer to compiling a report and do not prescribe the question which the report must answer.
113. My recommendation is to follow the Birmingham model and invite the investigator to report on whether there is or is not evidence of a breach. This could equally be framed as whether there is a case to answer (a formulation

used, for example, by the Royal Borough of Greenwich). Whilst many authorities do invite a finding of whether or not there has been a breach, in my view that is unsatisfactory because that is the question to be asked at the hearing stage. If it has already been answered in the affirmative, it may be more difficult for the respondent Member to have confidence in the fairness and efficacy of the subsequent hearing.

114. If the scope of the report is limited in this way, it is probably not necessary to require the Investigating Officer to consult the IP although he/she could be given a power to choose to do so. I have recommended involving the IP at the earlier Assessment stage and the IP must be involved at the hearing stage when the complaint either is or is not upheld. And as I have noted above, a Member when subject to an allegation has a statutory right to seek the IP's views.

(iv) Hearing

115. If the investigation report finds no case to answer or no evidence of a breach, the parties should be informed that the complaint will go no further.
116. Where an investigation report does find a case to answer or evidence of a breach, it is not unusual for arrangements to refer (again) to the possibility of informal resolution. The comments at paragraphs 94-98 above can be applied at this stage too, though I would note that if local resolution has been considered and rejected at the assessment stage it seems less likely that it will be acceptable following the investigation stage.
117. Otherwise in those circumstances it will be necessary to proceed to the hearing stage.
118. At present the hearing is conducted by a sub-committee of the Standards Committee: see paragraph 32(4).

119. In relation to the 2015 complaint an issue has been raised about whether the appointment of the sub-committee complied with the City's Standing Orders. It is not my role to resolve that issue of fact but it is worth emphasizing that if a sub-committee structure is retained, careful and visible compliance with Standing Orders is essential in order to maintain the integrity of the process and confidence in it.
120. My discussions with Members revealed a divergence of views as to who should conduct hearings. There is support for a greater degree of independence and/or for the procedure to bear a closer resemblance to that of a court or tribunal. However, from my "dip sample" of views I cannot predict the view of the majority of the Court.
121. In a majority of the local authorities whose arrangements I have seen, hearings of complaints are by a Standards Committee or a sub-committee of it.
122. In some others, complaints are determined by the Monitoring Officer. An example is Cornwall County Council which has a Standards Committee but where the Monitoring Officer determines the complaint in a process resembling what I describe as the investigation stage but with input from an Independent Person.
123. I have not encountered any model elsewhere which involves an external decision maker. This is no doubt because of the statutory strictures on local authority decision making set out above. The function of making a decision on a complaint must be discharged by the authority itself, a committee or sub-committee, an officer or another authority. See paragraphs 101-103 above.
124. Whilst it might be possible to appoint someone who is neither a committee member nor an officer to chair a hearing panel, they would not be able to vote. This would be unsatisfactory and would not accord with best practice.

125. I therefore do not recommend a solution of that kind. Instead I recommend that hearings continue to be conducted by a committee or sub-committee. My recommendations seek to build safeguards into the assessment, investigation and appeal processes. In my view these, together with the involvement of at least one (non-voting) co-opted member and the mandatory role of the IP, should be sufficient to ensure fairness overall.
126. Should the Standards Committee retain this role? Its handling of the 2015 complaint has been criticised in some quarters. It is for the Court to decide whether it wishes to respond by giving responsibility for complaints to another committee. However, I have not identified any reason of principle why the SC should not retain the role. As I have said, most authorities still use a standards committee for this stage of the process. This is unsurprising given that such a committee can be expected to be closest to, and most up-to-date on, the Code of Conduct. Meanwhile this Review presents an opportunity to update and improve the present procedures. The hope is that this will benefit whichever committee inherits the updated arrangements.
127. To promote confidence in the procedures generally, it is important to avoid surprises when they are applied to a particular case. Therefore, although I would not wish to encumber the City with an overly lengthy and detailed “rule book”, I nevertheless recommend that there be more detailed published guidance on what to expect.
128. Some authorities have a pre-hearing process, designed to identify the issues and decide what (if any) witnesses need to attend the final hearing. This may save much time in a case where most or all of the report of the Investigating Officer can be agreed. It also presents an opportunity for any procedural issues to be aired and resolved. I recommend that such a process be followed save where all parties consider it unnecessary.

129. As at present, the committee should conduct a hearing in public session, subject to its statutory powers to move into confidential session under Part VA of and schedule 12A to the Local Government Act 1972.
130. According to the current “proposed hearing procedure”, the complainant and respondent are entitled to be accompanied but there is no reference to representation. Each is permitted to make a brief opening and closing statement. They are to give their evidence and answer questions personally. If they have questions for witnesses, these are to be put by the Chairman.
131. I recommend that the procedure state expressly that the respondent may be legally represented. Whilst there is a danger of internal processes coming to resemble litigation and thereby becoming more lengthy and expensive, it seems to me that the reputational issues involved in a Code complaint are such as to make representation appropriate if it is desired.
132. Some have expressed the view that there should be provision, in an appropriate case, for the City to fund such representation. I have not seen such a provision anywhere else. It is for the City to decide whether its own circumstances call for such a discretion to exist but I make no specific recommendation.
133. In my view it is proper for respondents or their representatives to be allowed to question witnesses. The alternative practice of having all questions put by the Chairman is nowadays employed in public inquiries which, typically, have to compress a great deal of business into a limited time. Forensically, however, it can be unsatisfactory, for example by not accommodating follow-up questions. However, the right to question should be subject to the Chairman’s discretion to set a timetable which may limit the time for questioning. This is an important aspect of robust chairing which should be covered in training.
134. The most important omission from the “proposed hearing procedure” is the role of the IP. I recommend that this should be set out in writing.



135. More is said about this role at paragraphs 168-188 below, but it is convenient to deal here with the IP's input into a hearing. The practice in other authorities varies considerably. Three London examples can be used to demonstrate this.
136. The arrangements published by Southwark Council state that after opening statements and evidence and before closing statements, the committee will ask for the IP's views, the investigating officer may ask questions of the IP and the respondent or his/her representative may ask questions of the IP. Then the panel retires and its "legal adviser (who will be a different legal officer from the investigating officer) and committee clerk will retire with them to provide legal advice or advice regarding the evidence/submissions".
137. In Camden, on the other hand, after evidence and submissions the panel retires (or adjourns) "to consult the Independent Person and or to seek advice from the Borough Solicitor".
138. In Westminster the committee usually considers a case on the papers only. In exceptional cases the respondent may make oral representations but he or she is not entitled to a legal representative. Then "the Committee, with the benefit of any advice from the Independent Person, may conclude that the Member did not fail to comply with the Code, and dismiss the complaint. If the Committee concludes that the Member did fail to comply with the Code, the Chairman will inform those present at the meeting of this finding and the Committee will then consider what action, if any, the Committee should take ...".
139. I recommend the Southwark model as the best of these three. It seems to me fairer and more appropriate for the IP to answer questions and express views in the presence of all those attending the hearing. This should promote confidence in the IP's role and help to prevent any danger, impression or suspicion of that role being bypassed or used as a rubber stamp. This process also ensures a right of reply where the IP's view is adverse to the respondent.

140. I also recommend that the arrangements emphasize the importance of the IP's role. If the IP disagrees with the views of a hearing panel or disapproves of its procedure, he or she must be prepared to challenge the panel robustly.
141. Provision for the committee to take legal advice is also recommended, and the published arrangements should make clear that this role is separate from that of the IP.
142. It may also be helpful for the arrangements to clarify that the question whether there has been a breach of the Code must be answered on the balance of probabilities.
143. The arrangements should also reiterate that the views of an IP may also be sought by the respondent. See also paragraphs 176-187 below.
144. Finally I recommend that Members should not serve on hearing panels without receiving training on the hearing process.

(v) Sanction

145. The Localism Act 2011 does not identify the available sanctions for a breach of the Code, but case law predating the now-abolished Standards regime sheds some light on the common law powers to apply sanctions.
146. Sanctions cannot interfere with the will of the electorate. That is why disqualification and suspension of councillors are no longer available. In *R v Broadland District Council ex parte Lashley* (2000) 2 LGLR 93, Munby J commented that the council could not restrain a member's right to perform her functions as a councillor. Available sanctions were therefore limited. Removing a member from a committee would be subject to the constitutional provisions for appointing members to committees; this explains why the City's present arrangements explain that "removal" involves making a recommendation to the relevant appointing body. However the council could make a finding of breach

and could criticise, reprimand or censure – “naming and shaming”. The Judge’s decision was upheld by the Court of Appeal: [2001] LGR 264.

147. The limited range of powers is set out at paragraph 25 above. The City’s current arrangements are summarised at paragraph 32(11) above.
148. I recommend that the arrangements make clear that, before any decision, the IP’s views must also be sought on the question of sanction.
149. It is also important that a hearing panel give concise but clear reasons for its decision as these may be needed in case of legal challenge.
150. Particular care is needed in cases which affect a Member’s right to freedom of expression under Article 10 of the European Convention on Human Rights, either because the alleged breach of the Code consists of a communication of some kind or because the sanction, e.g. removal from a committee, may interfere with the Member’s ability to exercise the right. Such interference may be justified under Article 10(2):

The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary.

151. In *R (Calver) v The Adjudication Panel for Wales* [2012] EWHC 1172 (Admin) Beatson J held that in applying conduct arrangements, an authority gives effect to the public interest in maintaining confidence in local government whilst at the same time bearing in mind the importance of freedom of political expression or speech in the political sphere. Meanwhile in *Sanders v Kingston* [2005] EWHC 1145 (Admin) Wilkie J set out three questions to be answered when a decision is challenged on the basis of Article 10:

72. In my judgment the questions that I must answer are as follows:

1. Was the Case Tribunal entitled as a matter of fact to conclude that councillor Sanders' conduct was in breach of paragraph 2(b) and/or paragraph 4 of the Code of Conduct ?
2. If so, was the finding in itself or the imposition of a sanction *prima facie* a breach of article 10?
3. If so, was the restriction involved one which was justified by reason of the requirements of article 10(2)?

152. *Sanders* also makes the point that “political expression” or “the expression of a political view” attract a higher degree of protection than expressions of views in personal or abusive terms.
153. The sanction of censure has attracted a certain amount of comment. I do not consider it to be a legal term of art. It is generally understood to mean a formal expression of severe disapproval. So, as suggested in *Heesom*, it is distinct from a mere finding of breach which might or might not attract “severe” disapproval and, conceivably, might or might not call for a formal announcement. I therefore recommend that the list of available sanctions draws a distinction between finding of breach and censure.
154. Meanwhile the question of the timing of any censure or other announcement is considered further below.

(vi) Appeal

155. Under the now abolished Standards regime, there was an appeal to an independent tribunal but this is no longer available.
156. In my survey of the arrangements of local authorities, provisions for appeals against decisions of hearing panels are unusual though not unknown. Many authorities expressly state that there is no such right. Some authorities add that in some cases a complainant could have recourse to the Ombudsman<sup>7</sup> under

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<sup>7</sup> The briefing paper *Local government standards in England* (see paragraph 10 above) expresses the view that the Local Government Ombudsman does not have a role in respect of councillors' conduct. However the archive of decisions on the Ombudsman's website reveals that complaints are entertained about authorities' decisions on allegations of Code breaches and occasionally some are upheld.

the Local Government Act 1974 whilst either party to a complaint could in theory challenge a decision in Court by way of judicial review.

157. For the City's present arrangements see paragraph 32(12) above.
158. At present the complainant has no right of appeal. In my view there is no strong reason to introduce such a right.
159. I recommend that the respondent Member continue to have a right of appeal against finding of breach and/or sanction, albeit that appeals are somewhat unusual. Whilst appeal procedures bring their own complications, it seems to me that the right of appeal will help to maintain confidence in the overall process. Judicial review will usually not be a realistic alternative for the Member concerned, in view of the burden of legal costs. The right should be subject to a written appeal being delivered within a reasonable time limit, perhaps 14 days.
160. I also recommend that those deciding an appeal should not be part of the Standards Committee. Reaction to the 2015 complaint included some lack of confidence in one committee providing an effective appeal against a decision by its own members. In my view confidence would be increased by separating the hearing and appeal powers.
161. However, this change would entail some further changes. At present the appeal sub-committee can substitute a new decision for that of the hearing sub-committee. In my view it would be unsatisfactory to divide overall decision-making powers between different bodies. It would be better for an appeal panel to receive a written appeal, review the decision and decide whether to remit it to the SC to be re-decided by different members. The review could be rapid, but there would be the disadvantage of delay in a case which has to be re-heard.
162. If the result of a successful appeal is a re-hearing, I recommend that there be no further right of appeal following the re-hearing. Otherwise a final outcome and the announcement of it could be delayed indefinitely.

163. An example of a similar approach can be seen in the arrangements of Newcastle City Council where the Member may seek a review by an Independent Person of another local authority who may send the case for re-hearing.
164. Who should sit on an appeal panel? This could be a sub-committee of another committee, perhaps the Policy and Resources Committee which plays a central role in the City's affairs. But if the function of this panel is to be limited to reviewing, rather than re-deciding, it could be quite differently constituted. For example, it could consist of one or more respected individuals such as senior officers, Committee chairmen and/or ex-holders of offices of Chief Commoner, Privileges Chairman or Lord Mayor. When the Court decides who should be eligible to sit on an appeal panel, it should also consider whether it will be feasible for such individuals to receive training.
165. I do not make a specific recommendation about the constitution of the appeal panel, but would suggest the Court consider these questions:
- (1) Does it wish to retain a right of appeal?
  - (2) If so, does it wish to separate the appeal process from the Standards Committee?
  - (3) If so, does it wish for a different committee to substitute a new decision when it allows an appeal?
  - (4) If not (i.e. if the power will just be to direct a re-hearing), what sort of panel should discharge this role?
  - (5) In view of the answer to question (4), should there be a training requirement for those who discharge this role?
166. I also recommend that any appeal panel should receive the views of an IP before making its decision. The process could be strengthened by requiring this to be, if possible, an IP who was not involved at or before the hearing stage.
167. Finally I recommend that the formal announcement of any findings and/or sanction at the hearing stage should be delayed until either (1) the appeal time

limit passes and no appeal is received or (2) an appeal is dismissed or (3) a new finding is made and/or a sanction is imposed at a re-hearing. This recommendation is discussed further at paragraphs 191-199 below, but is based principally on the fact that the main available sanction – naming and shaming – is difficult if not impossible to reverse once it has happened. I do not suggest that the hearing should go into private session, and therefore those present will know the outcome and it may be reported more widely. In my view it would not be proper or practicable for the outcome actually to be kept secret for what could be an extended period. However, at this stage there should be no formal announcement by the Corporation.

(4) **The role(s) of the Independent Person**

168. Some specific recommendations about the role of IP are made above and are listed at the end of this document. I now consider that role more generally.
169. The Localism Act 2011 does not explain what the role should consist of, save by prescribing its basic components of giving “views” when these are sought (1) by the authority before deciding on an allegation, (2) by the authority “in relation to an allegation” in other circumstances or (3) by the person whose behaviour is the subject of an allegation.
170. Surveys since the statutory changes have revealed uncertainty among local authorities about the purpose of the role and how precisely it should work. Some important questions are not answered by the 2011 Act and so far have not been answered by case law. It should therefore be borne in mind that future legal challenges and court decisions could undermine any arrangements which are made on the basis of my recommendations about the IP.

171. Under the previous statutory regime, standards committees had to be chaired by an independent member<sup>8</sup>. So did the sub-committees which assessed written allegations and decided whether to refer them onwards<sup>9</sup>.
172. Today, by contrast, authorities must appoint at least one IP who cannot have been a member or a co-opted member of the authority within the 5 years before appointment. Co-opted members include those who are not members of an authority but who are members of one of its committees, and thus include those who were independent members under the previous regime.
173. Therefore the creation of the new “Independent Person” is a clear move away from the previous policy of having independence guaranteed by individuals who would be committee members.
174. In light of this change, I recommend that the City’s IPs should not routinely attend meetings of the Standards Committee other than (1) hearings where they have a statutory role and (2) meetings at which the role of IP is under discussion and they may contribute useful information. They should however be supplied with all such agendas, minutes and other documents as will enable them to remain abreast of the SC’s discussions and decisions about the Code and conduct matters generally. The key point of the legislation appears to be that those making decisions on conduct allegations will have input from somebody who is not closely connected with them. This recommendation represents my personal view<sup>10</sup>. The published arrangements of many authorities are silent on whether IPs should attend SC meetings.
175. The first two of the activities listed at paragraph 169 above are reasonably straightforward. At the hearing stage, and at other stages of a complaint if it

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<sup>8</sup> Local Government Act 2000 section 53(4).

<sup>9</sup> Local Government Act 2000 section 57A, Standards Committee (England) Regulations 2008 (SI 2008/1085) reg 6.

<sup>10</sup> My recommendation also bears in mind that, according to *Local government standards in England* (see paragraph 10 above), Baroness Hanham said during the Localism Bill debates in the House of Lords that the IP “will act outside the committee systems” (31 October 2011).



wishes, the City will seek an IP's views on the case. The obvious purpose is to provide a sense check for an authority's approach to a case, giving an opportunity for that approach to be challenged if necessary.

176. However the third activity, expressing views at the request of a Member who is subject to an allegation, raises more questions.
177. First, what is the purpose of this function? The Act gives no clue. The most likely answer in my view is that the Member, when deciding how to respond to an allegation, may be helped by a well informed and disinterested opinion on whether he has in fact breached the Code. That opinion might also give the Member some insight into what views decision makers will be receiving from an IP before they reach their decision. Conceivably an IP might also feel able to express a view on the procedure by which an allegation should be dealt with although it is less clear that this falls within their remit.
178. Second, a question which I was asked by one of the IPs at the meeting with the Court on 7 November 2016. Can the same IP can advise both the respondent and the authority?
179. Under the Localism Act the answer must be yes. Section 28 requires an authority to appoint "at least one" IP. Therefore it is lawful to appoint only one. Since the section gives that person both functions, it must be lawful for one IP to discharge both functions.
180. However, it is not unusual to separate the two functions. Some authorities' arrangements state that they appoint several IPs in order to enable this separation. At the meeting with the Court on 7 November 2016 a Member told me that the City has three IPs for this very reason.
181. In my view the choice is between (1) insisting on separation, (2) insisting on the use of the same IP and (3) allowing the respondent Member to choose.

182. My tentative recommendation is for (3), having regard to the advantages and disadvantages of the same IP discharging both functions.
183. The main apparent advantage of using one IP is consistency of approach. Parliament may have intended the respondent Member to benefit from hearing the IP's views before these are shared with a hearing panel, not least because he or she might then have the opportunity to call evidence or make submissions at the hearing which could change those views. But if the panel will be hearing the views of a second IP, there is limited value in knowing the views of the first IP.
184. On the other hand, a disadvantage is that if the respondent consults the same IP who will advise the panel, issues of fairness and confidentiality arise. An IP might be placed in a difficult position if the Member shared information which was damaging to his or her case, not intending this to be shared with the hearing panel.
185. Meanwhile the Act is unhelpfully silent on whether any consultation under section 28(7)(b)(ii) should be confidential.
186. On balance I favour a solution of offering the Member a choice between a non-confidential consultation with the IP who will advise the hearing panel and a confidential consultation with an IP who will not.
187. It should also be made clear that the purpose of either type of consultation is for the respondent to seek the IP's views, not to influence them. It would also be wise for a note to be kept of what is said.
188. Finally I note that when the City selects and appoints IPs, it must keep in mind the demands of all aspects of the role. In saying this, I am neither expressing nor implying any opinion about the current holders of the role or the handling of the 2015 complaint. However some Members believe that the SC should have been robustly challenged in its handling of that case and are not convinced that this occurred. The Localism Act does not prescribe any qualification for an IP

other than independence, and obviously different qualities and qualifications will be valuable in different cases. Local authority experience may be essential in one case; in another, a legal or judicial background may be called for.

However it seems to me that a defining characteristic of the role is the ability to influence decision-makers when expressing views under section 28(7)(a) and (b)(i). It follows that those appointed as IP should have a sufficient degree of experience, seniority and authority to be able to achieve this.

(5) Publicity

189. Publicity given to the 2015 complaint has caused concern among many Members. Some stated that, immediately after the hearing of the complaint and the finding of a breach of the Code, a notice was placed on a notice board in the Guildhall which named the Member and set out the finding, and they thought this was unfair. They point out that the sanction of censure took effect as soon as it was made public and therefore there was limited value to the Member in the appeal panel's later decision to overturn that sanction. Further objections were then made to the SC's annual report to the Court on 23 June 2016 which included details of the complaint and findings, identifying the Member, and the report was referred back to the SC.
190. When a committee conducts a hearing, in my view there is no reason to depart from the normal practices as to admission or exclusion of the public or access to documents. See paragraph 129 above.
191. I have already recommended that a formal announcement of a finding against a Member and any sanction should await the outcome of the appeal stage (paragraph 167 above). One particular reason is that a public announcement has been recognised as, in itself, a sanction: see paragraph 25 above.
192. However, I considered whether that recommendation should give way to a policy of open justice. There is a case for announcing the outcome of a hearing

even if it is subject to appeal. Indeed, there is a case for allowing the public to know that an allegation has been made, even before a hearing. It is commonplace for professional regulators to publish details of upcoming hearings as well as the outcome of hearings which may be subject to appeal. Similarly when a person is accused of a criminal offence, normally they have no entitlement to privacy or anonymity. On the whole and in the longer term, I would expect the City's reputation to be enhanced by a policy which favours openness over privacy.

193. Nonetheless, there are also respectable reasons for placing controls on publicity. Since Members are elected, it is obvious that a complaint, and *a fortiori* a finding, may harm their prospects of re-election. Publicity given to a false complaint or a wrong hearing decision therefore could interfere with the democratic process, although it can also be argued that the electorate has a right to know information bearing on the fitness of candidates.
194. There can also be legal strictures on publicity. Information about a Member's conduct may well be personal data under the Data Protection Act 1998 which imposes an obligation that any processing of the data should be fair. Disclosure of personal information may also engage Members' right to respect for their private life under Article 8 of the European Convention on Human Rights. The City as a public body would infringe the Human Rights Act 1998 if it interfered with those rights without justification.
195. These concerns arose in a very recent decision of the First Tier Tribunal<sup>11</sup> in *Thompson v Information Commissioner and Cheshire East Council* (7 November 2016). A conduct allegation was made against a councillor. After receiving his response which, under the local authority's procedure, was sought in confidence, the local authority decided to take no further action. The complainant requested sight of the response under the Freedom of Information Act 2000. This was resisted by the local authority in reliance on the exemptions

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<sup>11</sup> I do not know whether the case is subject to any further appeal.

under sections 40 and 41 which relate respectively to personal data under the Data Protection Act 1998 and information provided in confidence. The Information Commissioner and the Tribunal found in favour of the local authority, ruling that information relating to the complaint was indeed personal data and its release would be unwarranted. This was because:

- Notwithstanding that the Councillor held a public office and the withheld information related to the Councillor's public function rather than private life, we accept that information relating to complaints against individuals carries a very strong general expectation of privacy. This is due to the likelihood that disclosure could cause the individual distress and potential damage to future prospects and general reputation. Even where the investigation exonerates the individual, the matter can be potentially distressing or stressful if it is thought in time that it might be revealed to the world. Likewise, as the IC states, even if the complaint is unmeritorious, its existence can be potentially damaging to an individual. It is foreseeable for some to conclude "there's no smoke without fire".
- ...
- We accept that the "legitimate interests" in disclosing the requested information included generic interests in accountability and transparency and specific interests in understanding better how the complaint against the Councillor had been handled and due process. We accept that [sic] elected members of local government, councillors should be open to scrutiny and accountability.
- However the collective weight of interest in disclosure is vastly outweighed by the Councillor's rights and freedoms or legitimate interest in not disclosing to the world at large material related to a complaint about his conduct where the Council did not find the complaint to be merited.

196. These considerations would of course be different if the Council did find the complaint to be merited.

197. The practice in other authorities varies. Most include publication in a list of the actions which can be taken when a finding is made. Newcastle City Council has a distinctive provision that if the complaint is rejected at the hearing, the Member may require that no decision notice or summary be published. However, although Newcastle provides a right of appeal, it does not provide for any publicity to be stayed pending appeal. Kent County Council sets a period of 10 days for publication of a hearing outcome, positive or negative. Although the 10 days is a maximum rather than a minimum, it could in practice provide a window in which any challenge to publication could be made.

198. In my view a “one size fits all” policy on publicity is inadvisable. A case by case approach will enable proper regard to be had to the need for open government and transparency and, with advice from the IP and legal advice where necessary, to the legal rights of the parties. However, sufficient guidance should be given so that Members will know broadly what to expect, avoiding some of the discontent which has been voiced about the 2015 complaint.

199. Therefore my recommendations are:

- (1) before any finding of breach there should be a presumption against publication of details of a case;
- (2) where a hearing makes a finding of breach, publication of the finding should be an available sanction and the usual course, but this should be delayed as recommended at paragraph 167 above; and
- (3) in all other circumstances (including dismissal of a complaint after a hearing) the SC should have a discretion as to publication, to be exercised having regard to legal advice where appropriate, to the views of the IP and to all the circumstances including:
  - i. the nature of the allegation(s);
  - ii. the stage the process has reached;
  - iii. any information already in the public domain;
  - iv. where relevant, the proximity of any election;
  - v. the effect of publication on the respondent;
  - vi. the views of the parties; and
  - vii. the public interest.

200. I have no strong view on whether the SC’s annual report should include details such as the name of a Member against whom a finding has been made. However, in light of the controversy over the report of June 2016, it would be sensible for the Court to adopt a clear policy on whether such information should or should not be included.

## 6. Conclusion

201. Overall I have found that the City's Code and arrangements are lawful and are not unusual but are in need of some updating, and they can be strengthened.
202. In particular the 2015 complaint revealed that the arrangements for dealing with Code complaints were insufficiently detailed. This meant that both the hearing and assessment sub-committees had to adopt their own more detailed procedures. So far as I can ascertain, this contributed to a lack of confidence in some of the procedures and a sense that some of the detailed procedural arrangements came as a surprise to Members.
203. There is therefore an opportunity to update the Code and to draft more detailed arrangements for dealing with complaints. I have made recommendations which the Court will wish to consider adopting in the course of this process. My recommendations reflect my understanding of the law, best practice in authorities around England and the tentative conclusions which it seems to me can be drawn from the experience of the 2015 complaint.
204. In my view this presents an important opportunity to clarify the role of the Independent Person. If there has so far been a lack of clarity about this role, I would be slow to blame the City for it. Instead it reflects a lack of clarity in the legislation which has posed difficult questions for all authorities. My recommendations reflect my interpretation of the law. This will not be shared by everyone and may or may not be upheld by courts in any future litigation.
205. From the controversy over the 2015 complaint I draw two conclusions.
206. The first conclusion is that there is a need to increase Members' confidence in the complaints process, and my recommendations are aimed at achieving this by distributing roles more widely between the Standards Committee, other Members, Officers and (where appropriate) external agents.

207. The second conclusion is that the City's statutory duty to promote and maintain high standards of conduct needs to be emphasized. Members should be encouraged to recognise that it is essential to deal with complaints of breach of the Code of Conduct openly and effectively, notwithstanding the difficulty and sensitivity of cases of this kind.
208. That is the basis for my recommendation that the City should retain a Standards Committee with overall responsibility for conduct matters. Whether or not that recommendation is followed, I consider it important that the City maintain sufficiently visible arrangements to promote high standards of conduct.

## 7. Summary of Recommendations

209. The recommendations made above are:
- (1) Members should be required to attend such training on conduct and standards matters as the City may provide from time to time. (52)
  - (2) The Code of Conduct should adopt the CSPL's revised descriptions of the Nolan Principles. (54)
  - (3) The Code should contain more express requirements in respect of equality and diversity. (55)
  - (4) The Code should prohibit Members from bringing their office into disrepute, engaging in any bullying and intimidation or breaching obligations of confidentiality to the City. (59-60)
  - (5) The Guidance to Members on the Code should be updated to reflect changes to the Code and also to deal with conduct matters generally, rather than only with the declaration of interests. (61)
  - (6) The City should retain a Standards Committee which will keep abreast of all of the City's activities relating to conduct and standards, including training. (74)
  - (7) The Chief Commoner and Privileges Chairman should have a discretion to share with the Standards Committee information which may be useful



to it. Whilst the Standards Committee may ask them, from time to time, whether there is any such information to be shared, the Standards Committee should not have a formal role of monitoring the pastoral activities of the Chief Commoner and Privileges Chairman. (77)

- (8) There should be more detailed published guidance on the procedure for dealing with complaints, especially at the hearing stage. (127)
- (9) The City should provide training for all Members and Officers who deal with complaints (and appeals) to ensure that they are dealt with expertly and consistently. (79, 144)
- (10) Initial assessment of a complaint should be by the Monitoring Officer, with a limited discretion to assign the function to another officer (or an officer of another authority) where necessary e.g. in a case of conflict of interest. (86)
- (11) A rule should require that an Independent Person's views be sought at the assessment stage unless this is considered unnecessary. (90)
- (12) The published arrangements should refer to the possibility of the Independent Person's views being sought at the assessment stage by the respondent to an allegation. (91)
- (13) Decisions on initial assessment should be accompanied by concise written reasons which enable the complainant and the respondent to understand (1) whether any of the grounds for not proceeding are present and if so (2) the reasons for the decision on whether and how to proceed. (92)
- (14) If assessment is carried out by the Monitoring Officer and if the complaint is not dismissed or resolved informally, it should be referred for investigation by an Investigating Officer who may be another officer of the Corporation or an officer from another local authority, with provision for the Investigating Officer to be assisted by an external investigator where appropriate. (108)
- (15) Investigation should be the subject of a concise but sufficiently detailed protocol covering the matters set out at paragraph 110 above.

- (16) When interviewed by the Investigating Officer, the Member should have the right to be accompanied by a person of their choice. This could be a lawyer although the process should be an interview with the Member rather than a hearing involving advocacy. (111)
- (17) The Investigating Officer should report on whether there is or is not evidence of a breach, or whether the allegation of breach of the Code of Conduct raises a case to answer. (113)
- (18) Hearings should be conducted by a committee or sub-committee including at least one (non-voting) co-opted member. (125)
- (19) A pre-hearing process should be used to identify the issues and decide what (if any) witnesses need to attend the final hearing unless all parties consider it unnecessary. (128)
- (20) The committee should continue to conduct hearings in public session, subject to its statutory powers to move into confidential session under Part VA of and schedule 12A to the Local Government Act 1972. (129)
- (21) The procedure should state that the respondent may be legally represented. Respondents or their representative should be allowed to question witnesses, subject to the Chairman's discretion to set a timetable which may limit the time for questioning. (131, 133)
- (22) The role of the Independent Person at a hearing (and generally) should be set out in writing, emphasizing its importance. The Independent Person should answer questions and express views in the presence of all those attending the hearing. Where a panel finds a breach of the Code of Conduct, the views of the Independent Person should be sought on sanction (134, 139, 148).
- (23) The arrangements should reiterate that an Independent Person's views may also be sought by the respondent at the hearing stage. (143, 176-187)
- (24) The written procedure should also make separate provision for the committee to take legal advice where necessary. (141)
- (25) The arrangements should clarify that the question whether there has been a breach of the Code must be answered on the balance of

probabilities. The panel should give concise but clear reasons for its decisions in relation to breach and sanction. (142, 149)

- (26) The list of available sanctions should draw a distinction between a finding of breach and the sanction of censure. (153)
- (27) A respondent Member should continue to have a right of appeal against finding of breach and/or sanction, subject to a written appeal being delivered within a reasonable time limit such as 14 days. (159)
- (28) Those deciding an appeal should not be part of the body (e.g. the Standards Committee) from which the hearing panel is constituted. (160)
- (29) It may be better for a separate individual or panel to receive a written appeal, review the decision and decide whether to remit it to a differently constituted hearing panel (161). If this course is taken there should be no right of appeal against the outcome of the re-hearing. (162)
- (30) The Court should decide how to design its appeal arrangements by considering the questions set out at paragraph 165 above.
- (31) Any appeal panel should receive the views of an Independent Person before making its decision, preferably one who was not involved at or before the hearing stage. (166)
- (32) The City's Independent Persons should not routinely attend meetings of the Standards Committee other than (1) hearings where they have a statutory role and (2) meetings at which their role is under discussion and they may contribute useful information. They should however be supplied with all such agendas, minutes and other documents as will enable them to remain abreast of the Standards Committee's discussions and decisions about the Code and conduct matters generally. (174)
- (33) A respondent Member exercising the right to seek the views of an Independent Person should be given a choice between a non-confidential consultation with the Independent Person who will advise the hearing panel and a confidential consultation with an Independent Person who will not. Arrangements should state that the purpose of either type of consultation is for the respondent to seek the Independent

Person's views, not to influence them, and a note should be kept of what is said. (181-187)

- (34) Before any finding of breach there should be a presumption against publication of details of a case. (199)
- (35) The announcement of any findings and/or sanction at the hearing stage should be delayed until either (1) the appeal time limit passes and no appeal is received or (2) an appeal is dismissed or (3) a new finding is made and/or a sanction is imposed at a re-hearing. (167)
- (36) After a finding of breach, publication of the finding should be an available sanction and the usual course, subject to recommendation 35 above. Otherwise the Standards Committee should have a discretion as to publication, to be exercised having regard to legal advice where appropriate, the views of the Independent Person and all the circumstances as set out at paragraph 199 above.

**CHARLES BOURNE Q.C.**

**11KBW Chambers**

**16 December 2016**

## Appendix 1

	<b>Document</b>	<b>Date</b>
1.	Constitution and terms of reference of the Standards Committee	
2.	Members' Code of Conduct	
3.	Guidance to Members – Members' Code of Conduct	
4.	Procedure for dealing with Complaints to the Standards Committee	October 2015
5.	Protocol on Member/Officer Relations	
6.	Hearing Sub (Standards) Committee – Proposed Hearing Procedure	
7.	Appeals (Standards) Sub-Committee – Proposed Appeal Procedure	
8.	Standing Orders of the Court of Common Council	
9.	Report of Town Clerk and Comptroller and City Solicitor for meetings of Police Committee on 1 June 2012 and Standards Committee and Policy and Resources Committee on 7 June 2012	
10.	Report of Standards Committee on the Standards Regime under the Localism Act 2012	7.6.12
11.	Register of Interests, Mr A.J.N. King	11.2.15
12.	The 2015 complaint and exchange of emails on receipt	18-19.11.15
13.	Emails to/from Committee and Member Services Officer and Standards Committee chairman re convening assessment sub-committee	2.12.15
14.	Covering email from Committee and Member Services Officer with papers for assessment sub-committee	8.12.15
15.	Email from Committee and Member Services Officer to Standards Committee convening hearing sub-committee on 29.1.16	21.12.15
16.	Emails from Principal Committee and Member Services Manager re summons to hearing sub-committee on 29.1.16	21-22.1.16
17.	Email from Committee and Member Services Officer enclosing proposed hearing procedure and information from respondent	27.1.16
18.	Emails from Committee and Member Services Officer enclosing hearing procedure	9 and 15.2.16
19.	Email from Committee and Member Services Officer enclosing additional papers for further hearing meeting on 23.2.16	15.2.16
20.	Emails re convening of further meeting to consider sanction	26.2.16-3.3.16
21.	Register of Interests, Mr E. Lord	10.3.16

22.	Emails re convening appeal sub-committee	30.3.16 and 4.4.16
23.	Notice of Appeal re the 2015 complaint	6.4.16
24.	Emails from Committee and Member Services Officer enclosing papers for appeal hearings on 25.4.16 and 6.5.16	13.4.16-5.5.16
25.	Letter from City Surveyor to Leighton McDonnell	8.4.16
26.	Resolution to appoint Standards Committee from April 2016 to April 2017	21.4.16
27.	Agenda and note of decision, Appeal Sub (Standards) Committee	6.5.16
28.	Annual Report of the Standards Committee to the Court of Common Council on 23 June 2016	13.5.16
29.	Letter from chairman of Staff Appeal Committee to Leighton McDonnell	24.5.16
30.	Letter to members of the Standards Committee from chairman following the Meeting of Common Council on 23 June 2016	
31.	Letter from the Chief Commoner to the Principal Committee and Member Services Manager	27 June 2016
32.	Public document pack for Agenda items 3 and 8, Standards Committee 8 July 2016	
33.	Minutes, Standards Committee meeting on 8 July 2016	
34.	Report of the Standards Committee to the Court of Common Council on 21 July 2016	8.7.16
35.	Annual Report of the Standards Committee to the Court of Common Council on 21 July 2016	8.7.16
36.	Letter before claim to the Town Clerk re the 2015 complaint	20.7.16
37.	Reply from the Comptroller and City Solicitor to letter before claim	3.8.16

## Appendix 2

Written representations were received from:

Mark Boleat

John Chapman

Ann Holmes

Catherine McGuinness

John Scott JP

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## Report – Policy and Resources Committee

### Corporate Plan 2018-23

*To be presented on Thursday 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council.*

#### SUMMARY

The Policy and Resources Committee has considered and approved a refreshed Corporate Plan for 2018-23. The Plan is to be used as a strategic framework to guide the City Corporation's thinking and decision-making over the next five years. It will also help to ensure that everything the City Corporation does takes it closer to achieving its stated aims and objectives.

Work to refresh the Plan has been led by the Head of Corporate Strategy and Performance, on behalf of the Town Clerk and Chief Executive, since September 2016. It takes into account the outcome of detailed consultation with Members and officers and includes relevant feedback.

#### RECOMMENDATIONS

It is recommended that the refreshed Corporate Plan, 2018-23, be approved as set out in **Appendix 1** and that the following be noted:

- further alignment of departmental Business Plans for 2018-19 with the Corporate Plan, 2018-23, will be presented to committees through use of the revised two-page, high-level summary Business Plan template as set out in **Appendix 2**; and
- from March 2019, and annually thereafter, the Corporate Plan annual review, priorities for the coming year and Budget will be presented in the same document.

#### MAIN REPORT

1. The Corporate Plan has been refreshed so that it can be used as a strategic framework to guide our thinking and decision-making over the next five years and help to ensure that everything we do takes us closer to achieving our corporate aims. All Members and officers have been consulted and presented with opportunities to contribute as the Plan has unfolded.

##### **The Refresh Process**

2. The initial two-page draft was compiled in collaboration with Chief Officers and a small number of senior officers in strategic, policy and business planning roles from across the organisation. It was set in the context of the City

Corporation's ambitions for the next fifteen years, before being extrapolated to refer specifically to 2018-23 and then mapped to business plan activities.

3. At that time, all Members were given the opportunity to comment on the two-page draft both formally and informally. Service committees and Boards of Governors were also asked for initial feedback during May, June and July 2017. To highlight the need and opportunity for better alignment between the two and between service, team and individual performance plans (often referred to as the 'golden thread'), the two-page draft was presented alongside new two-page, high-level summary departmental Business Plans. This excluded the City of London Police, Guildhall School of Music and Drama and the independent schools, as they currently sit outside of the corporate business planning framework. Informal opportunities to contribute consisted of a series of briefings, for Chairmen and Deputy Chairmen and as part of the all Member Induction and Refresh Programme that followed the Court of Common Council elections in March 2017.
4. The first round of consultation resulted in amendments and the expansion of the draft Plan to five-pages to include the high-level activities that would provide the golden thread to business planning activities. In July 2017, all Members were invited to comment on the new five-page draft.
5. Officer consultation ran from 6<sup>th</sup> September 2017 until 8<sup>th</sup> November 2017 and consisted of:
  - Two Senior Leaders' Forums;
  - 21 staff feedback sessions, the majority of which were held at non-Guildhall locations;
  - Two meetings with the informal Corporate Strategy Network;
  - An anonymous online survey; and
  - A dedicated email inbox.
6. Feedback received was shared verbally at an informal Members' breakfast briefing early in November 2017. Informal feedback on the draft Plan was also sought from a small number of stakeholders and partners, at the recommendation of Members, and a small number of team and cross-departmental meetings, upon request.
7. The resultant six-page draft Corporate Plan was the subject of one of the Chairman of Policy's briefing meetings which took place on 7<sup>th</sup> February 2018 and further amendments have been incorporated as a result. The final draft for approval can be found at **Appendix 1**.

#### **How the Corporate Plan will be used**

8. If approved by the Court today, during 2018-19, the Plan will be used to develop the City Corporation's strategic priorities, to decide how best to go about delivering them, to focus efforts towards pursuing them and to understand the impact we are having. Over the five-year term of the plan it will be used to identify where the City Corporation needs to innovate, with whom

we can collaborate and how we can align and drive all our activities to achieve the greatest possible impact on the things that are important to us as an organisation. This does not mean we will abandon existing strategies, but rather, that we can evaluate their achievements against the Corporate Plan and make any improvements needed to ensure we are getting the most possible out of them.

9. This will require streamlining of officer governance processes, a review of our organisational skills profile, behaviour change and the conscious effort of officers at all levels. To support this change, officers are working together to deliver a co-ordinated set of guidance, tools, policies and processes (including project and programme management and medium-term planning) and an engagement programme to help officers and teams across the organisation rise to the challenge. Part of the objective will be to break down silos and instead take a whole organisation approach. Additionally, by setting out what we aim to achieve and how, it is hoped that we will be better able to work with external partners who have complementary agendas and abilities. Partner feedback received to date has been very positive in this regard.

#### **Implications for Departmental Business Planning and Budget-Setting**

10. In November 2017, the Policy and Resources Committee endorsed Members' requests for better alignment between Business Planning and the Corporate Plan and for these to be brought in line with budget-setting as soon as possible. As a starting point the Committee asked that all Business Plans currently being drafted for approval demonstrate how they align to the draft Corporate Plan, 2018-23. Finalised two-page, high-level summary departmental Business Plans presented to Committees for approval during February and March 2018 refer explicitly to the draft Corporate Plan by use of the amended template shown at **Appendix 2**.
11. The Corporate Plan, 2018-23, is now being presented to the Court of Common Council alongside the Budget report elsewhere on your agenda, so that the City Corporation's corporate aims and resources are considered with reference to each other. From March 2019, and annually thereafter, the Corporate Plan annual review, corporate priorities for the coming year and Budget will be presented in the same document to give Members further assurance of their full alignment.

#### **Appendices**

1. The Corporate Plan, 2018-23 (for approval)
2. The revised two-page, high-level summary Business Plan template

All of which we submit to the judgement of this Honourable Court.

DATED this 18<sup>th</sup> day of January 2018.

SIGNED on behalf of the Committee.

**Catherine McGuinness, Deputy**  
Chairman, Policy and Resources Committee

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# Our (draft) Corporate Plan for 2018 – 23

## Our vision

The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK.

## We aim to...



*By strengthening the character, capacity and connections of the City, London and the UK for the benefit of **people who live, learn, work and visit here.***

Everything we do contributes towards the achievement of twelve outcomes:

### Contribute to a flourishing society

1. People are safe and feel safe.
2. People enjoy good health and wellbeing.
3. People have equal opportunities to enrich their lives and reach their full potential.
4. Communities are cohesive and have the facilities they need.

### Support a thriving economy

5. Businesses are trusted and socially and environmentally responsible.
6. We have the world's best legal and regulatory framework and access to global markets.
7. We are a global hub for innovation in finance and professional services, commerce and culture.
8. We have access to the skills and talent we need.

### Shape outstanding environments

9. We are digitally and physically well-connected and responsive.
10. We inspire enterprise, excellence, creativity and collaboration.
11. We have clean air, land and water and a thriving and sustainable natural environment.
12. Our spaces are secure, resilient and well-maintained.

## Who we are

The Square Mile is the historic centre of London and is home to the 'City' – the financial and commercial heart of the UK. Our reach extends far beyond the Square Mile's boundaries and across private, public and charitable and community sector responsibilities. This, along with our independent and non-party political voice and convening power, enables us to promote the interests of people and organisations across London and the UK and play a valued role on the world-stage.

## Our responsibilities

Beyond our statutory duties for the City, London and the UK, we are also responsible for a wide portfolio of work and institutions both inside and outside the Square Mile.

**[Insert infographic(s) to be approved, which show our responsibilities within and beyond the Square Mile and how the City contributes to the UK's public purse]**

## The coming five years

2018-23 is likely to be another period of significant change on a global, national and regional level, bringing with it significant threats as well as opportunities.

Preventing climate change, terrorism and cyber-crime, and countering their effects, will remain high priorities. So too will retaining the UK's competitiveness, in the context of Brexit, increases in the cost of living and reductions in public sector spending.

Disruptive changes, such as the digitisation of our work and personal lives, are likely to bring both threats and opportunities to our residents, workers, visitors, partners and our own organisation.

And, of course, things will happen that we're not expecting but that we will want to respond to positively and constructively.

## Our commitments

To do so, we will need to be relevant, responsible, reliable and radical as an organisation. We will need to think and act strategically and at pace. And we will need to ensure that everyone can share in the benefits we aim to create.

This means as individuals we must be open: to unlocking the full potential of our many assets – our people, heritage, green and urban spaces, funds, data and technology; to trying new things and learning as we go; and to working with our stakeholders and partners who share our aims.

## How we'll use this plan

This plan is designed to be used as a strategic framework to guide our thinking and decision-making and help ensure that everything we do takes us closer to achieving our vision.

It sets out our vision, the aims and outcomes that drive us, our responsibilities, challenges and commitments and the high-level actions we'll take to help our elected Members and staff see where to focus their efforts to achieve sustainable systemic change.

In year one we will use it to develop our strategic priorities, to decide how best to go about delivering them, to allocate resources towards pursuing them and to find out what effect we are having as a result.

Over the five-year term of the plan we will use it to identify where we need to innovate, with whom we can collaborate and how we can align and drive all our activities to achieve the greatest possible impact on the things we feel are important.

# To contribute to a flourishing society

We will...

## 1. People are safe and feel safe

- Prepare our response to natural and man-made threats.
- Tackle terrorism, violent and acquisitive crime, fraud, cyber-crime and anti-social behaviour and facilitate justice.
- Protect consumers and users of buildings, streets and public spaces.
- Safeguard children, young people and adults at risk.
- Educate and reassure people about safety.

## 2. People enjoy good health and wellbeing

- Promote equality and inclusion in health through outreach to our working, learning and residential communities and better service design and delivery.
- Raise awareness of factors affecting mental and physical health.
- Provide advice and signposting to activities and services.
- Provide inclusive access to facilities for physical activity and recreation.

## 3. People have equal opportunities to enrich their lives and reach their full potential

- Promote and champion diversity, inclusion and the removal of institutional barriers and structural inequalities.
- Provide access to world-class heritage, culture and learning to people of all ages, abilities and backgrounds.
- Promote effective progression through fulfilling education and employment.
- Cultivate excellence in academia, sport and creative and performing arts.

## 4. Communities are cohesive and have the facilities they need

- Bring individuals and communities together to share experiences and promote wellbeing, mutual respect and tolerance.
- Support access to suitable community facilities, workspaces and visitor accommodation.
- Help provide homes that London and Londoners need.



## To support a thriving economy

We will...

### **5. Businesses are trusted and socially and environmentally responsible**

- Champion the ease, reliability and cost-effectiveness of doing business here.
- Model new ways of delivering inclusive and sustainable growth.
- Support, celebrate and advocate responsible practices and investments.
- Advocate and facilitate greater levels of giving of time, skills, knowledge, advice and money.

### **6. We have the world's best legal and regulatory framework and access to global markets**

- Promote regulatory confidence founded on the rule of law.
- Influence UK and global policy and regulation and international agreements to protect and grow the UK economy.
- Lead nationally and advise internationally on the fight against economic and cyber-crime.
- Attract and retain investment and promote exports of goods and services across multiple global markets.

### **7. We are a global hub for innovation in financial and professional services, commerce and culture**

- Support organisations in pioneering, preparing for and responding to changes in regulations, markets, products and ways of working.
- Strengthen local, regional, national and international relationships to secure new opportunities for business, collaboration and innovation.
- Preserve and promote the City as the world-leading global centre for financial and professional services, commerce and culture.
- Promote London for its creative energy and competitive strengths.
- Promote the UK as open to business and enterprise and for its world-leading education offer.

### **8. We have access to the skills and talent we need**

- Promote the City, London and the UK as attractive and accessible places to live, learn, work and visit.
- Champion access to global talent.
- Identify future skills needs, shortages and saturations.
- Champion investment in relevant skills and diverse talent pools.

## To shape outstanding environments

We will...

### **9. We are digitally and physically well-connected and responsive**

- Champion and facilitate a world-leading digital experience.
- Develop and trial smart innovations and better manage demand.
- Advocate ease of access via air, rail, road, river and sea.
- Improve the experience of arriving in and moving through our spaces.

### **10. We inspire enterprise, excellence, creativity and collaboration**

- Provide world-class spaces for businesses and markets to thrive.
- Curate a vibrant, attractive and complementary blend of uses of space.
- Create and transform buildings, streets and public spaces for people to admire and enjoy.
- Protect, curate and promote world-class heritage assets, cultural experiences and events.
- Champion a distinctive and high-quality residential, worker, student and visitor offer.

### **11. We have clean air, land and water and a thriving and sustainable natural environment.**

- Provide a clean environment and drive down the negative effects of our own activities.
- Provide thriving and biodiverse green spaces and urban habitats.
- Provide environmental stewardship and advocacy, in use of resources, emissions, conservation, greening, biodiversity and access to nature.
- Influence UK and global policy and regulation and international agreements to protect the environment.

### **12. Our spaces are secure, resilient and well-maintained**

- Maintain our buildings, streets and public spaces to high standards.
- Build resilience to natural and man-made threats by strengthening, protecting and adapting our infrastructure, directly and by influencing others.

**We** [insert mission] *Concise; expressing the department's purpose; reflect rather than repeat standard text from the Corporate Plan Mission*

*Ensure differentiation in the way that outcomes, functions and objectives/deliverables are expressed.*

**The corporate outcomes we aim to impact on are:**

- *Where these are too broad, also state your department's specific area of impact.*

**What we do is:**

[describe the top-level things you do]

- *Refer to relevant themes listed under outcomes in the Corporate Plan. Where these are too broad, state your department's specific role, aligned to the outcomes you've stated.*

**Our budget is:**

[top-level breakdown by function]

**Our top line objectives are:**

- *Include all of the four sub headings*
- *Check for alignment with the stated mission, outcomes and top-level actions.*
- *Include everything we do at service and programme level, i.e. 'business as usual' and improvement work*

**To** [insert list of service deliverables]

- *Link service deliverables for the year to measures (e.g. by numbering or cross-referencing)*

**To** [insert list of department's deliverables within corporate programmes and projects]

- *What is being contributed by the department within corporate programmes and projects*
- *Corporate programmes and projects would include, but not be limited to:*
  - *Accommodation and Ways of Working*
  - *Apprenticeships*
  - *Asset Management*
  - *CRM*
  - *Facilities Management*
  - *Income Generation (Service Based Review cross-cutting review)*
  - *One Safe City*
  - *Operational Property Review*
- *These will generally be discrete pieces of work with set start and finish/completion dates*

**What we'll measure:**

*(What will success look like?)*

[KPI targets – aligned to top line objectives]

- *Need to be SMART*
- *Need to evidence impact on the corporate outcomes rather than the completion of work.*
- *Where relevant include Value for Money measures; benchmarking; external assessments or comparators*
- *Include reference to supporting information (e.g. targets) within detailed plans*

**To** [insert list of department's deliverables within departmental / service programmes and projects]

- *What is being delivered by the department from their departmental programmes and projects*
- *Corporate Departments need also to include what they deliver as general support for projects led elsewhere*

**How we plan to develop our capabilities this year** [list deliverables]

- *Include development related to inputs – e.g. staffing, IT, other resources*

**What we'll  
measure:**

**What we're planning to do in the future:**

[list horizon scan, analysis, how we'll work differently, collaborations, innovation]

- *Should be mainly new areas – as benefits a 'horizon scan' – what's coming up, not so much continuation.*
- *To cover what is known about emerging risks, issues, opportunities, legislation, IT property, procurement/contract issues, etc.*

**General:**      *Avoid using jargon, or terms that may have a specific "local" meaning or interpretation.*  
                      *Avoid excessive use of abbreviations*  
                      *If in doubt, ask*

## Report – Policy and Resources Committee

### Report of Urgent Action Taken: London Councils Grants Scheme 2018/19 Levy

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council.*

#### **SUMMARY**

The City of London Corporation is responsible for issuing the annual levies for subscriptions to all the constituent councils of the London Councils Grants Scheme (LCGS). The Court of Common Council can only consider the levies if at least two-thirds of the constituent councils (i.e. 22 out of 33 of the London local authorities) have approved the total expenditure to be incurred under the Grants Scheme.

Having received confirmation from London Councils that the budget had been agreed by over two thirds of the Constituent Councils, the approval of the Court was sought under the urgency procedures to issue the levies before the statutory deadline of 15 February 2018.

We therefore report that on 25 January 2018, approval was given in accordance with Standing Order No. 19 to issue the levies as set out in the appendix to this report.

#### **MAIN REPORT**

1. The budget for the London Councils Grants Scheme and the City of London Corporation's contribution to the Scheme is considered on an annual basis by your Policy and Resources Committee. At its meeting on 18 January 2018 the Committee considered and approved the total amount of expenditure to be incurred in 2018/19 (i.e. £8.668m. £7.668m of which would come from the constituent councils of the Scheme) as well as the City Corporation's subscription to it (i.e. £7,133).
2. The City Corporation is also responsible for issuing levies for subscriptions to all the constituent councils of the Scheme. This element of the Grants Scheme can only be approved by the Court of Common Council. The London Councils' Grants Scheme operates under section 48 of the Local Government Act 1985 which requires at least two-thirds of the constituent councils (i.e. 22 out of 33 of the London local authorities) to have approved the total expenditure to be incurred. Constituent councils have until 1 February to do this and a decision to issue the levies cannot be taken until such time as this has happened. The Court is therefore required to make its decision as levying body between 1 and 15 February each year as, in accordance with regulations, levies have to be issued before 15 February 2017.

3. On 25 January 2018 London Councils confirmed that over two-thirds of constituent councils had agreed the expenditure to be incurred for 2018/19. As the Court of Common Council was not due to meet within this period its approval to issue the levies before the statutory deadline was sought under the urgency procedures.
4. Approval was subsequently given to a levy £6,668,152 being applied to constituent councils for 2018/19 as set out in the appendix to this report.

#### **APPENDICES – Borough Subscriptions for 2018/19**

All of which we submit to the judgment of this Honourable Court.

DATED this 25<sup>th</sup> day of January, 2018.

SIGNED on behalf of the Committee.

**Deputy Catherine McGuinness**  
Chairman, Policy and Resources Committee

# Borough Subscriptions 2018/19

## Appendix

ONS Mid-2015 Estimate of Population ('000)	%	2017/18 Base Borough Contribution (£)		ONS Mid-2018 Estimate of Population ('000)	%	2018/19 Base Borough Contribution (£)	Base Difference from 2017/18 (£)
<b>Inner London</b>							
241.06	2.74%	213,113	Camden	246.18	2.80%	186,799	-26,314
8.76	0.10%	7,744	City of London	9.40	0.11%	7,133	-612
274.80	3.13%	242,941	Greenwich	279.77	3.18%	212,286	-30,655
269.01	3.06%	237,823	Hackney	273.53	3.11%	207,551	-30,271
179.41	2.04%	158,610	Hammersmith and Fulham	179.65	2.04%	136,316	-22,294
227.69	2.59%	201,293	Islington	232.87	2.65%	176,699	-24,594
157.71	1.79%	139,426	Kensington and Chelsea	156.73	1.78%	118,925	-20,501
324.43	3.69%	286,818	Lambeth	327.91	3.73%	248,814	-38,003
297.33	3.38%	262,859	Lewisham	301.87	3.44%	229,056	-33,804
308.90	3.52%	273,088	Southwark	313.22	3.56%	237,668	-35,420
295.24	3.36%	261,012	Tower Hamlets	304.85	3.47%	231,317	-29,695
314.54	3.58%	278,074	Wandsworth	316.10	3.60%	239,853	-38,221
242.30	2.76%	214,209	Westminster	247.61	2.82%	187,884	-26,326
<b>3,141.18</b>	<b>35.74%</b>	<b>2,777,011</b>		<b>3,189.69</b>	<b>36.30%</b>	<b>2,420,301</b>	<b>-356,710</b>
<b>Outer London</b>							
201.98	2.30%	178,564	Barking and Dagenham	206.46	2.35%	158,660	-21,904
379.69	4.32%	335,671	Barnet	386.08	4.39%	292,953	-42,718
242.14	2.76%	214,068	Bexley	244.76	2.79%	185,721	-28,347
324.01	3.69%	286,446	Brent	328.25	3.74%	249,072	-37,374
324.86	3.70%	287,198	Bromley	326.88	3.72%	248,033	-39,165
379.03	4.31%	335,088	Croydon	382.30	4.35%	290,085	-45,003
343.06	3.90%	303,288	Ealing	343.20	3.91%	260,416	-42,871
328.43	3.74%	290,354	Enfield	331.40	3.77%	251,463	-38,891
272.86	3.10%	241,226	Haringey	278.45	3.17%	211,285	-29,942
247.13	2.81%	218,479	Harrow	248.75	2.83%	188,749	-29,731
249.09	2.83%	220,212	Havering	252.78	2.88%	191,807	-28,405
297.74	3.39%	263,222	Hillingdon	302.47	3.44%	229,511	-33,711
268.77	3.06%	237,610	Hounslow	271.14	3.09%	205,738	-31,873
173.53	1.97%	153,412	Kingston upon Thames	176.11	2.00%	133,630	-19,782
204.57	2.33%	180,853	Merton	205.03	2.33%	155,574	-25,279
332.82	3.79%	294,235	Newham	340.98	3.88%	258,732	-35,503
296.79	3.38%	262,382	Redbridge	299.25	3.41%	227,068	-35,314
194.73	2.22%	172,154	Richmond upon Thames	195.85	2.23%	148,609	-23,545
200.15	2.28%	176,946	Sutton	202.22	2.30%	153,442	-23,504
271.17	3.09%	239,732	Waltham Forest	275.84	3.14%	209,304	-30,428
<b>5,532.55</b>	<b>62.98%</b>	<b>4,891,141</b>		<b>5,598.20</b>	<b>83.70%</b>	<b>4,247,851</b>	<b>-643,290</b>
<b>8,873.73</b>	<b>98.70%</b>	<b>7,668,152</b>	<b>Totals</b>	<b>8,787.89</b>	<b>100.00%</b>	<b>6,668,152</b>	<b>-1,000,000</b>

7,668,152

6,668,152

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## Report – Finance Committee

### City Fund 2018/19 Budget Report and Medium Term Financial Strategy

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

#### SUMMARY

This report presents the overall financial position of the City Fund (i.e. the City Corporation's finances relating to Local Government, Police and Port Health services). It recommends that:

- the Council Tax for 2018/19 remains unchanged from 2017/18; and
- The Business Rate Premium is unchanged.

There is a further report on the financial position of all the City Corporation's Funds.

The overall strategy is unchanged for City Fund: to have a four-year plan that presents a balanced budget.

- **City Fund (non-Police):** the provisional Government grant settlement was received before Christmas and was largely in line with our assumptions. The substantial surpluses forecast across the medium term are due to retained income from business rate growth, including an additional £8m from the London pilot scheme for business rate devolution.

The extra business rates income, combined with an increase in anticipated rents from the fund's investment properties and additional interest on cash balances, has allowed cost pressures to be accommodated and some extra items to be included whilst still leaving the fund in surplus for 2017/18 and 2018/19. The fund moves into deficit from 2019/20 onwards due to the inclusion of costs for the Museum of London relocation project and the Combined Courts project. It has been assumed that the preference will be to utilise City Fund reserves prior to borrowing to fund these projects, though this is subject to the overall funding strategies for the projects, which are yet to be agreed.

- **Police:** The police budget for 2018/19 has been brought into balance through a combination of efficiency savings, additional government grant in the provisional settlement, and drawdown on reserves. This provides the breathing space required to implement Force transformation plans, following the Deloitte Review, which will help to address the forecast budget deficit of £4-5m per annum in subsequent years (when it is anticipated that Reserves

will be exhausted and additional pressures will arise from increased demand and the changing nature of police services).

In January 2018, the Police Committee considered a report concerning the City Police's Strategic Threat and Risk Assessment Process, which is being used to identify needs and how best they can be met through existing and future operating models. This is likely to require a short-term uplift in police officer numbers, at an initial cost of £0.5m, funded in 2018/19 through management of the agreed budget. No new funding is sought at this stage.

The Police medium term financial plan also asks for continued support from the City Corporation for capital investment priorities up to a maximum of £17.5m over the period 2017/18-2022/23.

No increase in the rate of the Business Rate Premium is therefore proposed for the 2018/19 year.

## **RECOMMENDATION**

It is **recommended** that the Court of Common Council:

- Approve the overall financial framework and the revised Medium Term Financial Strategy (paragraph 2).
- Approve the Treasury Management Strategy Statement and Investment Strategy Statement for 2018/19 and for it to come into effect once it has been agreed.
- Approve the City Fund Net Budget Requirement of £148.6m (paragraph 14).
- Approve the following **changes** from the previous forecast (paragraphs 3 and 11):
  - allowances for pay and prices be factored in at 2% for 2018/19 and thereafter (paragraph 11c);
  - a 2% efficiency savings for City Fund from 2018/19 be included in line with the published Efficiency Plan, which will fund a new 'Priorities Investment Pot'. Members are asked to note the approval process for funding from the Priorities Investment Pot (paragraph 11d);
  - substantial additional City Fund support for City Police potentially amounting to £13m revenue funding across the planning period, prior to mitigations/transformation (paragraph 7) and a further £13m to underpin the shortfall on Police capital schemes (paragraph 13d);
  - a provision of £265k in 2018/19, rising to £400k in 2019/20 onwards for Adult Social Care (paragraph 4a); and
  - an additional £1m to £1.5m ring-fenced provision for waste and cleaning from 2019/20 onwards (paragraph 4d).
- Approve the following **investment opportunities** being included, subject to further reports:
  - substantial provision for major projects, including £90m for the Combined Courts relocation and £187m for the Museum of London

projects (paragraph 4c) across the planning period (noting further costs of £137m are forecast beyond the planning period for the Museum of London;

- due to the uneven profile of spend on the major projects, Members are also asked to approve the establishment of a new 'Major Projects Earmarked Reserve';
  - an additional allocation of £4m to address more of the backlog of refurbishment costs; (paragraph 4b); and
  - £4.4m remains of the provision for the Culture Mile allocated in the 2017/18 budget by the Court of Common Council. Policy and Resources Committee have approved an additional £1.4m p.a. for two years to fund the annual revenue running costs of the programme (paragraph 4h).
- Note that the forecast **includes an item already agreed** by Policy and Resources Committee:
    - an additional £571k p.a. for the restructuring of the Brussels office. A review of the effectiveness of the office and resourcing need will be undertaken as the UK approaches Brexit.
  - Note that the revenue estimates from 2018/19 assumes the City will be in a 'growth' position under the business rates retention scheme, with an income of typically £40m p.a. (including the benefit of the London business rates pool) (paragraph 12b).
  - Note the Local Council Tax Reduction Scheme as set out at paragraph 33.

## **Key Decisions**

The key decisions to make are in setting the levels of Non-Domestic Rates and Council Tax.

## **Business Rates**

- Set, inclusive of an unchanged business rate premium (0.5p in the £), a Non-Domestic Rate multiplier of 49.8p for 2018/19 together with a Small Business Non-Domestic Rate multiplier of 48.5p (paragraph 17).
- Note that the Greater London Authority is, in addition, levying a Business Rate Supplement in 2018/19 of 2p in the £ on properties with a rateable value greater than £70,000 (paragraph 24).
- As in previous years, delegate to the Chamberlain the award of the discretionary rate reliefs under Section 47 of the Local Government Finance Act 1988 as set out in paragraphs 21 and 22.

## **Council Tax**

- Agree that the City's Council Tax (excluding the Greater London Authority precept) remain unchanged.
- Based on a zero increase from 2017/18, determine the provisional amounts of Council Tax for the three areas of the City to which are added the precept of the Greater London Authority (appendix A).

- Determine that the relevant (net of local precepts and levies) basic amount of Council tax for 2018/19 will not be excessive in relation to the requirements for referendum.
- Approve that the cost of highways, transportation planning, waste collection and disposal, drains and sewers, open spaces and street lighting functions for 2018/19 be treated as special expenses to be borne by the City's residents outside the Temples (appendix A).

### **Other Recommendations**

*N.B. All other recommendations are largely of a technical and statutory nature; the only one to highlight for particular attention is that it is proposed that the City of London Corporation remains free of external borrowing for 2018/19.*

### **Capital Expenditure**

- Note the proposed financing methodology of the capital programme in 2018/19 (paragraph 35).
- Approve the Prudential Code indicators (Appendix B).
- Approve the following resolutions for the purpose of the Local Government Act 2003 (paragraph 36 and Appendix E) that:
  - at this stage the affordable external borrowing limit (which is the maximum amount which the Corporation may have outstanding by way of external borrowing) be zero; and
  - the prudent amount of Minimum Revenue Provision (MRP) for 2018/19 is £975k which equals the amount of deferred income released from the premiums received for the sale of long leases in accordance with the MRP Policy at Appendix E.
- Note that any potential external borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council.

### **Treasury Management Strategy Statement and Investment Strategy Statement 2018/19**

- Agree the change to allow investment in short-dated bonds in the Treasury Management Strategy Statement and Investment Strategy Statement 2018/19 with immediate effect (paragraph 40).

### **Chamberlain's Assessment**

- Take account of the Chamberlain's assessment of the robustness of estimates and the adequacy of reserves (paragraph 42-45 and Appendix D).

### **Resolution by the Court of Common Council**

- Agree the resolution for approval, set out in Appendix F.

## MAIN REPORT

### Financial Overview

1. The Government recently issued the Local Government Finance Settlement for 2018/19 and the Policing Minister published the revenue allocations for police for 2018/19.
2. The latest forecast position for City Fund, showing Police separately, and taking account of conclusions from the annual survey and the property rental income forecasts from the City Surveyor, is shown below:

<b>Table 1: City Fund Overall Revenue</b>	£m				
	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>
<b>City Fund – non-Police</b>					
March 2017 forecast	10.9	0.1	(15.6)	(19.6)	N/A
Current forecast*	5.7	16.7	(5.5)	(63.4)	(103.3)
Unearmarked revenue reserves	55.9	72.6	68.1	4.7	-
<b>City Fund – Police</b>					
March 2017	(1.5)	(5.6)	(3.8)	N/A	N/A
Current forecast	-	-	(4.2)	(4.1)	(4.8)
Unearmarked revenue reserves	3.5	-	-	-	-

*Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.*

*\*Costs, including Major Projects, have been applied up to available reserves with assumption that the balance will be funded by borrowing.*

3. **For City Fund**, extra business rates income, combined with an increase in anticipated rents from the fund's investment properties and additional interest on cash balances, has allowed cost pressures to be accommodated. It has also allowed for the inclusion of additional funding to meet Member priorities and initiatives as shown in paragraph 4 below, whilst still leaving the fund in surplus for 2017/18 and 2018/19. The fund moves into deficit, however, from 2019/20 onwards, due to the inclusion of costs for the Museum of London and the Combined Courts relocation projects.

4. The following have been included in the City Fund forecast:
- a. Adult Social Care: The forecast overspend in the Adult Social Care budget arises from increasing costs of provision and demographic pressures driving the future growth in need for services. A provision of £400k was made in 2017/18 in response to these pressures. In December 2017, the Policy and Resources Committee approved the Community and Children's Services Committee's request for a permanent increase in the baseline budget - an additional £265,000 in 2018/19; and a further £135,000 in 2019/20 (to total £400k). Given the City's overall funding position, and the size of the cost, a social care precept increase would not be appropriate.
  - b. Additional Cyclical Works Programme Funding: Following the Resource Allocation Sub Committee Away Day in June, Members gave a steer that any 'windfall' surpluses from business rates in 2017/18 ought to be applied to 'one off items' such as revenue contributions to large capital schemes and catch up on the 'bow wave' of maintenance cost. Last year, Members approved £4m p.a. for 2018/19 and thereafter to fund the 'bow wave' for City Fund properties and in particular some substantial refurbishment projects (e.g. Old Bailey). It is proposed that an additional £4m is allocated, with £1m in 2018/19 and £3m in 2021/22, to address more of the backlog, allowing a reasonable timeframe to deliver an expanded scheme.
  - c. Major Projects including the Museum of London Relocation: following the decision last year to allocate surplus revenue monies to one-off large capital projects, the following schemes have been included, based on financing requirements during the period:
    - i. Museum of London (£187m of which £4m p.a. is funded by the GLA);
    - ii. Cash flow loan to City Police: Action Fraud £11.7m; and
    - iii. Combined Courts (on basis of just the Courts being built, combined Police and Court costs yet to be validated) £90m.

The inclusion of the major projects leads to a potential borrowing requirement in excess of £100m from 2021/22. The costs of borrowing have not been included in the medium term financial plan. For indicative purposes, a £30m loan over 25 years would incur repayments of £1.9m per annum on a capital repayment basis. Total borrowing would be subject to Prudential Borrowing Limits.

Table 2 below sets out the current phasing of the projects. The net costs for the planning period 2018/19 to 2021/22 (highlighted) have been included in the City Fund forecast.

<b>Table 2: Major Project Costs</b>	<b>Prior Years £m</b>	<b>17/18 £m</b>	<b>18/19 £m</b>	<b>19/20 £m</b>	<b>20/21 £m</b>	<b>21/22 £m</b>	<b>Later Years £m</b>	<b>Total £m</b>

Police Action Fraud	(7.5)	(4.2)	2.1	1.9	2.9	1.5	3.3	0.0
Museum of London	(2.0)	(7.2)	(14.5)	(24.3)	(53.5)	(94.8)	(136.8)	(333.1)
Combined Courts	0.0	(0.3)	(4.0)	(20.0)	(35.5)	(30.3)	0.0	(90.1)

*Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income*

Although the Museum is undertaking a fundraising campaign and the GLA is providing a contribution to the project cost, the City will have to forward fund some of the costs being met from these funding streams. The intention is to finance the cash-flow spend on the Museum initially through revenue reserves, in so far as it is affordable, and thereafter potentially through borrowing. For modelling purposes, the GLA's proposed annual contribution of £4m has been included but the Museum's fundraising contribution of £70m has been excluded.

Due to the uneven profile of spend on the major projects, we propose establishing a new 'Major Projects Earmarked Reserve' as a mechanism for ring-fencing surplus retained business rates income.

- d. Waste & Cleansing: the contract with the current supplier comes to an end in April 2019. It is estimated that tenders for the new contract will be £1m to £1.5m higher per annum than the current contract cost, should Members wish to maintain the same high standards across the City. This is based on the next lowest tender when the last contract was tendered. A request has yet to be made to the Policy and Resources Committee for a ring-fenced provision.
- e. Brussels Office: the Policy and Resources Committee approved an additional £571k p.a. for the restructuring of the Brussels office in December 2017. A review of the effectiveness of the office and resourcing need will be undertaken as the UK approaches Brexit.
- f. Rental income: void costs: the City Surveyor has identified £800k of void costs in 2018/19 following the departure of tenants. A request for funding was made by Property Investment Board to the Resource Allocation Sub Committee in January 2018, which was approved.
- g. Security within City Corporation buildings: an allowance of £1m p.a. was approved by the Court of Common Council last year. There are likely to be draw-downs on this amount for both the Barbican Centre and Guildhall, subject to the approval of the Policy and Resources Committee.
- h. Culture Mile: A £5m provision was provided in 2017/18 for the capital costs of the project. Annual revenue running costs for 2018/19 have initially been estimated at £1.4m in addition to the capital funding to be funded from City Fund. The Policy and Resources Committee, at its February 2018 meeting, approved two years of funding to provide these additional

resources which will support delivery across the eight Culture Mile workstreams.

i. Not yet included in the financial forecast:

- Cost pressures on local government community safety/prevent activities following a reduction in Home Office funding; the financial impact has not yet been quantified.
- Security hostile vehicle mitigation estimated to be in the region of c£12m, although it is expected that the initiative will be funded initially from CIL (Community Infrastructure Levy) until monies are exhausted and thereafter a request to be made for City Corporation support.
- The Centre for Music, which is outside the planning period.
- The combined Courts/Police accommodation proposal (the forecast currently includes the separate schemes).
- A request for resources relating to flood risk assessments which will be requested from the Policy and Resource Committee in the coming months.

5. **Council Tax:** With regard to Council Tax for the current financial year, 2017/18, the City's Council tax is £857.31, expressed at band D and excluding the GLA precept. The council tax referendum threshold will effectively be 6%, including 3% to spend on social care. It will be up to councils to choose whether to exercise their discretion to raise council tax by an additional 3% for adult social care. We have been able to accommodate the increased cost of £275k in 2018/19 (rising to £400k in 2019/20) within the forecast, so this option is not recommended. **The recommendation is therefore to freeze, rather than increase, council tax.**
6. **For Police,** the core grant settlement was marginally worse than anticipated, at £51.4m. This was some £0.2m lower than anticipated, but overall £0.7m better-off when specific purpose grants are included.
7. The police budget for 2018/19 has been brought into balance through a combination of efficiency savings, additional government grant in the provisional settlement, and draw-down on Police reserves. This provides the breathing space required to implement Force transformation plans following the Deloitte Review, amid pressures arising from increased demand and the changing nature of police services. These plans will address the underlying forecast budget deficit of £4-5m p.a. in subsequent years, when it is anticipated Reserves will be exhausted.
8. The January 2018 Police Committee meeting considered a report on the Strategic Threat and Risk Assessment Process, which is being used to identify needs and how best they can be met in the existing and future operating models. This is likely to require a short-term uplift in police officer numbers, at an initial cost of £0.5m, funded in 2018/19 through management of the agreed budget. No new funding is sought at this stage.



9. The Force has a number of capital programmes in the pipeline which are currently unfunded, with the overall shortfall estimated at £13m over the forecast period. A key driver of the expenditure in the pipeline programmes is the Emergency Security Network (ESN) Home Office programme, where it is anticipated that £8m over and above the earmarked allocation may be required to ensure delivery.
10. As the Police forecasts show a continuing deficit, exhausting the reserves in 2018/19, Members may wish to consider a business rate increase. The premium can be increased in increments of 0.1p with each 0.1p generating circa £2m p.a. It is also worth noting that the Mayor of London intends to increase the GLA policing precept by the maximum amount of £12. As the City Corporation has its own Police force this increase does not apply to the City, but it is worth noting the financial climate faced by London local authorities and measures being taken elsewhere. The Home Secretary's expectation is that Police authorities will use their precepting powers to maintain funding levels (in the City's case the business rate premium). In recognition of the specific circumstances of the City, the Home Office provided additional grant funding of £0.9m in Precept Grant for 2018/19. Given the relative health of City Fund overall, it is suggested that no increase be made in the business rate premium for 2018/19, although the Police Committee has suggested that an increase may be proposed next year.

### **Key assumptions used in the forecast**

11. Whilst the fundamental basis and approach underlying the previous forecast and the City Fund Medium Term Financial Strategy remains sound, it is proposed that certain key assumptions should be revised:

#### **Income**

- a. On the City's two other key income streams, rental and investment income, market rents appear to be performing strongly for the foreseeable future, although there has been an increase in void periods over the last six months. The property rental income is forecast based on the expected rental for each individual property, allowing for anticipated vacancy levels, expiry of leases, and lease renewals. Rental income is forecast to grow over the period. Non-property investment returns have performed strongly over the last eighteen months, whilst bond returns have been rather mixed. The City Corporation has a mixed portfolio to manage its investments across the investment cycle.
- b. The Bank of England base rate is 0.75% for 2018/19 and, based on Corporate Treasury calculations on the rate we are likely to achieve, allowance has been made for two 0.25% base rate increases across the planning period. A 0.25% increase in interest rates in 2018/19 equates to additional income of £1.5m on City Fund balances.

#### **Expenditure**

- c. An allowance for pay and prices is factored in at 2% for 2018/19 and throughout the planning period.

- d. A 2% efficiency saving from 2018/19 for City's Cash and City Fund is included in line with the published Efficiency Plan, which will fund a new 'Priorities Investment Pot' (PIP). PIP funding bids have been submitted by a range of departments and recommended bids will be presented to Members for approval.
- e. All remaining Service Based Review (SBR) savings will be achieved. Currently five departments have outstanding issues in respect of SBR savings, with two departments having additional savings to deliver in 2018/19. The January 2018 meeting of the Policy and Resources Committee approved a reduction in the City Surveyor's SBR target of £300k to fund the Assistant Property Facility Managers posts for 2017/18 and subsequent financial years. An adjustment has been made in the forecasts. Otherwise, the risk of not achieving all SBR savings is low as the majority of savings have already been delivered.

12. The key assumptions that underpin these latest projections for **City Fund** include the following:

- a. **Grant Settlement:** The provisional local authority grant settlement was received before Christmas and was largely as expected. The Ministry of Housing, Communities and Local Government (MHCLG) are undertaking a Fair Funding Review which will set the business rates baseline (the amount retained by the City to fund services) and determine the grant allocated to the City in place of Revenue Support Grant from 2019/20 onwards. This change in funding regime will also coincide with the anticipated introduction of retained business rates nationally. There will be a degree of uncertainty on the impact of these proposals until the details of the schemes are published. If implementation is delayed beyond 2020/21, a transition funding regime will be required from MHCLG.
- b. **Business Rates retention:** The Government, the GLA and London Councils have negotiated a pilot scheme for business rate devolution in London for the financial year 2018/19, involving the establishment of a business rate pool. The proposal was approved in January 2018. The scheme has a financially neutral starting point, but enables any year-on-year growth in rates revenue to be retained in London. Some of this will be used to establish a strategic investment fund and the rest will be shared among participating authorities. If the projected benefits do not materialise, the Government has guaranteed that no individual authority will be worse off as a result of participating in the pool. The scheme carries no commitment beyond 2018/19; however, the forecasts include the assumption that the pilot will run its full two years, with an assumption of typically £40m p.a. retained from growth.
- c. **City Offset:** In addition to Formula Grant, the City Fund uniquely receives, under business rates' regulations, an offset from the business rates collected in the Square Mile. The amount of the offset is determined annually by MHCLG and for 2018/19 will be £11.6m, a similar level to 2017/18 inflated by RPI. Small inflationary increases have been assumed for subsequent years of the planning period.

13. Funding assumptions for **City Police** include:

- a. **Grant funding:** The Police core grant settlement was marginally worse than anticipated at £51.4m. This was some £0.2m lower than anticipated, but overall £0.7m better off when specific purpose grants are included.
- b. **Specific grants:** In addition to the main Police grant, the City Police receives many specific grants. The main one of these is for Dedicated Security funding and is yet to be confirmed. We have assumed that the funding will be £4.8m, a reduction of £0.05m from 2017/18. Home Office Capital City Funding has been advised as part of the settlement at £4.5m, which represents no change from the prior year.
- c. **Action Fraud Service:** The City Fund is providing cash flow assistance in relation to the Action Fraud Service provided by the City of London Police. This service was transferred from the Home Office National Fraud Authority to the City of London Police with effect from 1 April 2014. Subsequently the service was subject to a procurement process which was won by IBM (UK) Ltd. The phasing of contract payments reflects IBM's significant mobilisation costs which could not be met from Police reserves. The costs were originally envisaged to all fall in 2016/17 but, due to slippage on the project, an additional cash flow loan of £5.2m was approved, taking the total cash flow support to £11.7m. Repayments will fall between 2018/19 and 2023/24 and are partially reliant on the successful monetisation of the service.
- d. **City Support:** The City is directly funding some additional costs for IT and pension costs and a request has been made to fund a number of capital projects in the pipeline estimated at £13m from 2018/19 onwards (total capital support of £17m). A key driver of the expenditure in the pipeline is the Emergency Security Network (ESN) Home Office programme, where it is anticipated that £8m over and above the earmarked funding may be required to ensure delivery.

**Revenue Spending Proposals for 2018/19**

14. The City Fund net budget requirement for 2018/19 is £148.6m, an increase of £8.9m. The following table shows how this is financed and the resulting council tax requirement.

<b>Table 3: Setting the Council Tax requirement</b>		
	<b>2017/18 Original £m</b>	<b>2018/19 Draft £m</b>
Net Expenditure before investment income from City Fund assets	(183.5)	(189.7)
Estate rental income	45.0	46.8
Income on balances	3.0	5.5
Net requirement	(135.5)	(137.4)

Plus proposed contribution (to)/from reserves	(4.2)	(11.2)
<b>City Fund Net Budget Requirement</b>	<b>(139.7)</b>	<b>(148.6)</b>
<u>Financing sources</u>		
Formula Grant	111.3	119.8
City Offset	11.3	11.6
NNDR premium (net)	10.5	10.5
City's share of Collection Fund Surplus	0.6	0.5
<b>Council Tax Requirement</b>	<b>6.0</b>	<b>6.2</b>

15. A separate report on today's agenda "Revenue and Capital Budgets 2017/18 and 2018/19" includes the detailed net revenue budget requirements of the City Fund. Included within the net expenditure is provision for any levies issued to the City by relevant levying bodies such as the Environment Agency, the Lee Valley Regional Park Authority, London Pensions Fund Authority and London Council's Grant scheme. This also includes the following precepts anticipated for the year by the Inner and Middle temples (after allowing for the cost of highways, transportation planning, waste collection and disposal, drains and sewers, open spaces and street lighting being declared as special expenses as in previous years).

<b>Table 4: Temple's Precepts</b>		
	<b>2017/18 £</b>	<b>2018/19 £</b>
Inner Temple	202,484	204,944
Middle Temple	164,155	164,616
<b>Total</b>	<b>366,639</b>	<b>369,560</b>

16. On financing, the table below analyses the change in formula grant:

<b>Table 5: Analysis of Core Government Grants</b>					
		<b>2017/18 Original £m</b>	<b>2018/19 Original £m</b>	<b>Increase (Reduction) on 2017/18</b>	
				<b>£m</b>	<b>%</b>
1	Police	51.4	52.1	0.7	1.4
2	Non-Police	8.8	0.0	(8.8)	(100.0)
3	<b>Sub-total:</b>	<b>60.2</b>	<b>52.1</b>	<b>(8.1)</b>	<b>(13.5)</b>
4	Rates Retention Baseline	15.6	23.6	8.0	51.3
5	Rates Retention Growth	35.5	44.1	8.6	24.2
6	<b>Sub-total:</b>	<b>111.3</b>	<b>119.8</b>	<b>8.5</b>	<b>7.6</b>
7	Grants Rolled In	0.0	0.0	0.0	0.0
8	<b>Total Core Government Grants</b>	<b>111.3</b>	<b>119.8</b>	<b>8.5</b>	<b>7.6</b>

## **Business Rates**

17. The Secretary of State has proposed a National Non-Domestic Rate multiplier of 49.3p and a Small Business Non-Domestic Rate Multiplier Rate of 48.0p for 2018/19. These multipliers represent an increase of 1.4p over the 2017/18 levels. The actual amount payable by each business will depend upon its rateable value.
18. If the business rate premium on City businesses remains at 0.5p in the £, the proposed premium will result in a National Non-Domestic Rate multiplier of 49.8p and a Small Business Non-Domestic Rate of 48.5p for the City for 2018/19. It is anticipated that a premium of 0.5p will raise approximately £10.5m taking into account likely reliefs, reductions or refunds.
19. Likely appeals would also affect the premium income. However, as with business rates, we do not know the certainty or timing and it might be outside our current planning horizon.
20. The forecast assumes no increase in business rates premium and that the existing provision for appeals will be sufficient.
21. As in previous years, authority is sought for the Chamberlain to award the following discretionary rate reliefs under Section 47 of the local Government Finance Act 1988:
  - Supporting Small Businesses Relief - a discount for ratepayers who, as a result of the change in their rateable value at the rating revaluation in 2017, have lost some or all of their small business rate relief.
  - A discount of £1,000 to pubs with a rateable value below £100,000.
22. A discretionary revaluation relief scheme was introduced in April 2017 to support those businesses facing the steepest increases in their rates bills, following rating revaluation. This is a five-year scheme with specific total amounts allocated to each billing authority for each of the five years. Each authority has to determine its own local scheme for each year. Authority is sought for the Chamberlain to determine the City scheme for each of the remaining four years: 2018/19, 2019/20, 2020/21 and 2021/22.
23. Although fully funded by central Government, these discounts are to be delivered using Localism Act discounts and so technically will be discretionary.

## **Business Rate Supplement**

24. The Mayor for London is (again) proposing to levy a Business Rate Supplement of 2.0p in the £ on properties with a rateable value greater than £70,000, to raise funds towards Crossrail. The threshold is being increased to reflect the effects of revaluation.

## **Determination of the Council Tax requirement**

25. The 1992 Act prescribes detailed calculations that the City, as billing authority, has to make to determine Council Tax amounts. The four steps are shown in Appendix A. Although the process is somewhat laborious, it is a legislative requirement that these separate amounts be formally determined by resolutions of the Court of Common Council.
26. After allowing for a proposed contribution to reserves, the final City Fund Council Tax requirement for 2018/19 is £6.2m. In accordance with the provisions in the Localism Act 2011, the Council Tax requirement allows for the Formula Grant, the City Offset, the City's Rate Premium and the estimated surplus on the Collection Fund at 31 March 2018. As detailed in Appendix A, the City's proposed Council Tax for 2018/19 at band D is £857.31. Consequently, it is proposed to freeze Council Tax for 2018/19 at £857.31 (band D property), before adding the Greater London Authority (GLA) precept. To determine the City's Council Tax for each property band, nationally-fixed proportions are applied to the average band D property.
27. The GLA's 'provisional' precept for 2018/19 is £76.10 for a Band D property. This excludes the Metropolitan Police requirement and represents an increase of £2.21 compared with 2017/18.
28. The total amounts of Council Tax for each category must be set by the City before 11 March. The proposed amounts are shown in the table below:

<b>Table 6: Council Tax per Property Band:</b>								
	£							
Band	A	B	C	D	E	F	G	H
CoL	571.54	666.80	762.05	857.31	1,047.82	1,238.34	1,428.85	1,714.62
GLA	50.73	59.19	67.64	76.10	93.01	109.92	126.83	152.20
<b>Total:</b>	622.27	725.99	829.69	933.41	1140.83	1348.26	1555.68	1866.82

29. It is anticipated that the City's total Council Tax will remain the third lowest in London. The Court of Common Council is requested to formally determine that the relevant (net of local precepts and levies) basic amount of Council Tax for 2018/19 will not be excessive in relation to the new referendum requirements for any council tax increases.

### **Council Tax Reduction**

30. In 2013/14, the Government introduced a locally-determined Council Tax Reduction Scheme. This replaced the national Council Tax Benefit scheme and assisted people on low incomes with their council tax bills. To protect residents on low incomes, the City Corporation adopted the Government's default scheme for the financial years 2013/14 to 2015/16, which kept the Council Tax Reduction Scheme in line with the Government's general increase in benefits.
31. Changes were made to national benefits in the July 2015 budget and, as a result, it was not possible to maintain the same scheme for the 2016/17 financial year. A consultation exercise was undertaken and the Court of Common Council agreed

to make adjustments to the scheme as it applies to working age claimants to protect existing claimants from possibly being worse off, keeping the administration of the Council Tax Reduction Scheme in line with Housing Benefit.

32. There were no proposals to make any specific amendments to the Council Tax Reduction Scheme for this or future years, beyond keeping the scheme in line with Housing Benefit.
33. The Council Tax Reduction Scheme will therefore remain the same for 2018/19 as was administered in 2016/17 and 2017/18, subject to the annual uprating of amounts in line with Housing Benefit applicable amounts.

## Capital

34. The City Corporation has a significant programme of property investments and works to improve the operational property estate and the street scene. Spending on these types of activity is classified as capital expenditure. Key areas in the 2018/19 capital programme (including the indicative costs of implementing schemes still subject to approval) comprise:

<b>Table 7: Key areas of 2018/19 Capital Expenditure</b>	
	<b>£m</b>
Roads, Street-scene and Public Realm (incl. Culture Mile)	(39.6)
Dwelling Improvements	(17.9)
New Affordable Housing	(18.0)
Museum of London Relocation	(14.5)
New Police Accommodation	(27.0)
Police systems and equipment	(10.0)
Old Bailey Plant Replacement	(4.9)
New Courts Provision	(4.0)

35. Capital expenditure is primarily financed from capital reserves derived from the sale of properties, earmarked reserves and grants or reimbursements from third parties. The City Corporation has not borrowed any money to finance these schemes. Financing is summarised in the table below.

<b>Table 8: Financing of 2018/19 City Fund Capital Expenditure</b>		
	<b>£m</b>	<b>£m</b>
Estimated Capital Expenditure		(152.5)
Financing:		
Internal		
Earmarked Reserves		
Housing Revenue Account (HRA)	(5.3)	
Highways Improvements	(2.9)	
Unapplied Grants	(4.7)	
Disposal Proceeds	(69.9)	
Revenue Reserves	(19.4)	(102.2)
External		
Grants and Reimbursements		(50.3)
<b>Total</b>		<b>(152.5)</b>

36. The Local Government Act 2003 requires the City to set prudential indicators as part of the budget setting process. The indicators that the Court of Common Council is asked to set are:

- Estimates of capital expenditure 2018/19 to 2020/21;
- Estimates of the capital financing requirement 2018/19 to 2020/21;
- Ratio of financing costs to net revenue stream (City Fund and HRA);
- Net debt and the capital financing requirement; and
- Estimate of the incremental impact on council tax and housing rents.

37. The prudential indicators listed above, together with one locally developed indicator, have been calculated in Appendix B. In addition, treasury-related prudential indicators are required to be set. These are included within the 'Treasury Management Strategy Statement and Investment Strategy Statement 2018/19' at Appendix C.

38. The main point to highlight is that there is no underlying requirement at this stage to borrow externally for capital purposes. However, the funding of capital expenditure from cash received from long-lease premiums, which are deferred in accordance with accounting standards, has to be treated as internal borrowing. To ensure that this cash is not 'used again' when the deferred income is released to revenue, the City Corporation will make a Minimum Revenue Provision equal to the amount released, resulting in an overall neutral impact on the revenue account bottom line. The Minimum Revenue Provision Policy Statement 2018/19 is set out in Appendix E. A further point to note relates to the funding for major projects, specifically the Combined Courts project and the relocation of the Museum of London to the Smithfield Market site. The intention is to use revenue reserves initially for as long as this is affordable, with external borrowing to bridge the gap in the latter period when necessary. Although the Museum of London is undertaking a fundraising campaign and the GLA is providing a contribution to this project, the City Corporation will be forward funding a large proportion of the costs.

39. The Court of Common Council needs to formally approve these indicators.

40. Additionally, the Financial Investment Board are looking to invest monies in two short-dated bond funds to maximise returns. Investing in these types of fund is not permitted within the 2017/18 Treasury Management Strategy Statement and Investment Strategy Statement, but has been included within the 2018/19 Treasury Management Strategy Statement and Investment Strategy Statement (Appendix C paragraph 7.8). The Court of Common Council is requested to approve this change with immediate effect.

### **Provision for future capital expenditure**

41. In addition to the programmed capital schemes over the planning period, the Capital Programme allows £3m per annum for new schemes [of which £1m has been earmarked to provide capital funding for urgent works necessary for the Museum of London's existing building] which have not yet been identified. If schemes are identified in excess of these provisions, Resource Allocation Sub



Committee will need to prioritise requests and/or consider making further resources available from reserves.

### **Robustness of Estimates and Adequacy of Reserves**

42. Section 25 of the Local Government Act 2003 requires the Chamberlain to report on the robustness of estimates and the adequacy of reserves underpinning the budget proposals.

43. In coming to a conclusion on the robustness of estimates, the Chamberlain needs to assess the risk of over or under spending the budget. To fulfil this requirement the following comments are made:

- a. provision has been made for all known liabilities, together with indicative costs (where identified) of capital schemes yet to be evaluated;
- b. the estimates and financial forecast have been prepared at this stage on the basis of the Corporation remaining debt free until such time as external borrowing may be needed to bridge the gap for major capital projects (the Museum of London relocation and the Combined Courts project);
- c. prudent assessments have been made regarding key assumptions;
- d. an annual capital envelope is in place seeking to ensure that capital expenditure is contained within affordable limits or, if on an exceptional basis funding is sought outside this envelope, it must be demonstrated that the project is of the highest corporate priority;
- e. although the City Fund financial position is vulnerable to rent levels and interest rates, it should be noted that:
  - the City Surveyor has carried out an in-depth review of rent incomes; and
  - the assumed interest rate, although increasing, remains low across the planning period; and
- f. a strong track record in achieving budgets gives confidence on the robustness of estimates.

44. An analysis of usable City Fund Reserves is set out in Appendix D.

### **Risks**

45. There are risks to the achievement of the latest forecasts:

#### Within the City Corporation's control:

- Challenges faced by the City Police to remove projected deficits;
- Police Action Fraud project overspending and changes in cash flow requirements;

- Museum of London relocation project not being delivered within estimated cost;
- Slippage in major projects; and
- Rent income- the loss of £6-8m p.a. for Fleet Street should the Combined Courts/Police proposal go ahead.

Outside the City Corporation's control:

- Brexit affecting the rental income from our commercial property as a result of increased voids;
- Business Rates income - volatility around the growth forecasts, dependent on full occupation of new builds and London pilot;
- Fair Funding review which will affect the amount of business rates retained by the City to fund services; and
- Inflation is currently running at 3%, but the Office for Budget Responsibility forecasts a drop to 2%. However, forecasts made by the OBR last year for 2017/18 proved to be over-optimistic. The position will be monitored during 2018/19.

### **Equalities Implications**

46. During the preparation of this report, all Chief Officers were asked to consider whether there would be any potential adverse impact of the various budget policy proposals on equality of service. This was with particular regard to service provision and delivery that affects people, or groups of people, in respect of disability, gender and racial equality. None were received.

### **Conclusion**

47. Following the service based review and the growth in business rate income, the City Fund is in a much healthier position across the medium term. However, there are a number of risks as outlined above. City Fund will need to develop a funding strategy for Major Capital Projects before it can be fully returned to surplus.

48. For Police, the drawdown on reserves in 2018/19 provides breathing space to implement Force transformation plans, following the Deloitte Review, which will help address the forecast deficit of £4-5m p.a. in subsequent years.

49. The estimates are considered robust and the level of and policies relating to the City Fund reserves are considered reasonable.

50. Therefore, the Court is **recommended** to approve the recommendations set out at the start of this report and in Appendix F.

All of which we submit to the judgement of this Honourable Court.

DATED this 20<sup>th</sup> day of February 2018.

SIGNED on behalf of the Committee.

**Jeremy Paul Mayhew**  
Chairman, Finance Committee

**Appendices**

- Appendix A: Calculating Council Tax
- Appendix B: Prudential Indicators
- Appendix C: Treasury Management Strategy Statement and Investment Strategy Statement 2018/19
- Appendix D: City Fund Usable Reserves
- Appendix E: Minimum Revenue Provision Policy Statement 2018/19
- Appendix F: Resolution for Approval by Court of Common Council

## Calculating Council Tax

### Step One (B1)

This requires calculation of the basic amount of Council Tax for a Band D dwelling for the whole of the City's area by applying the formula:

$$B1 = \frac{R}{T}$$

Where:

B1 is the Basic Amount 'One'

R is the amount calculated by the authority as its Council Tax requirement for the year:

	£	£
City Fund Net Budget Requirement		148,588,781
Less:		
Formula Grant	(119,800,000)	
City Offset	(11,605,000)	
Estimated Non Domestic Rate Premium (net)	(10,500,000)	
Estimated Collection Fund Surplus as at 31 March 2017 (City's Share)	(501,744)	(142,406,744)
<b>TOTAL COUNCIL TAX REQUIREMENT</b>		<b>6,182,037</b>

T is the amount which is calculated by the authority as its Council Tax base for the year. This amount was approved by the Chamberlain under the delegated authority of the City of London (7,210.97) together with the Council Tax bases for each part of the City's area

The above calculation is as follows:

$$B1 = \frac{£6,182,037}{7,210.97}$$

$$B1 = £857.31$$

### Step Two (B2)

This calculation is for the basic amount of Council Tax for the area of the City excluding special items. The formula is:

$$B2 = B1 - \frac{A}{T}$$

Where:

'B2' is the Basic Amount 'Two'

A is the Aggregate of all special items:

	£	£
Highways Net Expenditure	9,148,000	
Waste Collection & Disposal Net Expenditure	2,311,000	
Open Spaces Net Expenditure	1,660,000	
Transportation Planning	2,215,000	
Drains and Sewers	381,000	
Street Lighting Net Expenditure	1,184,000	
Total City's Special Expenses		16,899,000
Inner Temple Precept	204,943.56	
Middle Temple Precept	164,615.80	369,559.36
<b>TOTAL SPECIAL ITEMS</b>		<b>17,268,559.36</b>

T is the Council Tax base for the whole area

The above calculation is as follows:

$$B2 = £857.31 - \frac{£17,268,559.36}{7,210.97}$$

$$B2 = £1,537.45 \text{ (CR)}$$

### Step Three (B3)

The next calculation is for the basic amount of each of the three parts of the City (the Inner and the Middle Temples and the remainder of the City area) to which special items relate (Basic Amount 'Three'). The calculations for each of the areas are as follows:

$$B3 = B2 + \frac{S}{TP}$$

Where:

B3 is the Basic Amount 'Three'

B2 is the Basic Amount 'Two'

S is the amount of the special items for the part of the area

TP is the billing authority's Tax base for the part of the area to which the special items relate as determined by the Chamberlain under the delegated authority of the City of London Finance Committee

### City Area Excluding the Temples

$$B3 = £1,537.45 \text{ CR} + \frac{£16,899,000}{7,056.65}$$

$$B3 = £857.31$$

### Inner Temple

$$B3 = £1,537.45 \text{ CR} + \frac{£204,943.56}{85.58}$$

$$B3 = £857.31$$

**Middle Temple**

$$B3 = £1,537.45 \text{ CR} + \frac{£164,615.80}{68.74}$$

$$B3 = £857.31$$

**Step Four**

Finally, Council Tax amounts have to be calculated for each valuation band (A to H) in each of the three areas (i.e. 24 Council Tax categories). The formula to be used is:

$$\text{Council Tax for particular category} = A \times \frac{N}{D}$$

Where:

- A is the Basic Amount 'Three' ('B3') calculated for each part of its area
- N is the proportion applicable to dwellings listed in the particular valuation Band for which the calculation is being made
- D is the proportion applicable to dwellings listed in valuation Band D

<b>Council Tax per Property Band:</b>								
	£							
Band	A	B	C	D	E	F	G	H
Proportion	6	7	8	9	11	13	15	18
CoL	571.54	666.80	762.05	857.31	1,047.82	1,238.34	1,428.85	1,714.62
GLA	50.73	59.19	67.64	76.10	93.01	109.92	126.83	152.20
<b>Total:</b>	622.27	725.99	829.69	933.41	1,140.83	1,348.26	1,555.68	1,866.82

## PRUDENTIAL INDICATORS

- The following Prudential Indicators (and those included in Appendix C) have been calculated in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities. In addition, a local indicator has been calculated to reflect the City's particular circumstances. Those indicators relating to estimates for the financial years 2018/19, 2019/20 and 2020/21 (values shown in bold) are required to be set by the Court of Common Council as part of the budget setting process, and should be taken into account when considering the affordability, prudence and sustainability of capital investments.

### Prudential Indicators for Affordability

#### Estimate of the ratio of financing costs to net revenue stream

Table 1:

	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Revised	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
HRA	0.25	0.21	0.41	<b>0.72</b>	<b>0.84</b>	<b>0.71</b>	<b>0.72</b>
Non-HRA	-0.46	-0.37	-0.17	<b>-0.23</b>	<b>-0.23</b>	<b>-0.11</b>	<b>-0.23</b>
Total	-0.39	-0.30	-0.12	<b>-0.15</b>	<b>-0.14</b>	<b>-0.05</b>	<b>-0.15</b>
At this time last year	-0.39	-0.30	-0.09	-0.12	-0.25	-0.10	-

- This ratio is intended to represent the extent to which the net revenue consequences of capital financing and borrowing impact on the net revenue stream. Since the City Fund is currently a net lender in its Treasury operations and is in receipt of significant rental income from investment properties, the Non-HRA and Total ratios are usually negative. The upward trend in HRA ratios reflects increased revenue contributions to the major repairs reserve, which is used to fund the HRA programme of capital works necessary to maintain the housing estates.

### Prudential Indicator of Prudence

#### Gross Debt and the Capital Financing Requirement

Table 2:

	Period 2017/18 to 2020/21 £m
Gross Debt	<b>28,875</b>
Capital Financing Requirement	<b>184,582</b>

- To ensure that, over the medium term, borrowing will only be for capital purposes, this indicator demonstrates that gross debt will not exceed the capital financing requirement over the period 2017/18 to 2020/21. The existing

financial plans identify a potential shortfall in funding for two major projects - the Museum of London relocation and the new combined courts building - which may result in a need to start borrowing in 2020/21. However, the decision on borrowing is for the future; a Capital Strategy is being prepared which will identify potential sources of funding for these items of capital expenditure and consider the most prudent approach.

## Prudential Indicators for Capital Expenditure and External Debt

### Estimate of Capital Expenditure

Table 3:

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Actual £m	2017/18 Revised £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
HRA	4.534	8.984	8.775	16.686	35.957	18.652	2.667
Non-HRA	41.103	32.012	250.705	76.003	116.594	142.595	168.265
Total	45.637	40.996	259.480	92.689	152.551	161.247	170.932
At this time last year	45.637	40.996	284.033	132.216	130.703	102.989	-

- This indicator is based on the capital budget, augmented to reflect the indicative cost of schemes which have been approved in principle but have yet to be evaluated. It should be noted that the figures represent gross expenditure and that a number of schemes are wholly or partially funded by external contributions. Comparisons with the figures calculated at this time last year are generally reflective of the re-phasing of capital expenditure, together with the inclusion of additional provisions for the Museum of London relocation, the increase in cost of the police accommodation programme and inclusion of the new combined courts building.

### Estimate of the Capital Financing Requirement

Table 4:

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Actual £m	2017/18 Revised £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
HRA	10.490	2.352	0.000	0.000	9.500	9.310	9.124
Non-HRA	-12.309	-3.496	40.628	48.095	68.104	115.682	175.458
Total	-1.819	-1.144	40.628	48.095	77.604	124.992	184.582
At this time last year	-1.819	-1.144	92.928	49.688	100.955	154.509	-

- The capital financing requirement (CFR) reflects the underlying need to borrow and is calculated by identifying the shortfall in capital financing sources (e.g. capital receipts, grants, revenue reserves etc) to be applied. A positive indicator reflects the use of external and/or internal borrowing to fund capital expenditure.



6. The overall negative figures before 2016/17 are indicative of the City's debt-free status. From 2016/17 onwards, the City Fund is financing some capital expenditure from cash sums received from the sale of long leases, which are treated as deferred income in accordance with accounting standards. For the purposes of this indicator, such funding counts as 'internal borrowing' and has given rise to positive CFRs going forward. Whilst the City currently continues to remain free of external debt, a shortfall in funding for major projects has been identified which may result in external borrowing or the sale of investment property. A Capital Strategy is being prepared to determine a prudent approach to capital financing.
7. In accordance with the guidance contained in the Prudential Code, the 'Actual' indicators are calculated directly from the Balance Sheet, whilst the method of calculating the HRA and Non-HRA elements is prescribed under Statute.
8. The remaining prudential indicators relating to external debt and treasury management are included within Appendix C.

### Local Indicator

9. A local indicator which gives a useful measure of both sustainability and of the adequacy of revenue reserves has been developed.

### Times Cover on Unencumbered Revenue Reserves

Table 5:

	2017/18	2018/19	2019/20	2020/21
Times cover on unencumbered revenue reserves	(9.8)	(4.3)	15.2	0.1
<i>At this time last year</i>	(5.5)	26.0	1.1	-

10. This indicator is calculated by dividing the balance of unencumbered general reserves by any annual revenue deficit/(surplus). For 2017/18 and 2018/19 revenue surpluses are forecast, denoted by the brackets. In 2019/20 a modest deficit is forecast, covered by ample revenue reserves. However, in 2020/21, a significantly larger deficit is forecast, with reserves falling to a minimum. The movement from annual revenue surpluses to deficits is attributable to funding for two major projects – the Museum of London relocation and the new combined courts project. A formal Capital Strategy is to be developed to address the pressure on reserves which may result in external borrowing and/or the sale of investment property.

# **TREASURY MANAGEMENT STRATEGY STATEMENT**

**AND**

# **ANNUAL INVESTMENT STRATEGY**

**2018/19**

## **Treasury Management Strategy Statement and Annual Investment Strategy 2018/19**

### **1. Introduction**

#### **1.1. Background**

The City of London Corporation (the City) is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the City's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of capital expenditure plans. The City is not anticipating any borrowing at this time.

#### **1.2. The Treasury Management Policy Statement**

The City defines its treasury management activities as:

The management of the organisation's investments and cash flows, its banking, money market and capital market transaction; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The City regards the security of its financial investments through the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The City acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

#### **1.3. CIPFA Requirements**

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by the Court of Common Council (the Court) on 3 March 2010:

The primary requirements of the Code are as follows:

- (i) The City of London Corporation will create and maintain, as the cornerstones for effective treasury management:
  - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

- (ii) This organisation (i.e. the Court of Common Council) will receive reports on its treasury management policies, practices and activities, including as a minimum an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
- (iii) The Court of Common Council delegates responsibility for the implementation and regular monitoring of its treasury management policies to the Finance Committee and the Financial Investment Board; the execution and administration of treasury management decisions is delegated to the Chamberlain, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- (iv) The Court of Common Council nominates the Audit and Risk Management Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

#### **1.4. Treasury Management Strategy for 2018/19**

The Local Government Act 2003 (the Act) and supporting regulations require the City to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the City's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Court of Common Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act) (included in section 7 of this report); this sets out the City's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2018/19 in respect of the required aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the City's treasury adviser, Link Asset Services, Treasury Solutions.

The strategy covers:

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the City
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers.

These elements cover the requirements of the local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

### 1.5. Balanced Budget Requirement

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the City to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the City for the foreseeable future.

### 2. Treasury Limits for 2017/18 to 2019/20

It is a statutory duty under Section 3 (1) of the Local Government Act and supporting regulations, for the City to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The City must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is ‘acceptable’.

Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion in corporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years; details of the Authorised Limit can be found in Appendix 3.

### 3. Current Portfolio Position

The City’s treasury portfolio position at 31 December 2017 comprised:

<b>Table 1</b>		<b>Principal</b>		<b>Ave. rate</b>
		<b>£m</b>	<b>£m</b>	<b>%</b>
Fixed rate funding	PWLB	0	0	-
	Market	0		
Variable rate funding	PWLB	0	0	-
	Market	0	0	-
Other long term liabilities			0	
<b>Gross debt</b>			<b>0</b>	<b>-</b>
<b>Total investments</b>			<b>873.4</b>	<b>0.56</b>
<b>Net Investments</b>			<b>873.4</b>	

### 4. Treasury Indicators for 2018/19 – 2020/21

Treasury Indicators (as set out in Appendix 3) are relevant for the purposes of setting an integrated treasury management strategy.

The City is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The original 2001 Code was adopted by the Court of Common Council on 9 March 2004 and the revised 2009 Code was adopted on 3 March 2010.

## 5. Prospects for Interest Rates

The City of London has appointed Link Asset Services (Link) as its treasury advisor and part of their service is to assist the City to formulate a view on interest rates. Appendix 1 draws together a number of forecasts for both short term (Bank Rate) and longer term interest rates and Appendix 2 provides a more detailed economic commentary. The following table and accompanying text below gives the Link central view.

	<b>Bank Rate %</b>	<b>PWLB Borrowing Rates % (including certainty rate adjustment)</b>			
		<b>5 year</b>	<b>10 years</b>	<b>25 year</b>	<b>50 year</b>
Dec 2017	0.50	1.50	2.10	2.80	2.50
Mar 2018	0.50	1.60	2.20	2.90	2.60
Jun 2018	0.50	1.60	2.30	3.00	2.70
Sep 2018	0.50	1.70	2.40	3.00	2.80
Dec 2018	0.75	1.80	2.40	3.10	2.90
Mar 2019	0.75	1.80	2.50	3.10	2.90
Jun 2019	0.75	1.90	2.60	3.20	3.00
Sep 2019	0.75	1.90	2.60	3.20	3.00
Dec 2019	1.00	2.00	2.70	3.30	3.10
Mar 2020	1.00	2.10	2.70	3.40	3.20
Jun 2020	1.00	2.10	2.80	3.50	3.30
Sep 2020	1.25	2.20	2.90	3.50	3.30
Dec 2020	1.25	2.30	2.90	3.60	3.40
Mar 2021	1.25	2.30	3.00	3.60	3.40

As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Fed. has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.

Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary

pressures as stronger economic growth becomes more firmly established. The Fed. has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak capitalisation of some European banks.
- The result of the October 2017 Austrian general election has now resulted in a strongly anti-immigrant coalition government. In addition, the Czech ANO party became the largest party in the October 2017 general election on a platform of being strongly against EU migrant quotas and refugee policies. Both developments could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
- Rising protectionism under President Trump
- A sharp Chinese downturn and its impact on emerging market countries

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

### Investment and borrowing rates

- Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.
- Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Since then, borrowing rates have eased back again somewhat. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

## 6. Borrowing Strategy

It is anticipated that there will be no capital borrowings required during 2018/19.

## 7. Annual Investment Strategy

### 7.1. Investment Policy

The City of London's investment policy will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes ("the CIPFA TM Code"). The City's investment priorities are:

- (a) security; and
- (b) liquidity.

The City will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of the City is low in order to give priority to security of its investments.



The borrowing of monies purely to invest or on-lend and make a return is unlawful and the City will not engage in such activity.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the City applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration, the City will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Appendix 4 under the ‘specified’ and ‘non-specified’ investments categories.

### 7.2. Creditworthiness policy

The City uses the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from all three rating agencies - Fitch, Moody's and Standard & Poor's. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries.

The City will not specifically follow the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties, but will have regard to the approach adopted by Link's creditworthiness service which incorporates ratings from all three agencies and uses a risk weighted scoring system, thereby not giving undue preponderance to just one agency's ratings.

All credit ratings will be monitored on a daily basis. The City is alerted to credit warnings and changes to ratings of all three agencies through its use of the Link creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the City's minimum criteria, its further use as a possible investment will be withdrawn immediately.
- In addition to the use of Credit Ratings the City will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it

by Link Asset Services. Extreme market movements may result in downgrade of an institution and possible removal from the City's lending list.

Sole reliance will not be placed on the use of this external service. In addition the City will also use market data and market information, information from any external source and credit ratings.

Regular meetings are held involving the Chamberlain, the Deputy Chamberlain, Corporate Treasurer and Members of the Treasury Team, when the suitability of prospective counterparties and the optimum duration for lending is discussed and agreed.

The primary principle governing the City's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the City will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the City's prudential indicators covering the maximum principal sums invested.

The Chamberlain will maintain a counterparty list in compliance with the following criteria and will revise these criteria and submit them to the Financial Investment Board for approval as necessary. These criteria are separate to those which determine which types of investment instruments are classified as either specified or non-specified as it provides an overall pool of counterparties considered high quality which the City may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty would result in a temporary suspension, which will be reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:

- Banks 1 – good credit quality – the City will only use banks which:
  - (i) are UK banks; and/or
  - (ii) are non-UK and domiciled in a country which has a minimum sovereign long-term rating of AAA (Fitch rating)and have, as a minimum the following Fitch, credit rating:

(i) Short-term	F1
(ii) Long-term	A

## Appendix C

- Banks 2 – Part Nationalised UK banks –Royal Bank of Scotland. This bank can be included if it continues to be part nationalised, or it meets the ratings in Banks 1 above.
- Banks 3 – The City's own banker (Lloyds Banking Group) for transactional purposes if the bank falls below the above criteria, although in this case, balances will be minimised in both monetary size and duration.
- Bank subsidiary and treasury operation - The City will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above. This criteria is particularly relevant to City Re Limited, the City's Captive insurance company, which deposits funds with bank subsidiaries in Guernsey.
- Building Societies – The City may use all societies which:
  - (i) have assets in excess of £9bn; or
  - (ii) meet the ratings for banks outlined above
- Money Market Funds CNAV – with minimum credit ratings of AAA/mmF
- Money Market Funds (MMFs) LVNAV – with minimum credit ratings of AAA/mmF
- Money Market Funds (MMFs) VNAV – with minimum credit ratings of AAA/mmF
- Ultra-Short Dated Bond Funds with a credit rating of at least AAA/f (previously referred to as Enhanced Cash Plus Funds)
- Short Dated Bond Fund – These funds typically do not obtain their own standalone credit rating. The funds will invest in a wide array of investment grade instruments, The City will undertake all necessary due diligence to ensure a minimum credit quality across the funds underlying composition is set out within initial Investment Manager Agreements and actively monitor the on-going credit quality of any fund invested.
- UK Government – including government gilts and the debt management agency deposit facility.
- Local authorities

A limit of £300m will be applied to the use of non-specified investments.

**Use of additional information other than credit ratings.** Additional requirements under the Code require the City to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties

**Time and monetary limits applying to investments.** The time and monetary limits for institutions on the City's counterparty list are set out in Appendix 5 as at 31<sup>st</sup> December 2017. The City may add managers to this list as appropriate.

### 7.3. Country limits

The City has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA (Fitch) or equivalent. The

counterparty list, as shown in Appendix 6, will be added to or deducted from by officers should individual country ratings change in accordance with this policy. It is proposed that the UK (which is currently rated as AA) will be excluded from this stipulated minimum sovereign rating requirement.

### **Investment Strategy**

7.4. **In-house funds:** The City's in-house managed funds are both cash-flow derived and also represented by core balances which can be made available for investment over a 2-3 year period. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). The City does not currently have any term deposits which span the 2018/19 financial year.

7.5. **Investment returns expectations:** Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are as follows:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%

Link consider that the overall balance of risks to these forecasts is currently probably tilted towards the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and / or forecasts for increases in inflation rise, upside risk may increase i.e. Bank Rate increases occur earlier and / or at a quicker pace.

The Chamberlain and his Treasury Officers consider that there may be a slow increase in base rate beginning in either late 2018 or early 2019, at the earliest. Currently available interest rates over the longer term (2 to 3 years) are not significantly above 0.75% to 1.0% and are therefore considered insufficient to place funds on 2 or 3 year deposit at present.

For 2017/18 the City has budgeted for an average investment return of 0.50% on investments placed during the financial year. Financial forecasts for the period 2018/19 include interest earnings based on a weighted average investment return of 0.65%.

In managing its cash as effectively as possible, the City aims to benefit from the highest available interest rates for the types of investment vehicles invested in, whilst ensuring that it keeps within its credit criteria as set out in this document. Currently, the City invests in a call account with Lloyds Bank, money market funds, short-dated deposits (three months to one year) and a 95 day notice account. These investments are relatively liquid and therefore as and when interest rates improve balances can be invested for longer periods.

7.6. **Investment Treasury Indicator and Limit**

Total principal funds invested for greater than 365 days are subject to a limit, set with regard to the City's liquidity requirements and to reduce the need for an early sale of an investment, and are based on the availability of funds after each year end.

The Board is asked to approve the treasury indicator and limit:

Maximum principal sums invested for more than 365 days (up to three years)			
	2018/19 £m	2019/20 £m	2020/21 £m
Principal sums invested >365 days	300	300	300

### 7.7. End of year investment report

At the end of the financial year, the City will report on its investment activity as part of its Annual Treasury Report.

### 7.8. External fund managers

A proportion of the City's funds, amounting to £206.9m as at 31 December 2017, are externally managed on a discretionary basis by Standard Life Aberdeen plc, Deutsche Asset Wealth Management, Invesco Fund Managers Ltd, Federated UK LLP, CCLA Investment Management Ltd and Payden Global Funds Plc. The City's external fund managers will comply with the Annual Investment Strategy, and the agreements between the City and the fund managers additionally stipulate guidelines and duration and other limits in order to contain and control risk. Investments made by the Fund Managers include a diversified portfolio of very high quality sterling-dominated investments, including gilts, supranationals, bank and corporate bonds, as well as other money market securities. The individual investments held within the Funds are monitored on a regular basis by Treasury staff.

The credit criteria to be used for the selection of the Money Market fund manager(s) is based on Fitch Ratings and is AAA/mmf. The Ultra-Short Dated Bond fund managers (including Payden Sterling Reserve Fund, Federated Sterling Cash Plus Fund and Standard Life Investments Short Duration Managed Liquidity Fund) are all rated by Standard and Poor's as AAA/f.

Any newly appointed Short Dated Bond fund manager will be appointed on a distinct Investment Manager Agreement, under which the City will outline the minimum credit criteria to be maintained across the underlying fund composition. The funds are expected to offer significant diversification by being invested in a wide range of investment grade instruments, rated BBB and above and limiting exposure to any one debt issuer or issuance.

### 7.8. Policy on the use of external service providers

The City uses Link Asset Services, Treasury Solutions as its external treasury management advisers.

The City recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The City will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

### 7.9. Scheme of Delegation

Please see Appendix 7.

**7.10. Role of the Section 151 officer**

Please see Appendix 8.

**7.11. Training**

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. The training needs of members and treasury management officers are periodically reviewed.

**APPENDICES**

1. Interest Rate Forecasts 2018-2021
2. Link Asset Services view on Economic Background
3. Treasury Indicators 2018/19 – 2020/21 and Minimum Revenue Provision Statement
4. Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management
5. Current Approved Counterparties
6. Approved Countries for Investments
7. Treasury Management Scheme of Delegation
8. The Treasury Management Role of the Section 151 Officer



**LINK INTEREST RATE FORECASTS 2018 - 2021**

Link Asset Services Interest Rate View													
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
3 Month LIBID	0.40%	0.40%	0.40%	0.60%	0.60%	0.60%	0.70%	0.90%	0.90%	1.00%	1.20%	1.20%	1.20%
6 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.80%	0.80%	0.90%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%
12 Month LIBID	0.80%	0.80%	0.90%	1.00%	1.00%	1.10%	1.10%	1.30%	1.30%	1.40%	1.50%	1.50%	1.60%
5yr PWLB Rate	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB Rate	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB Rate	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%
<b>Bank Rate</b>													
Link Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
Capital Economics	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	2.00%	2.00%	2.25%	2.25%	-
<b>5yr PWLB Rate</b>													
Link Asset Services	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
Capital Economics	1.70%	1.90%	2.10%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.65%	2.65%	2.90%	-
<b>10yr PWLB Rate</b>													
Link Asset Services	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
Capital Economics	2.20%	2.40%	2.60%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	3.05%	3.05%	3.30%	-
<b>25yr PWLB Rate</b>													
Link Asset Services	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	2.60%	2.90%	3.10%	3.30%	3.30%	3.30%	3.35%	3.35%	3.35%	3.60%	3.60%	3.80%	-
<b>50yr PWLB Rate</b>													
Link Asset Services	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

**Note:** The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective since 1<sup>st</sup> November 2012. The Bank of England base rate was increased from 0.25% to 0.50% on 2 November 2017.

## **LINK ASSET SERVICES VIEW ON ECONOMIC BACKGROUND**

**GLOBAL OUTLOOK.** **World growth** looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

In addition, **inflation prospects are generally muted** and it is particularly notable that **wage inflation** has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). In turn, this raises the question of what has caused this? The likely answers probably lay in a combination of a shift towards flexible working, self-employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers. Indeed, this is now being labelled as being the start of the **fourth industrial revolution**.

### **KEY RISKS - central bank monetary policy measures**

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as Quantitative Easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation is coming towards its close and a new period has already started in the US, and more recently in the UK, on reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this then also encouraged investors into a search for yield and into investing in riskier assets such as equities. This resulted in bond markets and equity market prices both rising to historically high valuation levels simultaneously. This, therefore, makes both asset categories vulnerable to a sharp correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery by taking too rapid and too strong action, or, alternatively, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.**

There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE. In the UK, a key vulnerability is the **low level of productivity growth**, which may be the main driver for increases in wages; and **decreasing consumer disposable income**, which is important in the context of consumer expenditure primarily underpinning UK GDP growth.

A further question that has come to the fore is whether **an inflation target for central banks of 2%**, is now realistic given the shift down in inflation pressures from internally generated inflation, (i.e. wage inflation feeding through into the national economy), given the above mentioned shift down in the Phillips curve.

- Some economists favour a shift to a **lower inflation target of 1%** to emphasise the need to keep the lid on inflation. Alternatively, it is possible that a central bank could simply 'look through' tepid wage inflation, (i.e. ignore the overall 2% inflation target), in order to take action in raising rates sooner than might otherwise be expected.
- However, other economists would argue for a **shift UP in the inflation target to 3%** in order to ensure that central banks place the emphasis on maintaining economic growth through adopting a slower pace of withdrawal of stimulus.
- In addition, there is a strong argument that central banks should **target financial market stability**. As mentioned previously, bond markets and equity markets could be vulnerable to a sharp correction. There has been much commentary, that since 2008, QE has caused massive distortions, imbalances and bubbles in asset prices, both financial and non-financial. Consequently, there are widespread concerns at the potential for such bubbles to be burst by exuberant central bank action. On the other hand, too slow or weak action would allow these imbalances and distortions to continue or to even inflate them further.
- Consumer debt levels are also at historically high levels due to the prolonged period of low cost of borrowing since the financial crash. In turn, this cheap borrowing has meant that **other non-financial asset prices**, particularly house prices, have been driven up to very high levels, especially compared to income levels. Any sharp downturn in the availability of credit, or increase in the cost of credit, could potentially destabilise the housing market and generate a sharp downturn in house prices. This could then have a destabilising effect on consumer confidence, consumer expenditure and GDP growth. However, no central bank would accept that it ought to have responsibility for specifically targeting house prices.

**UK.** After the UK surprised on the upside with strong economic growth in 2016, **growth in 2017 has been disappointingly weak**; quarter 1 came in at only +0.3% (+1.8% y/y), quarter 2 was +0.3% (+1.5% y/y) and quarter 3 was +0.4% (+1.5% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the **manufacturing sector** which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole.

While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the **Monetary Policy Committee, (MPC), meeting**

of 14 September 2017 managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting. (Inflation actually came in at 3.1% in November so that may prove now to be the peak.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that **the amount of spare capacity in the economy was significantly diminishing** towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a *decrease* in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

At Its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

It is also worth noting the **contradiction within the Bank of England** between action in 2016 and in 2017 **by two of its committees**. After the shock result of the EU referendum, the **Monetary Policy Committee (MPC)** voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was *because* the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the **Financial Policy Committee (FPC)** of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit! Indeed, a PWC report in October 2017 warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.

One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that **some consumers may have over extended their borrowing** and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually pan out.

**EZ.** Economic growth in the eurozone (EZ), (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.6% in quarter 1 (2.1% y/y), 0.7% in quarter 2 (2.4% y/y) and +0.6% in quarter 3 (2.6% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in November inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.

**USA.** Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1% and quarter 3 coming in at 3.3%. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.1%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with four increases in all and four increases since December 2016; the latest rise was in December 2017 and lifted the central rate to 1.25 – 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed said it would start in October to gradually unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

**JAPAN.** has been struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

### **Brexit timetable and process**

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: initial two-year negotiation period on the terms of exit. In her Florence speech in September 2017, the Prime Minister proposed a two year transitional period after March 2019.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy will

leave the single market and tariff free trade at different times during the two year transitional period.

- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.

**TREASURY INDICATORS 2018/19 – 2020/21 AND MINIMUM REVENUE PROVISION  
STATEMENT**

<b>TABLE 1: TREASURY MANAGEMENT INDICATORS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>actual</b>	<b>probable outturn</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised Limit for external debt -</b>					
Borrowing	£0	£0	£0	£0	£0
other long term liabilities	£14,124	£14,006	£13,888	£13,770	£13,653
<b>TOTAL</b>	<b>£14,124</b>	<b>£14,006</b>	<b>£13,888</b>	<b>£13,770</b>	<b>£13,653</b>
<b>Operational Boundary for external debt -</b>					
Borrowing	£0	£0	£0	£0	£0
other long term liabilities	£14,124	£14,006	£13,888	£13,770	£13,653
<b>TOTAL</b>	<b>£14,124</b>	<b>£14,006</b>	<b>£13,888</b>	<b>£13,770</b>	<b>£13,653</b>
<b>Actual external debt</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Upper limit for fixed interest rate exposure</b>					
Expressed as either:-					
Net principal re fixed rate borrowing / investments OR:-	100%	100%	100%	100%	100%
Net interest re fixed rate borrowing / investments	100%	100%	100%	100%	100%
<b>Upper limit for variable rate exposure</b>					
Expressed as either:-					
Net principal re variable rate borrowing / investments OR:-	100%	100%	100%	100%	100%
Net interest re variable rate borrowing / investments	100%	100%	100%	100%	100%
<b>Upper limit for total principal sums invested for over 364 days</b> (per maturity date)	<b>£200m</b>	<b>£300m</b>	<b>£300m</b>	<b>£300m</b>	<b>£300m</b>

<b>TABLE 2: Maturity structure of fixed rate borrowing during 2017/18</b>	<b>upper limit</b>	<b>lower limit</b>
- under 12 months	0%	0%
- 12 months and within 24 months	0%	0%
- 24 months and within 5 years	0%	0%
- 5 years and within 10 years	0%	0%
- 10 years and above	0%	0%





**MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT 2018/19**

To ensure that capital expenditure funded by borrowing is ultimately financed, the City Fund is required to make a Minimum Revenue Provision (MRP) when the Capital Financing Requirement (CFR) is positive. A positive CFR is indicative of an underlying need to borrow.

A positive CFR will arise when capital expenditure is funded by 'borrowing', either external (loans from third parties) or internal (use of cash balances held by the City Fund). The 2018/19 City Fund Budget Strategy does not envisage any external borrowing in-year. A formal Capital Strategy will be developed to determine a prudent level of external borrowing to fund the Museum of London relocation and the potential new Combined Court building.

As at 31 March 2017 the City Fund CFR became positive for the first time as a result of internal borrowing. This arose through funding of capital expenditure from cash received from long lease premiums which are deferred in accordance with accounting standards. This deferred income is released to revenue over the life of the leases to which it relates, typically between 125 and 250 years.

The City's MRP policy in respect of internal borrowing is based on a mechanism to ensure that the deferred income used to finance capital expenditure is not then 'used again' when it is released to revenue. The amount of the annual MRP is therefore to be equal to the amount of the deferred income released, resulting in an overall neutral impact on the bottom line.

The MRP liability for 2017/18 is £897k and is estimated at £975k for 2018/19 - assuming no external borrowing.

Future year MRPs will be equal to the deferred income to be released (in respect of internal borrowing) plus a prudent provision to repay external borrowing (yet to be determined).

**TREASURY MANAGEMENT PRACTICES (TMP 1) – Credit and Counterparty Risk Management**

**SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where appropriate.

	<b>Minimum ‘High’ Credit Criteria</b>	<b>Use</b>
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies, including part nationalised banks	Short-term F1, Long-term A,	In-house
Term deposits – banks and building societies, including part nationalised banks	Short-term F1, Long-term A,	Fund Managers
Money Market Funds CNAV <small>(see Note below)</small>	AAA/mmff (or equivalent)	In-house via Fund Managers
Money Market Funds LVNAV <small>(see Note below)</small>	AAA/mmff (or equivalent)	In-house via Fund Managers
Money Market Funds VNAV <small>(see Note below)</small>	AAA/mmff (or equivalent)	In-house via Fund Managers
Ultra-Short Dated Bond Fund	AAA/f (or equivalent)	In-house via Fund Managers
UK Government Gilts	UK Sovereign Rating	In-house & Fund Managers
Treasury Bills	UK Sovereign Rating	Fund Managers
Sovereign Bond issues (other than the UK government)	AAA	Fund Managers

**Note:**

New European Money Market Fund regulations are due to come into effect from 21 July 2018. There are currently two broad categories of Money Market Funds (MMFs): short-term MMFs and standard MMFs.

Under existing regulations, the standard MMF can only be run as a variable net asset value (VNAV) fund, while the short-term MMF can be run as either a constant net asset value (CNAV) or VNAV fund.

The new regulations introduce a couple of changes to the short-term MMF category. Until now, these have included government style funds and credit style funds. The new regulation provides optionality for investors, allowing for three new successor structures:

- A CNAV fund option, which will be permitted for “public debt” or government style funds.
- A low-volatility NAV (LVNAV) fund, which delivers a stable NAV and is also available for credit-style offerings.
- A VNAV fund option, offering a fluctuating dealing NAV, which could be a government fund or a credit fund.

All existing MMFs have to comply with the new rules by January 2019 whilst new MMF’s must be in compliance by 21st July 2018.

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the Specified Investment criteria. A maximum of £300m will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the categories set out below.

	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Maximum</b>	<b>Maximum Maturity Period</b>
Term deposits - other LAs (with maturities in excess of one year)	-	In-house	£25m per LA	Three years
Term deposits, including callable deposits - banks and building societies (with maturities in excess of one year)	Long-term A, Short-term F1,	In-house and Fund Managers	£300m overall	Three years
Certificates of deposits issued by banks and building societies with maturities in excess of one year	Long-term A, Short-term F1,	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Government Gilts with maturities in excess of one year	AAA	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Index Linked Gilts	AAA	In-house on a buy-and-hold basis and fund managers	£50m Overall	Three years
Short Dated Bond Fund	--	In-house via Fund Managers	£100m Principal Overall	n/a*

\*Short Dated Bonds Funds are buy and hold investments with no pre-determined maturity at time of funding, liquidity access will be typically T+4.

**APPROVED COUNTERPARTIES as at 31 DECEMBER 2017**

**BANKS AND THEIR WHOLLY OWNED SUBSIDIARIES**

<b>FITCH RATINGS</b>	<b>LIMIT OF £100M PER GROUP (£150m for Lloyds TSB Bank)</b>	<b>Duration</b>
<b>AA- F1+</b>	HSBC	Up to 3 years
<b>A F1</b>	----- BARCLAYS BANK	Up to 3 years
<b>A+ F1</b>	----- LLOYDS BANK incl. Bank of Scotland	Up to 3 years
<b>BBB+ F2</b>	----- ROYAL BANK OF SCOTLAND	Up to 3 years
<b>A F1</b>	----- SANTANDER UK	Up to 3 years
<b>A F1</b>	----- GOLDMAN SACHS INTERNATIONAL BANK	Up to 3 years

**BUILDING SOCIETIES**

<b>FITCH RATINGS</b>	<b>GROUP</b>	<b>ASSETS £BN</b>	<b>LIMIT £M</b>	<b>Duration</b>
<b>A+ F1</b>	Nationwide	220	120	Up to 3 years
<b>A- F1</b>	Yorkshire	45	20	Up to 1 year
<b>A F1</b>	Coventry	38	20	Up to 1 year
<b>A- F1</b>	Skipton	18	20	Up to 1 year
<b>A- F1</b>	Leeds	16	20	Up to 1 year

**MONEY MARKET FUNDS**

<b>FITCH RATINGS</b>	<b>MONEY MARKET FUNDS</b> <b>Limit of £100M per fund</b>	<b>DURATION</b>
AAA/mmf	CCLA	Liquid
AAA/mmf	Federated Short-Term Sterling Prime Fund*	Liquid
AAA/mmf	Standard Life Liquidity Fund** Aberdeen Sterling Liquidity Fund	Liquid
AAA/mmf	Invesco	Liquid
AAA/mmf	Deutsche Liquidity Fund	Liquid

**ULTRA SHORT DATED BOND FUNDS**

<b>FITCH RATINGS</b> <b>(or equivalent)</b>	<b>ULTRA SHORT DATED BOND FUNDS</b> <b>Limit of £100M per fund</b>	<b>DURATION</b>
AAA/f	Payden Sterling Reserve Fund	Liquid
AAA/f	Federated Sterling Cash Plus Fund*	Liquid
AAA/f	Standard Life Investments Short Duration Managed Liquidity Fund**	Liquid

\*A combined limit of £100m applies to balances across the Money Market Fund and Ultra Short Dated Bond Fund both managed by Federated

\*\*A combined limit of £100m applies to balances across the Money Market Funds and Ultra Short Dated Bond Fund all managed by Standard Life Aberdeen

**SHORT DATED BOND FUNDS**

<b>FITCH RATINGS</b> <b>(or equivalent)</b>	<b>SHORT DATED BOND FUNDS</b> <b>Limit of £100M per fund</b>	<b>DURATION</b>
n/a	To be confirmed	Liquid

**FOREIGN BANKS**

(with a presence in London)

<b>FITCH RATINGS</b>		<b>LIMIT £M</b>	<b>Duration</b>
<b>AA- F1+</b>	<b><u>AUSTRALIA</u></b> AUSTRALIA & NZ BANKING GROUP	25	Up to 3 years
<b>AA- F1+</b>	NATIONAL AUSTRALIA BANK	25	Up to 3 years
	<b><u>SWEDEN</u></b>		
<b>AA F1+</b>	SVENSKA HANDELSBANKEN	25	Up to 3 years

**LOCAL AUTHORITIES**

<b>LIMIT OF £25M PER AUTHORITY</b>
Any UK local authority

**APPENDIX 6**

**APPROVED COUNTRIES FOR INVESTMENT**

This list is based on those countries which have sovereign ratings of AAA as at 18 December 2017

**AAA**

- Australia
- Canada
- Denmark
- Germany
- Luxembourg\*
- Netherlands
- Norway \*
- Singapore
- Sweden
- Switzerland

**AA**

- United Kingdom

\* Currently no eligible banks to invest in either country as per the Link Asset Services weekly list

**TREASURY MANAGEMENT SCHEME OF DELEGATION**

The roles of the various bodies of the City of London Corporation with regard to treasury management are:

**(i) Court of Common Council**

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy.

**(ii) Financial Investment Board and Finance Committee**

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- Budget consideration and approval
- Approval of the division of responsibilities
- Receiving and reviewing regular monitoring reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment.

**(iii) Audit & Risk Management Committee**

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.



**THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER**

**The Chamberlain**

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers.

## Reserves

<b>Forecast Movements in City Fund Usable Reserves 2018/19</b>				
	Notes	Estimated Opening Balance 1 Apr 2018 £m	Forecast Net Movement in Year £m	Estimated Closing Balance 31 Mar 2019 £m
<b>Revenue Usable Reserves</b>				
General	a	61.0	7.1	68.1
Earmarked				
Police Future Expenditure	b	3.5	(3.5)	0.0
Highways Improvements	c	29.8	6.7	36.5
VAT Reserve	d	4.2	0.0	4.2
Proceeds of Crime Act	e	1.0	0.0	1.0
Judges Pensions	f	1.1	0.0	1.1
Public Health	g	0.9	0.0	0.9
Renewals and Repairs	h	0.7	0.0	0.7
Service Projects	i	6.4	0.0	6.4
Total Revenue Earmarked		47.6	3.2	50.8
Housing Revenue Account (HRA)	j	5.3	(5.3)	0.0
<b>Total Revenue Usable Reserves</b>		<b>113.9</b>	<b>5.0</b>	<b>118.9</b>
<b>Capital Usable Reserves</b>				
Capital Receipts Reserve	k	24.1	(2.9)	21.2
Capital Grants Unapplied	l	21.0	(4.3)	16.7
HRA Major Repairs Reserve	j	1.2	(1.0)	0.2
<b>Total Capital Usable Reserves</b>		<b>46.3</b>	<b>(8.2)</b>	<b>38.1</b>
<b>Total Usable Reserves</b>		<b>160.2</b>	<b>(3.2)</b>	<b>157.0</b>

Notes

- a. General Reserve – The accumulated balance from annual surpluses or deficits on the City Fund Revenue Account less any transfers to, or plus any transfers from, earmarked reserves.
- b. Police Future Expenditure - Revenue expenditure for the City Police service is cash limited. Underspends against this limit may be carried forward as a reserve to the following financial year and overspendings are required to be met from this reserve.
- c. Highway Improvements - Created from on-street car parking surpluses to finance future highways related expenditure and projects as provided by section 55 of the Road Traffic Regulation Act 1984, as amended by the Road Traffic Act 1991.
- d. VAT Reserve – Should the City Corporation no longer be able to recover VAT incurred on exempt services as a result of exceeding the 5% partial exemption threshold, this reserve will be the first call for meeting the associated costs.

- e. Proceeds of Crime Act – Cash forfeiture sums awarded to the City. Under the guidelines of the scheme, the funds must be ringfenced for crime reduction initiatives.
- f. Judges Pensions - Sums set aside to assist with the City of London's share of liabilities.
- g. Public Health - established from ring-fenced grant allocations. The grant must be used on activities whose main or primary purpose is to improve the public health of local populations.
- h. Renewals and Repairs – Sums obtained on the surrender of headleases and set aside to fund cyclical maintenance and repair works to the property and void costs.
- i. A number of reserves for service specific projects and activities where the balance on each individual reserve is less than £0.5m have been aggregated under this generic heading.
- j. These reserves are ringfenced by statute to the Housing Revenue Account.
- k. It is anticipated that the capital receipts reserve will be exhausted due to the City's commitment to Crossrail.
- l. Capital grants and contributions received for specific purposes. This includes receipts from the City's Community Infrastructure Levy.

### Minimum Revenue Provision (MRP) Policy Statement 2018/19

1. To ensure that capital expenditure funded by borrowing is ultimately financed, the City Fund is required to make a Minimum Revenue Provision (MRP) when the Capital Financing Requirement (CFR) is positive. A positive CFR is indicative of an underlying need to borrow.
2. A positive CFR will arise when capital expenditure is funded by 'borrowing', either external (loans from third parties) or internal (use of cash balances held by the City Fund). The 2018/19 City Fund Budget Strategy does not envisage any external borrowing in-year. A formal Capital Strategy will be developed to determine a prudent level of external borrowing to fund the Museum of London relocation and the potential new Combined Courts building.
3. As at 31 March 2017 the City Fund CFR became positive for the first time as a result of internal borrowing. This arose through funding of capital expenditure from cash received from long lease premiums which are deferred in accordance with accounting standards. This deferred income is released to revenue over the life of the leases to which it relates, typically between 125 and 250 years.
4. The City's MRP policy in respect of internal borrowing is based on a mechanism to ensure that the deferred income used to finance capital expenditure is not then 'used again' when it is released to revenue. The amount of the annual MRP is therefore to be equal to the amount of the deferred income released, resulting in an overall neutral impact on the bottom line.
5. The MRP liability for 2017/18 is £897k and is estimated at £975k for 2018/19 - assuming no external borrowing.
6. Future year MRPs will be equal to the deferred income to be released (in respect of internal borrowing) plus a prudent provision to repay external borrowing (yet to be determined).

## City Fund 2018/19 Budget Report and Medium Term Financial Strategy including Non-Domestic Rates and Council Taxes for the Year 2018/19

### Resolution by Court of Common Council

1. It is recommended that for the 2018/19 financial year the Court of Common Council approves:
  - the Premium multiplier on the Non-Domestic Rate and Small Business Rate multipliers be set at 0.005, to enable the City to continue to support the City of London Police and security and contingency planning activity within the Square Mile at an enhanced level;
  - an unchanged Council Tax of £857.31 for a Band D property (excluding the GLA precept);
  - the overall financial framework and the revised Medium Term Financial Strategy for the City Fund; and
  - the City Fund Net Budget Requirement of £148.6m.

### Council Tax

2. It be noted that in 2012 the Finance Committee delegated the calculation of the Council Tax Base to the Chamberlain and the Chamberlain has calculated the following amounts for the year 2018/19 in accordance with section 31B of the Local Government Finance Act 1992:
  - (a) 7210.97 being the amount calculated by the Chamberlain (as delegated by the Finance Committee), in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as the City's Council Tax Base for the year; this amount includes a calculation of the amount of council tax reduction; and
  - (b) Parts of Common Council's Area:

Inner temple	Middle Temple	City excl. Temples (special expense area)
85.58	68.74	7,056.65

being the amounts calculated by the Chamberlain, in accordance with the Regulations, as the amounts of the City's Council Tax Base for the year for dwellings in those parts of its area to which the special items relate.

3. For the year 2018/19 the Common Council determines, in accordance with Section 35(2)(d) of the Local Government Finance Act 1992, that any expenses incurred by the Common Council in performing in a part of its area a function performed elsewhere in its area by the Sub-Treasurer of the Inner Temple and the Under Treasurer of the Middle Temple shall not be treated as

special expenses, apart from the amount of £16,899,000 being the expenses incurred by the Common Council in performing in the area of the Common Council of the City of London the City open spaces, highways, waste collection and disposal, transportation planning and road safety, street lighting, drains and sewer functions.

4. That the following amounts be now calculated by the Common Council for the year 2018/19 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

- |                           |  |
|---------------------------|--|
| (a) £388,467,000          | Being the aggregate of the amounts which the Common Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act, including the local precepts issued by the Inner and Middle Temples;  |
| (b) £382,284,963          | Being the aggregate of the amounts which the Common Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act;   |
| (c) <b>£6,182,037</b>     | Being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Common Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year;  |
| (d) £857.31               | Being the amount of 4(c) above, divided by the amount at 2(a) above, calculated by the Common Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year;   |
| (e) <b>£17,268,559.36</b> | Being the aggregate amount of all special items referred to in Section 34(1) of the Act, including the local precepts issued by the Inner and Middle Temples;  |
| (f) £1,537.45             | Being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by the amount at 2(a) above, calculated by the Common Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates; |

(g) Parts of Common Council's Area

Inner Temple	Middle Temple	City excl. Temples (special expense area)
£	£	£
857.31	857.31	857.31

being the amounts given by adding to the amount at 4(f) above the amounts of the special item or items relating to dwellings in those parts of the Common Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Common Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one of the special items relate; and

(h) Council Tax Valuation Bands

Valuation Bands	Inner Temple	Middle Temple	City excluding Temples (special expense area)
	£	£	£
A	571.54	571.54	571.54
B	666.80	666.80	666.80
C	762.05	762.05	762.05
D	857.31	857.31	857.31
E	1,047.82	1,047.82	1,047.82
F	1,238.34	1,238.34	1,238.34
G	1,428.85	1,428.85	1,428.85
H	1,714.62	1,714.62	1,714.62

being the amounts given by multiplying the amounts at 4(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which, in that proportion, is applicable to dwellings listed in valuation band D, calculated by the Common Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- It be noted that for the year 2018/19 the Greater London Authority has proposed the following amounts in precepts issued to the Common Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<u>Valuation Bands</u>	<u>Precepting Authority</u>
	Greater London Authority
	£
A	50.73
B	59.19
C	67.64
D	76.10
E	93.01
F	109.92
G	126.83
H	152.20

6. Having calculated the aggregate in each case of the amounts at 4(h) and 5 above, the Common Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby proposes the following amounts as the amounts of Council Tax for the year 2018/19 for each of the categories of dwelling as shown below:

Council Tax Valuation Bands Inclusive of GLA Precept

Valuation Bands	Inner Temple	Middle Temple	City excluding Temples (special expense
	£	£	£
A	622.27	622.27	622.27
B	725.99	725.99	725.99
C	829.69	829.69	829.69
D	933.41	933.41	933.41
E	1,140.83	1,140.83	1,140.83
F	1,348.26	1,348.26	1,348.26
G	1,555.68	1,555.68	1,555.68
H	1,866.82	1,866.82	1,866.82

7. The Common Council of the City of London hereby determines that the following amounts of discount be awarded:
- to dwellings in Class B as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992 (i.e. second homes) - Nil for the financial year beginning on 1st April 2018;
  - to dwellings in Class C as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992:



- (a) in the case of a vacant dwelling that has been such for a continuous period of less than 6 months ending immediately before the day in question: 100% for the financial year beginning on 1st April 2018;
    - (b) in the case of a vacant dwelling that has been such for a continuous period of 6 months or more: nil for the financial year beginning on 1st April 2018 (i.e. a dwelling that is unoccupied and substantially unfurnished will qualify for a discount from the date the dwelling became vacant of 100% for the first six months (less one day) and nil thereafter)
  - iii. to dwellings in Class D as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992 (i.e. vacant uninhabitable dwellings or vacant dwellings undergoing major works to make them habitable or vacant dwellings where major repair works have taken place): 100% for the financial year beginning on 1st April 2018;
  - iv. to care leavers within the City up to the age of 25, 100% under Section 13A(1)(c) of the Local Government Finance Act 1992 subject to liability considerations for the financial year beginning on 1st April 2018; and
  - v. discretionary discounts up to 100% under Section 13A(1)(c) of the Local Government Finance Act 1992 to provide council tax support in exceptional circumstances as agreed by the Finance Committee at its meeting in November 2017.
8. The Common Council of the City of London hereby determines that its relevant basic amount of council tax for 2018/19, calculated in accordance with Section 52ZX of the Local Government Finance Act 1992 is not excessive in accordance with the Referendums Relating to Council Tax Increases (Principles) (England) Report (2018/19).

### **Council Tax Reduction**

9. It be noted that at the Court of Common Council meeting in January 2017 Members approved the Council Tax Reduction Scheme for 2017/18 and future years to be the same as the scheme for 2016/17 There were no proposals to make any specific amendments to the Council Tax Reduction Scheme for that or future years, beyond keeping the scheme in line with Housing Benefit.

Effectively, therefore, the City's Local Council Tax Reduction Scheme for 2018/19 will remain the same as was administered in 2016/17 and 2017/18 subject to the annual uprating of non-dependent income and deductions, and income levels relating to Alternative Council Tax Reduction, or any other uprating as it applies to working age claimants, adjusted in line with inflation levels by reference to relevant annual uprating in the Housing Benefit Scheme or The Prescribed Council Tax Reduction Scheme for Pensioners.

## **Non-Domestic Rates**

10. The Common Council of the City of London being a special authority in accordance with Section 144(6) of the Local Government Finance Act 1988 hereby sets for the chargeable financial year beginning with 1st April 2018, a Non-Domestic Rating Multiplier of 0.498 and a Small Business Non-Domestic Rating Multiplier of 0.485 in accordance with Part II of the Schedule 7 of the said Act. Both multipliers are inclusive of the City business rate premium of 0.005.
11. In addition, the levying by the Greater London Authority of a Business Rate Supplement in 2018/19 of 0.020 (i.e. 2.0p in the £) on hereditaments with a rateable value greater than £70,000, to finance its contribution to Crossrail, be noted.
12. A copy of the said Council Taxes and the Non-Domestic Rating Multipliers, signed by the Town Clerk, be deposited in the offices of the Town Clerk in the said City, and advertised within 21 days from the date of the Court's decision, in at least one newspaper circulating in the area of the Common Council.

## **Capital Expenditure and Financing for the Year 2018/19**

Having considered the circulated report, we further recommend that the Court passes a resolution in the following terms:

13. The City Fund capital budget is approved, and its final financing be determined by the Chamberlain, apart from in regard to any possible borrowing options.
14. For the purpose of Section 3(1) of the Local Government Act 2003, for the financial years 2018/19 to 2020/21, the Court of Common Council hereby determines that at this stage the amount of money (referred to as the "Affordable Borrowing Limit"), which is the maximum amount which the City may have outstanding by way of external borrowing, shall be £0.
15. For the purpose of Section 21(A) of the Local Government Act 2003, for the financial year 2018/19, the Court of Common Council hereby determines that the prudent amount of Minimum Revenue Provision is £975,000 which equals the amount of deferred income released from the premiums received for the sale of long leases in accordance with the Minimum Revenue Provision Policy at Appendix E.
16. Any potential external borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council.
17. The Chamberlain be authorised to lend surplus monies on the basis set out in the Annual Investment Strategy, with an absolute limit of £300m for maturities in excess of 364 days.
18. The following Prudential Indicators be set:

## Appendix F

	2017/18	2018/19	2019/20
Estimates of the ratio of financing costs to net revenue stream:			
HRA	0.72	0.84	0.71
Non-HRA	(0.23)	(0.23)	(0.11)
Total	(0.15)	(0.14)	(0.05)
Estimates of Capital Expenditure	£m	£m	£m
HRA	16.686	35.957	18.652
Non-HRA	76.003	116.594	142.595
Total	92.689	152.551	161.247
Estimates of Capital Financing Requirement – underlying need to borrow	£m	£m	£m
HRA	0.000	9.500	9.310
Non-HRA	49.095	68.104	155.682
Total	49.095	77.604	124.992
Net borrowing/(Net investments)	Period 2017/18 to 2020/21 £m 28.875		
Capital financing requirement – underlying need to borrow	184.582		

*Prudential indicators for affordability, prudence, capital expenditure and external debt:*

<b>TREASURY MANAGEMENT INDICATORS</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>probable outturn</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised Limit for external debt -</b>				
Borrowing	£0	£0	£0	£0
other long-term liabilities	£14,006	£13,888	£13,770	£13,653
<b>TOTAL</b>	<b>£14,006</b>	<b>£13,888</b>	<b>£13,770</b>	<b>£13,653</b>
<b>Operational Boundary for external debt -</b>				
Borrowing	£0	£0	£0	£0
other long-term liabilities	£14,006	£13,888	£13,770	£13,653
<b>TOTAL</b>	<b>£14,006</b>	<b>£13,888</b>	<b>£13,770</b>	<b>£13,653</b>

<b>TREASURY MANAGEMENT INDICATORS</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Actual external debt</b>	£0	£0	£0	£0
<b>Upper limit for fixed interest rate exposure</b> Expressed as either:- Net principal re fixed rate borrowing / investments OR:- Net interest re fixed rate borrowing / investments	100%	100%	100%	100%
<b>Upper limit for variable rate exposure</b> Expressed as either:- Net principal re variable rate borrowing / investments OR:- Net interest re variable rate borrowing / investments	100%	100%	100%	100%
<b>Upper limit for total principal sums invested for over 364 days</b> (per maturity date)	£300m	£300m	£300m	£300m

<b>Maturity structure of fixed rate borrowing during 2017/18</b>	<b>upper limit</b>	<b>lower limit</b>
- under 12 months	0%	0%
- 12 months and within 24 months	0%	0%
- 24 months and within 5 years	0%	0%
- 5 years and within 10 years	0%	0%
- 10 years and above	0%	0%

*Local Indicator focusing on revenue reserves:*

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Times cover on unencumbered revenue reserves	(9.8)	(4.3)	15.2	0.1
<i>At this time last year</i>	(5.5)	26.0	1.1	-

### **Other Recommendations**

19. The Treasury Management Strategy Statement and Annual Investment Strategy 2018/19 are endorsed and to come into effect once agreed by the Court of Common Council i.e. on 8<sup>th</sup> March 2018.
20. The Chamberlain's assessment of the robustness of budgets and the adequacy of reserves is endorsed.

# Report – Finance Committee

## Revenue and Capital Budgets 2017/18 and 2018/19

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

### SUMMARY

This report should be read in conjunction with the separate report on your agenda entitled 'City Fund – 2018/19 Budget Report and Medium Term Financial Strategy', which recommends that:

- the Council Tax for 2018/19 remains unchanged from 2017/18, and
- no increase be applied to the Business Rates Premium.

The 2017/18 and 2018/19 budgets for each of the City Corporation's three main funds are set out below. They have been prepared within the planning frameworks agreed by the Resource Allocation Sub-Committee.

Budgets by Fund			
	2017/18 Original £m	2017/18 Latest £m	2018/19 Original £m
<b>City Fund</b>			
Gross Expenditure	(388.5)	(418.5)	(405.0)
Gross Income	253.0	278.0	267.6
Net Expenditure before Government Grants and Taxes	(135.5)	(140.5)	(137.4)
Government Grants and Taxes	139.7	142.8	148.6
<b>Surplus/(Deficit) to (from) Reserves</b>	<b>4.2</b>	<b>2.3</b>	<b>11.2</b>
Less one-off items planned to be funded from revenue reserves	6.7	12.9	5.0
<b>Underlying Surplus/(Deficit)</b>	<b>10.9</b>	<b>15.2</b>	<b>16.2</b>
<b>City's Cash</b>			
Gross Expenditure	(197.9)	(203.7)	(213.2)
Gross Income	183.0	200.7	211.2
<b>Operating Surplus/(Deficit)</b>	<b>(14.9)</b>	<b>(3.0)</b>	<b>(2.0)</b>
Profit on sale of assets	2.0	3.0	2.0
<b>Surplus/(Deficit) to (from) Reserves</b>	<b>(12.9)</b>	<b>0.0</b>	<b>0.0</b>
<b>Bridge House Estates</b>			
Gross Expenditure	(52.2)	(55.6)	(53.1)
Gross Income	50.5	55.6	53.1
<b>Operating Surplus/(Deficit)</b>	<b>(1.7)</b>	<b>0.0</b>	<b>0.0</b>
Profit on sale of assets	2.0	0.0	0.0
<b>Surplus/(Deficit) to (from) Reserves</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>

## City Fund

- The latest budget for the current year is an underlying surplus of £15.2m, which compares to a surplus of £10.9m in the original budget. For 2018/19, a surplus of £16.2m is indicated. In particular, this surplus takes account of the City's share of the growth in retained National Non-Domestic Rates (business rates) income, increased income from rents and interest earnings, and further savings/increased income as a result of the conclusion of the Service Based Review (SBR) programme and a 2% efficiency plan commitment. Other reasons for the main variations are set out in paragraphs 12 to 28.
- The Government, Greater London Authority (GLA) and London Councils have negotiated a pilot scheme for business rates income for 2018/19 involving the creation of a business rates pool between the City, the GLA and all 32 London Boroughs. The proposal was approved in December 2017. The scheme has a fiscally neutral starting position, but enables any growth in business rates revenue to be retained in London. A strategic investment fund will be created and the remainder shared amongst the pool members with a projected share of £11.3m for the City Corporation. If these overall dividends do not materialise, the Government has guaranteed that no individual authority will be worse off as a result of participating in the pool. The scheme carries no commitment beyond 2018/19 though the expectation is that the pool will operate for two years. The total business rates growth retained by the City is estimated to be c£67m.
- The subsequent years of the medium term financial forecast (2019/20 to 2021/22) show a surplus for each year before funding major projects. Once anticipated contributions to the Museum of London and combined Court relocation projects are included, the Fund moves into deficit from 2020/21.
- The budget for the **City of London Police** is contained within the overall City Fund budget. The Government Core Grant settlement for 2018/19 of £51.4m was some £0.2m lower than anticipated, but overall £0.7m better-off when additional grants are included. The 2018/19 budget is balanced by drawing down the remainder of the Police General Reserve and continued City support for the Police capital programme and IT budget in addition to the delivery of a savings programme.
- Further work will take place during 2018/19 to address the underlying deficit in the Police budget following the conclusion of the Deloitte demand and Value for Money (VfM) review.

## City's Cash

- The City's Cash position in the current year is expected to be balanced compared to a deficit of £12.9m in the original budget. The budget is balanced by a change in equity drawdown policy where we will only drawdown enough funds to balance the budget.
- With regard to future years of the financial forecast, City's Cash has an increased drawdown requirement in 2018/19 and 2019/20 and a reduced

drawdown requirement in subsequent years. The budget for these two years includes a £25m payment for Crossrail in each year. Details of other significant variances are set out in paragraphs 34 to 42.

### **Bridge House Estates**

- The Bridge House Estates position in the current year is expected to be balanced compared to a surplus of £0.3m in the original budget. The budget is balanced by a change in equity drawdown policy.
- The primary purpose of the charity is to ensure the bridges are maintained and repaired appropriately. The current budget includes a total commitment of £100m over the next 5 years (from 2018/19) to fund the City Bridge Trust 'Bridging Divides' strategy for charitable giving.
- With regard to future years of the financial forecast, Bridge House Estates has an increased drawdown requirement in 2019/20 and a reduced drawdown requirement in subsequent years. Details of significant variances are set out in paragraphs 48 to 58.
- The balance sheet has also experienced significant growth over the past five years, with fixed assets growing by over £500m during that period. Member approval is sought for the principle that maintaining such a high accumulation of undesignated general funds is not consistent with charitable regulations and the consideration be given to a significant drawdown to fund major initiative(s), consistent with CBT's strategic objectives.

### **Guildhall Administration**

- The report also summarises the budgets for central support services within Guildhall Administration (which currently 'holds' such costs before these are wholly recovered) and the capital budgets for the three Funds. Details of significant variances are set out in paragraphs 60 to 61.
- The 2018/19 Summary Budget Book accompanies this report and will be available on the *Members' Committees and Papers* section of the City Corporation's website. Copies will also be available in the Members' Reading Room and copies can be requested from [Philip.Gregory@cityoflondon.gov.uk](mailto:Philip.Gregory@cityoflondon.gov.uk).

### **RECOMMENDATION**

It is **recommended** that the Court of Common Council:

- i) notes the latest revenue budgets for 2017/18;
- ii) agrees the 2018/19 revenue budgets, subject to any amendments on the City Fund that may be agreed in relation to the report on 'City Fund – 2018/19 Budget Report and Medium Term Financial Strategy';
- iii) agrees the capital budgets; and
- iv) delegates authority to the Chamberlain to determine the financing of the capital budgets.

## MAIN REPORT

### Background

1. The primary purpose of this report is to summarise the latest budgets for 2017/18 and the proposed budgets for 2018/19, together with the capital budgets, which have all been prepared within agreed policy guidelines and allocations and are recommended by the Policy and Resources Committee and the Finance Committee for approval by the Court of Common Council.
2. During the autumn/winter cycle of meetings each Committee has received and approved a budget report which, with the exception of the City of London Police, Guildhall School of Music and Drama and Bridge House Estates, has been prepared on the basis of the planning framework for Chief Officers which included:
  - A reduction in resource base of 2% to deliver the previously approved Efficiency and Sustainability plan; but
  - Cyclical Works Programme budgets were excluded from the 2% reduction.
3. For the City of London Police, the annual cash limit continues to be determined by the national settlement plus support from the City's Business Rates Premium, with the force forecast to exhaust its General Reserves in 2018/19. The City Corporation has agreed to fund some specific additional cost pressures including IT, additional employers pension contributions and to underwrite additional capital programme costs.
4. A demand and VfM review was conducted by Deloitte during 2017 which made several recommendations for the force to consider taking action on to mitigate the underlying budget deficit. A transformation team has been formed to take forward these recommendations.
5. For Bridge House Estates, the budget strategy remains to maintain a surplus over and above the funding required for the ongoing maintenance and improvement of the bridges to sustain the grant-giving programme through the City Bridge Trust.
6. Accompanying this report is the Summary Budget Book 2018/19 which will be available on the *Members' Committees and Papers* section of the City Corporation's website. Copies will also be available in the Members' Reading Room and copies can be requested from [Philip.Gregory@cityoflondon.gov.uk](mailto:Philip.Gregory@cityoflondon.gov.uk). The Summary Budget Book provides:
  - i. all the budgets at a summary level in a single document;
  - ii. service overviews – a narrative of the services for which each Chief Officer is responsible;



- iii. Chief Officer summaries – the net revenue expenditure by division of service, fund, type of expenditure and income;
- iv. Fund summaries showing the net revenue requirement for each Fund supported by Committee summaries showing the net requirement for each Committee within the Fund; and
- v. the capital and supplementary revenue project budgets by Fund.

## Overall Financial Strategy

7. The City of London Corporation's overall financial strategy seeks to:

- maintain and enhance the financial strength of the City Corporation through its investment strategies for financial and property assets;
- pursue budget policies which seek to achieve a sustainable level of revenue spending and create headroom for capital investment and policy initiatives;
- create a stable framework for budgeting through effective financial planning; and
- promote investment in capital projects which bring clear economic, policy or service benefits.

8. The medium term financial strategies and budget policies for each of the Funds are set out in Appendix 1.

## CITY FUND

### Overall Budget Position

9. The overall budget requirements have been prepared in accordance with the strategy and the requirements for 2017/18 and 2018/19 are summarised by Committee in the table below. Explanations for significant variations were contained the budget reports submitted to service committees.

City Fund Summary by Committee			
	2017/18 Original £m	2017/18 Latest £m	2018/19 Original £m
<i>Net (Expenditure)/Income</i>			
Barbican Centre	(26.6)	(26.8)	(27.1)
Barbican Residential	(2.3)	(2.8)	(2.6)
Community and Children's Services	(12.0)	(12.8)	(13.3)
Culture, Heritage and Libraries	(20.7)	(20.3)	(20.4)
Finance	(15.9)	(11.6)	(13.2)
Licencing	(0.1)	(0.1)	(0.1)
Markets	1.2	1.3	1.2
Open Spaces	(1.7)	(1.7)	(1.7)
Planning and Transportation	(15.4)	(15.3)	(16.0)
Police	(64.0)	(71.0)	(65.7)
Policy and Resources	(4.0)	(4.6)	(4.1)

Port Health and Environmental Services	(13.6)	(14.3)	(14.5)
Property Investment Board	39.6	39.5	40.1
<b>City Fund Requirement</b>	<b>(135.5)</b>	<b>(140.5)</b>	<b>(137.4)</b>

1. Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

10. The following table further analyses the budget to indicate:

- the contributions from the City's own assets towards the City Fund requirement (interest on balances [line 6] and investment property rent income [line 7]);
- the funding received from Government grants and from taxes [lines 9 to 12]; and
- the estimated surpluses to be transferred to reserves, or deficits to be funded from reserves [lines 14 to 16].

City Fund Revenue Requirements 2017/18 and 2018/19					
		2017/18 Original £m	2017/18 Latest £m	2018/19 Original £m	Para. No.
1	Net expenditure on services	(163.1)	(166.9)	(174.4)	12, 20
2	Capital Expenditure funded from Revenue Reserves	(1.7)	(12.4)	(0.5)	13, 21
3	Culture Mile funded from Revenue Reserves	(5.0)	(0.5)	(4.5)	13, 21
4	Cyclical Works Programme and financed from revenue	(13.7)	(11.9)	(10.3)	15, 21
5	Requirement before investment income from the City's Assets	(183.5)	(191.7)	(189.7)	
6	Interest on balances	3.0	4.5	5.5	16, 22
7	Estate rent income	45.0	46.7	46.8	17, 23
8	<b>City Fund Requirement</b>	<b>(135.5)</b>	<b>(140.5)</b>	<b>(137.4)</b>	
	Financed by:				
9	Government Grants	111.3	114.4	119.8	24
10	City Offset	11.3	11.3	11.6	
11	Council Tax	6.6	6.6	6.7	
12	Business Rates Premium	10.5	10.5	10.5	
13	Total Government Grants and Tax Revenues	139.7	142.8	148.6	
14	<b>Surplus/(Deficit) transferred to/(from) reserves</b>	<b>4.2</b>	<b>2.3</b>	<b>11.2</b>	
15	Add back one-off items planned to be funded from revenue reserves	6.7	12.9	5.0	
16	<b>Underlying Surplus/(Deficit)</b>	<b>10.9</b>	<b>15.2</b>	<b>16.2</b>	

1. Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

11. The latest budget for the current year is an underlying surplus of £15.2m, which compares to a surplus of £10.9m in the original budget. For 2018/19 a surplus of £16.2m is indicated. The subsequent years of the medium term financial forecast (2019/20 to 2021/22) show a surplus for each year before funding major projects. Once anticipated contributions to the Museum of London and combined Court relocation projects are included, the Fund moves into deficit from 2020/21.

## **Revenue Budget 2017/18**

### *Net expenditure on services*

12. Net expenditure on City Fund services in 2017/18 was originally budgeted at £135.5m, whereas the latest budget totals £140.5m - an increase of £5.0m. The main reasons for the increase are:

- £3.5m approved budgets brought forward from 2016/17;
- £1.0m to fund increased London Living Wage and Pension contribution costs;
- £0.4m increase in funding for Asylum Seekers and Homelessness;
- £0.2m funding for Barbican Residential roof works; and
- £0.2m additional security costs for the Barbican Centre.

### *Capital Expenditure Funded from Revenue Reserves*

13. The £5m allocated for works for the Culture Mile 'Look and Feel' Strategy and £1.5m of works for Exhibition Hall 1 were funded from reserves in 2017/18. £0.5m of the Culture Mile funding is forecast to be spent in 2017/18 with the remainder included in the budget for 2018/19.

### *City of London Police – Action Fraud*

14. The City Fund is providing cash flow assistance in relation to the Action Fraud Service provided by the City of London Police. This service was transferred by the Home Office from the National Fraud Authority to the City of London Police with effect from 1 April 2014. Subsequently, the service was subject to a procurement process which was won by IBM (UK) Ltd. The phasing of contract payments reflects IBM's significant mobilisation costs which could not be met from Police reserves. The costs were originally envisaged to fall in 2016/17 but, due to slippage on the project, an additional cash flow loan of £5.2m was approved, taking the total cash flow support to £11.7m. Repayments will fall between 2018/19 and 2023/24 and are partially reliant on the successful monetisation of the service.

### *Cyclical Works Programme and Capital Expenditure Financed from Revenue*

15. The decrease in expenditure from £13.7m to £11.9m relates mainly to the timing of schemes and the phasing of works on the cyclical and additional works programmes.

### *Interest on balances*

16. The latest budget for 2017/18 anticipates an increase of £1.5m in interest earnings to £4.5m. This is due to a more beneficial cash flow, particularly from business rates receipts and capital transactions, and following the recent rise in the base rate.

### *Investment Estate Rent Income*

17. The rent income from investment properties is forecast to be £46.7m, an increase of £1.7m compared to the original budget. Significant variances include additional backdated rent from Calcutta House.

### *Government Grants*

18. The increase from £111.3m to £114.4m mainly relates to the City's share of growth in national non-domestic rates, which feeds through to income in 2017/18 and 2018/19.

### *Transfers from Reserves*

19. The transfer from reserves is to fund the costs of revenue contributions to capital projects and the Culture Mile (paragraph 13 refers).

## **Revenue Budget 2018/19**

### *Net expenditure on services*

20. Net expenditure on City Fund services in 2018/19 is £174.3m, an increase of £11.2m on the original budget for 2017/18. The main reasons for the increases are:

- £4m funding in 2018/19 for the Combined Courts project based on the latest profiled spend;
- £1.4m for Culture Mile running costs;
- £1.4m allocation to fund the Priorities Investment Pot to support the delivery of front line services;
- £1m funding for additional Cyclical Works in 2018/19 by bringing forward funding from the £4m approved last year to be spent in 2021/22;
- £0.8m additional void costs in 2018/19 following the departure of tenants;
- £0.8m allowance for pay and prices;
- £0.6m for the restructuring of the Brussels office, approved by Policy and Resources Committee in December 2017;
- £0.3m to fund the additional costs of the London Living Wage;
- £0.3m funding for Adult Social Care to fund increasing costs of provision and demographic pressures. This is part of the £0.4m approved provision, the remainder will be drawn down in 2019/20; and
- £0.04m additional cost of Head of Security post.

*partly offset by:*

- £2.1m repayment of Action Fraud cash flow loan from the City of London Police.

#### *Cyclical Works Programme and Capital Expenditure Financed from Revenue*

21. The re-phasing of funding of £1m from 2021/22 to 2018/19 is to fund fire safety works at the Barbican and Old Bailey following detailed surveys. The re-phasing of the Culture Mile capital expenditure into 2018/19 increases the budget.

#### *Interest on Balances*

22. Income is anticipated to increase from £3.0m in the 2017/18 original budget to £5.5m in the 2018/19 budget. This reflects the continued beneficial cash flow from business rate receipts, capital transactions and higher reserves.

#### *Investment Estate Rental Income*

23. The latest rental forecasts for 2018/19 assume an increase of £1.8m to £46.8m compared to the original budget for 2017/18. This increase arises from a number of properties based on the latest forecast from the City Surveyor.

#### *Government Grants*

24. Overall, there is an estimated increase of £8.5m in core Government Grants, summarised in the table below.

<b>Analysis of Core Government Grants</b>					
		<b>2017/18 Original £m</b>	<b>2018/19 Original £m</b>	<b>Increase (Reduction) on 2017/18</b>	
				<b>£m</b>	<b>%</b>
1	Police	51.4	52.1	0.7	1.4
2	Non-Police	8.8	0.0	(8.8)	(100.0)
3	<b>Sub-total:</b>	<b>60.2</b>	<b>52.1</b>	<b>(8.1)</b>	<b>(13.5)</b>
4	Rates Retention Baseline	15.6	23.6	8.0	51.3
5	Rates Retention Growth	35.5	44.1	8.6	24.2
6	<b>Sub-total:</b>	<b>111.3</b>	<b>119.8</b>	<b>8.5</b>	<b>7.6</b>
7	Grants Rolled In	0.0	0.0	0.0	0.0
8	<b>Total Core Government Grants</b>	<b>111.3</b>	<b>119.8</b>	<b>8.5</b>	<b>7.6</b>

25. Lines 1 to 3 are the basic formula grants. These do not include £7.5m of Revenue Support Grant for 2018/19 which has been included in the Rates Retention baseline as part of the London Business Rates Pilot Pool (reduced from £8.8m in 2017/18).

26. Lines 4 to 7 reflect the impact of the Rates Retention scheme for which the outturn does not feed through until subsequent years. The significant difference in baseline reflects the London Business Rates Pilot Pool where Revenue Support Grant has been included as part of the 100% rates retention pilot.

## Council Tax

27. The underlying income base of £6.2m remains unchanged. There is an additional £0.5m in each year due to the recognition of surpluses from previous years. The accumulated surplus is due to an increase over the years in the residential properties in the City, combined with a reduction in the number of residential properties assumed to be reclassified as commercial and therefore switch from council tax to non-domestic rates.

## Transfer from Reserves

28. The net £5.0m planned transfer from reserves is to fund the property work detailed above (para 21).

## CITY'S CASH

### Overall Budget Position

29. The budgets have been prepared in accordance with the budget policy set out in Appendix 1 and the net positions for 2017/18 and 2018/19 are summarised by Committee in the table below. Reserves are available to meet the estimated deficit in the current year and in 2018/19.

City's Cash Summary by Committee			
<i>Net (Expenditure)/Income</i>	<b>2017/18 Original £m</b>	<b>2017/18 Latest £m</b>	<b>2018/19 Original £m</b>
Culture, Heritage and Libraries	(0.0)	(0.0)	(0.1)
Education Board	(1.3)	(1.3)	(2.3)
Finance	(3.3)	4.6	10.2
G. P. Committee of Aldermen	(3.4)	(3.7)	(3.6)
Guildhall School of Music and Drama	(12.1)	(11.2)	(11.8)
Markets	(1.0)	(0.6)	0.9
Open Spaces:			
Open Spaces Directorate	0.0	0.0	0.0
Epping Forest and Commons	(8.4)	(7.4)	(9.1)
Hampstead, Queen's Park, Highgate Wood	(8.3)	(7.9)	(8.9)
Bunhill Fields	(0.3)	(0.4)	(0.4)
West Ham Park	(1.2)	(1.2)	(1.6)
Policy and Resources	(14.8)	(15.0)	(14.3)
Property Investment Board	45.0	48.2	45.1
Schools:			
City of London School <sup>(2)</sup>	(1.5)	(1.6)	(1.6)
City of London Freeman's School <sup>(2)</sup>	(1.7)	(1.8)	(1.8)
City of London School for Girls <sup>(2)</sup>	(0.6)	(0.6)	(0.7)
<b>Surplus (Deficit) to (from) reserves</b>	<b>(12.9)</b>	<b>0.0</b>	<b>0.0</b>

1. Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

2. Shows City Support rather than net expenditure by the schools.

30. The following table further analyses the budget to indicate the income produced from the City's assets (investment property rent income, non-property investment income and interest on balances, at lines 3 to 5 respectively). It also indicates the underlying deficits or surpluses on City's Cash before the anticipated profits on the sale of assets are taken into account (lines 6 to 8).

City's Cash Requirements 2017/18 and 2018/19					
		2017/18 Original £m	2017/18 Latest £m	2018/19 Original £m	Para No
1	Net expenditure on services <sup>(2)</sup>	(73.5)	(75.0)	(100.0)	
2	Cyclical Works Programme	(14.2)	(16.2)	(20.4)	
3	Estate rent income	53.0	56.9	53.1	
4	Non-property investment income (net) <sup>(2)</sup>	19.5	31.1	65.0	
5	Interest on balances	0.3	0.3	0.3	
6	<b>Operating Surplus (Deficit)</b>	<b>(14.9)</b>	<b>(3.0)</b>	<b>(2.0)</b>	
7	Profit on asset sales	2.0	3.0	2.0	
8	<b>Surplus (Deficit) to (from) reserves</b>	<b>(12.9)</b>	<b>0.0</b>	<b>0.0</b>	

1. Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

2. Includes £25.0m contribution to Crossrail in 2018/19 funded from reserves.

31. The City's Cash position in the current year is expected to be balanced compared to a deficit of £12.9m in the original budget. The budget is balanced by a change in equity drawdown policy, where we will only drawdown enough funds to balance the budget.

32. For 2018/19, the City's Cash budget will be balanced by a drawdown on reserves.

33. With regard to subsequent years, the amount of drawdown required to balance the budget is expected to reduce, arising from a decrease in the underlying deficit.

## Revenue Budget 2017/18

### *Net Expenditure on Services*

34. Net expenditure on City's Cash services for 2017/18 was originally budgeted at £73.5m. The latest budget of £75.0m is an increase of £1.5m, which is primarily due to:

- £2.6m of agreed budget carry forwards from 2016/17; and
- £0.4m Cultural Hub funding for 2017/18 with a further £0.4 in 2018/19.

### *Cyclical Works Programme*

35. The increase from £14.2m to £16.2m includes funding for the Museum of London project and the re-phasing of the additional works programme.

### *Investment Estate Income*

36. Rent income from investment properties is forecast to be £56.9m, which is an increase on the original budget of £3.9m. The positive variance is mainly due to a number of rent reviews and lease renewals at various properties, including 9 and 43 South Molton Street and 213-215 Tottenham Court Road, as well as rent received for a new property acquisition at 21 Worship Street. The rent figure also includes an accounting adjustment for a barter transaction of £1.19m at 209/212

Tottenham Court Road; this is offset by matching expenditure on landlords' cyclical works which are to be undertaken by the tenant.

#### *Non-Property Investment Income*

37. As most of the managed funds are held in pooled investment vehicles, income is drawn down from the investments as necessary rather than being received as dividend income. The amounts to be drawn down in 2017/18 and 2018/19 will be drawn down in order to balance City's Cash to zero.

#### *Profit on Asset Sales*

38. The profit on the sale of assets is anticipated to increase due to the sale of two surplus operational properties: Ossulton House and Chevening Road.

### **Revenue Budget 2018/19**

#### *Net Expenditure on Services*

39. Net expenditure on City's Cash services for 2018/19 is budgeted at £100.0m, an increase of £26.5m compared to the original budget for 2017/18. The main reasons for the increased requirement are:

- £25.0m contribution to Crossrail, to be funded through an increased drawdown on reserves. A further payment of £25.0m is due in 2019/20.
- £1.0m uplift in Academies funding resulting from increasing the grant provided to each school. Secondary schools will receive £250k (increased from £150k) and primary schools will receive £100k (increased from £50k).
- £0.8m allocation to fund the Priorities Investment Pot to support the delivery of front line services.
- £0.8m allowance for pay and prices.
- £0.4m increase in funding for Apprenticeship scheme.
- £0.2m funding for FutureLondon agreed for 2018/19 and four subsequent years.
- £0.04m additional cost of Head of Security post.

*partly offset by*

- £1.2m increase in service charge recovery in Markets resulting from a change in recovery policy.

#### *Cyclical Works Programme*

40. The increase in budget to £20.4m from £14.2m mainly relates to the re-phasing of works.

#### *Investment Estate Rent Income*



41. Rent income from investment properties is forecast to be £53.1m, which is an increase of £0.1m on the 2017/18 original budget.

#### *Profit on Asset Sales*

42. The estimate of £2.0m for profit on the sale of assets relates to the disposal of surplus operational assets, rights of light compensation, and investment property overage receipts.

## **BRIDGE HOUSE ESTATES**

### **Overall Budget Position**

43. The budgets have been prepared in accordance with the budget policy set out in Appendix 1 and the requirements for 2017/18 and 2018/19 are summarised in the table below.

<b>Bridge House Estates Summary by Committee</b>			
<i>Net (Expenditure)/Income</i>	<b>2017/18 Original £m</b>	<b>2017/18 Latest £m</b>	<b>2018/19 Original £m</b>
The City Bridge Trust	(22.6)	(27.0)	(23.8)
Culture, Heritage and Libraries	0.9	0.8	0.8
Finance	10.3	13.7	11.3
Planning and Transportation	(4.1)	(4.6)	(4.6)
Property Investment Board	15.8	17.1	16.3
<b>Surplus (Deficit) to (from) reserves</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>

1. Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

44. The following table further analyses the budget to indicate:

- the income produced from the City's assets (investment property rent income, non-property investment income and interest on balances at lines 4 to 7 respectively); and
- the budget for charitable grants (line 9).

<b>Bridge House Estates Requirements 2017/18 and 2018/19</b>					
		<b>2017/18 Original £m</b>	<b>2017/18 Latest £m</b>	<b>2018/19 Original £m</b>	<b>Para No</b>
1	Net expenditure on services	(10.0)	(10.8)	(12.4)	
2	Cyclical Works Programme & SRP	(2.2)	0.0	0.0	
3	Bridge repairs, maintenance and major works fund contribution	(1.1)	(1.1)	(1.1)	
4	Estate rent income	20.3	22.2	21.2	
5	Non-property investment income (net)	12.2	14.9	13.7	
6	Interest on balances	0.1	0.1	0.1	
7	Profit on asset sales	2.0	0.0	0.0	
8	<b>Revenue Surplus (Deficit)</b>	<b>21.3</b>	<b>25.3</b>	<b>21.5</b>	
9	Charitable Grants	(21.0)	25.3	21.5	
10	<b>Surplus (Deficit) to (from) reserves</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	

1. Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

45. The Bridge House Estates position in the current year is expected to be balanced, compared to a deficit of £0.3m in the original budget. The budget is balanced by a change in equity drawdown policy, where we will only drawdown enough funds to balance the budget.
46. For 2018/19, the Bridge House Estates budget will be balanced by a drawdown on reserves.
47. With regard to future years of the financial forecast, Bridge House Estates has an increased drawdown requirement in 2019/20 and a reduced drawdown requirement in subsequent years.

## **Revenue Budget 2017/18**

### *Net Expenditure on Services*

48. The increase from £10.0m to £10.8m is due to approved budgets brought forward from 2016/17.

### *Cyclical Works Programme & Supplementary Revenue Projects*

49. The reduction in budget from £2.2m to £0m is as a result of the cyclical works being contained within the bridge repairs funds and there being no Supplementary Revenue Projects for Bridge House Estates.

### *Bridge Repairs, Maintenance and Major Works Funds*

50. The objective for the Bridge Repairs, Maintenance and Major Works Funds is to provide sufficient resources to meet the enhanced maintenance costs of the five bridges over a period of at least 50 years.
51. Having compared the costs of the City Surveyor's 50-year maintenance programme with the projections for income to be earned by the Fund, the 2017/18 contributions required has been assessed as £1.1m for 2017/18 - no increase on the original budget. The assessed contribution for 2018/19 is £1.1m. The 50-year maintenance programme and the levels of contributions required to smooth the costs over this period will be reviewed annually.

### *Investment Estate Rent Income*

52. Rent income from investment properties is forecast to be £22.2m, which is an increase of £1.9m on the original budget arising from additional rental income expected from a number of properties, including 1-5 London Wall Buildings, 65 London Wall, Colechurch House and Electra House.

### *Non-property investment income*

53. As most of the managed funds are held in pooled investment vehicles, income is drawn down from the investments as necessary, rather than being received as dividend income. The amounts to be drawn down in 2017/18 and 2018/19 will balance Bridge House Estates to zero.

### *Charitable Grants*

54. The increase in grant commitments from £21.3m to £25.3m is as a result of a carry-forward of grant funding of £4.7m from 2016/17.

### **Revenue Budget 2018/19**

#### *Net Expenditure on Services*

55. The budget for 2018/19 of £12.4m is an increase of £2.4m on the original budget for 2017/18. This primarily relates to funding to deliver the new CBT strategy 'Bridging Divides' and an additional £1m to fund a strategic review of Bridge House Estates funding.

#### *Cyclical Works Programme & Supplementary Revenue Projects*

56. There are no Supplementary Revenue Projects approved in 2018/19.

#### *Investment Property Rent Income*

57. The increase in rental income from £20.3m to £21.2m arises from a number of properties based on the latest forecast from the City Surveyor.

### *Charitable Grants*

58. Charitable Grant funding has been committed to fund the 'Bridging Divides' strategy grant awards of £100.0m over five years. Grant awards will be recognised in the year of award in total, rather than being spread over the period of the grant.

## **GUILDHALL ADMINISTRATION**

### **Overall Budget Position**

59. Guildhall Administration encompasses most of the central support services for the City, with the costs being fully recovered from the three main City Funds, Housing Revenue Account, Museum of London and other external bodies in accordance with the level of support provided. Consequently, after recovery of costs, the net expenditure on Guildhall Administration is nil. The table below summarises the position.

<b>Guildhall Administration Summary by Committee</b>			
<i>Net (Expenditure)/Income</i>	<b>2017/18 Original £m</b>	<b>2017/18 Latest £m</b>	<b>2018/19 Original £m</b>
Establishment – Town Clerk & C&CS	(10.9)	(12.0)	(11.7)
Finance – Chamberlain	(34.7)	(36.7)	(35.6)
Finance – City Surveyor, Remembrancer & Town Clerk	(22.3)	(21.6)	(23.0)
<b>Total Net Expenditure</b>	<b>(67.9)</b>	<b>(70.3)</b>	<b>(70.1)</b>
Recovery of Costs	67.9	70.3	70.1
<b>Total Guildhall Administration</b>	-	-	-

1. Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

## **Revenue Budget 2017/18**

60. The net budget has increased by £1.1m overall, to £12.0m. The main variation is as follows:

- £1.1m approved carry forwards from 2016/17.

## **Revenue Budget 2018/19**

61. The net expenditure for 2018/19 is £11.7m, an increase of £0.8m from 2017/18. The main variations are as follows:

- £0.3m reduction in City Re profits;
- £0.2m increase in insurance premium costs;
- £0.2m for additional PA and speechwriter posts within Town Clerk's; and
- £0.1m for three additional posts within the Comptroller & City Solicitor's Public Law Division.

## **CAPITAL AND SUPPLEMENTARY REVENUE PROJECT BUDGETS**

62. The City Fund, City's Cash and Bridge House Estates capital and supplementary revenue project budgets are included in the Summary Budget Book. They include only those budgets which are approved to spend in accordance with the corporate project procedures.

63. The "Supplementary Revenue Projects" classification was created to cover project expenditure controlled in the same way as capital projects that does not meet the accounting definition of capital expenditure, e.g. feasibility and option appraisal costs, work of a revenue nature, etc. The relevant expenditure and income on such projects is posted to revenue accounts, rather than capitalised at year end.

### **City Fund Capital and Supplementary Revenue Project Budgets**

64. The latest City Fund capital and supplementary revenue projects budgets total £67.7m for 2017/18 and £18.6m for 2018/19. The budgets include schemes relating to affordable housing construction, HRA stock improvements, police accommodation and systems, the Museum of London re-location, the Combined Courts project and highways improvement schemes.

### **City's Cash Capital and Supplementary Revenue Project Budgets**

65. The latest City's Cash capital and supplementary revenue projects budgets total £25.4m for 2017/18 and £22.6m for 2018/19. The budgets include property investments and works at the City of London Freeman's School, City of London School for Girls, and Guildhall School of Music and Drama; as well as IT transformation and building security project costs.

### **Bridge House Estates Capital and Supplementary Revenue Project Budgets**

66. The latest Bridge House Estates capital and supplementary revenue projects budgets total £17.1m for 2017/18 and £0.08m for 2018/19. The budgets relate mainly to property investments.

### **Financing Capital Expenditure**

67. As in previous years, it is proposed that the Chamberlain should determine the final financing of the capital budgets.

All of which we submit to the judgement of this Honourable Court.

DATED this 20th day of February 2018.

SIGNED on behalf of the Committee.

**Jeremy Paul Mayhew**  
Chairman, Finance Committee

### **Appendices**

- Appendix 1 – Medium Term Financial Strategy/Budget Policy

**Medium Term Financial Strategy/Budget Policy**

**City Fund**

The main constituents of the City Fund medium term financial strategy/budget policy are as follows:-

- (i) to aim to achieve as a minimum over the medium-term planning period the 'golden rule' of matching on-going revenue expenditures and incomes;
- (ii) to implement budget adjustments and measures that are sustainable, on-going and focused on improving efficiencies;
- (iii) in line with (ii), as far as possible to protect existing repairs and maintenance budgets from any efficiency squeezes or budget adjustments and to ring-fence all other non-staffing budgets (to prevent any amounts from these budgets being transferred into staffing budgets);
- (iv) within the overall context of securing savings and budget reductions, to provide Chief Officers with stable financial frameworks that enable them to plan and budget with some certainty;
- (v) for the Police service, ordinarily to set an annual cash limit determined from the national settlement allocation to the City Police together with the allocation from the Business Rates Premium and draw from its reserves ;
- (vi) to identify and achieve targeted/selective budget reductions and savings programmes;
- (vii) to continue to review critically all financing arrangements, criteria and provisions relating to existing and proposed capital and supplementary revenue project expenditures;
- (viii) to reduce the City Fund's budget exposure to future interest rate changes by adopting a very prudent, constant annual earnings assumption in financial forecasts. If higher earnings are actually achieved, consideration to be given to only making the additional income available for non-recurring items of expenditure;
- (ix) to accept that in some years of the financial planning period it may be necessary to make contributions from revenue balances to balance the revenue budget;
- (x) ordinarily to finance capital projects from disposal proceeds rather than revenue resources and supplementary revenue projects from provisions set aside within the financial forecast; and
- (xi) to minimise the impact of rate/tax increases on City businesses and residents.

**City's Cash**

The main constituents of the current budget policy for City's Cash services reflect the general elements within the City Fund strategy together with the following specific objectives:

- ensure that ongoing revenue expenditure is contained within revenue income over the medium term and sufficient surpluses are generated to finance capital investment on City's Cash services;
- continue to seek property investment opportunities to enhance income/seek capital appreciation during the year, subject to any financing being met from the City's Estate Designated Sales Pool; and
- sell either property or financial assets, which would need to be in addition to property disposals required to meet the financing requirements of the Designated Sales Pool, to meet City's Cash cash-flow requirements.

### **Bridge House Estates**

Budget policy in relation to Bridge House Estates is as follows:

- adhering to a planning framework which provides cash limit allowances towards inflationary pressures rather than the budget reductions and savings programmes applied to other funds;
- ensuring that ongoing revenue expenditure is contained within revenue income over the medium term and that sufficient surpluses are generated to finance expenditure on the Bridges with surplus funds allocated to charitable grants; and
- continuing to seek property investment opportunities to enhance income/provide capital appreciation during the year subject to any financing being met from the Bridge House Estates Designated Sales Pool.

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## Report – Hospitality Working Party of the Policy and Resources Committee

### Applications for Hospitality

*To be presented on Thursday, 8th March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

**(a) Afternoon reception following the Installation of the Bishop of London**

It was announced in December last year that the Bishop of Crediton, the Right Reverend Dame Sarah Mullally, DBE had been appointed as the 133<sup>rd</sup> Bishop of London. It is the first time a woman has held the position.

The City Corporation has a longstanding relationship with the Diocese of London. Previous holders of the position have been regular participants at many events in the City and, in both 1991 and 1996 following the installation of previous Bishops of London, the City Corporation hosted receptions for the newly appointed Bishop.

It is therefore proposed that the City Corporation hosts an afternoon reception at Guildhall following the installation service at St Paul's Cathedral. This occasion will provide the City with an opportunity to welcome the new Bishop and to build on the City's relationship with the Diocese of London. Guests would include senior representatives from the Church, Government, City institutions, faith organisations, Livery Companies and representatives from the Diocese of London.

It is therefore **recommended** that hospitality be granted for an afternoon reception, with arrangements made under the auspices of the Hospitality Working Party; the costs to be met from City's Cash and within the approved parameters.

This would be a full Court event.

**(b) Doggett's Coat and Badge Race Exhibition in Guildhall Yard**

The Doggett's Coat and Badge Race is the oldest rowing race in the world. Every year, since 1715, up to six apprentice watermen compete in the race on the River Thames, beginning at London Bridge and ending at Cadogan Pier, Chelsea.

To coincide with the Totally Thames festival, the Thames Festival Trust have developed a project focusing on the Doggett's Race and its significance to the life of those who work on the River Thames. A public outdoor exhibition detailing the history of the Doggett's Race will form part of this programme and will be on display in the Guildhall Yard from 6 - 23 September 2018. The exhibition will feature contemporary photographs, archive material, and excerpts from oral history interviews that have been specially produced for this project.

It is proposed that the City Corporation hosts an early evening reception to mark the exhibition, which will promote the history of the City and its long-standing traditions.

Guests attending the reception would include exhibition organisers, race participants and contributors, young training apprentices, relevant Livery Companies, City of London cultural and heritage providers, artists, historians and volunteers connected to the exhibition.

It is therefore **recommended** that hospitality be granted for an early evening reception, with arrangements made under the auspices of the Port Health & Environmental Services Committee; the costs to be met from City's Cash and within the approved parameters.

This would be a full Court event.

**(c) Reception for the Queen Elizabeth Diamond Jubilee Trust - Vision for the Commonwealth Campaign**

The Queen Elizabeth Diamond Jubilee Trust is a charity established in 2012 to celebrate The Queen's contribution to the Commonwealth. It has two specific goals: to empower a new generation of young leaders and the prevention of avoidable blindness. To this end, the Trust has joined forces with five leading eye health organisations to tackle the issue of avoidable blindness. The campaign will seek to bring the issue to the attention of the Commonwealth Heads of Government meeting taking place in London in April.

It is proposed that the City Corporation host an early evening reception on Tower Bridge for the Queen Elizabeth Diamond Jubilee Trust to raise awareness of the campaign. The reception would support the City Corporation and City Bridge Trust's aim to promote London as a global centre for effective philanthropy.

Those attending the reception would include the Vice-Patron, High Commissioners, Trustees, sponsors and partners of the campaign, representatives from City businesses with a strong link to the philanthropic sector, politicians and Members with relevant interests.

It is therefore **recommended** that hospitality be granted for early evening private views, with arrangements made under the auspices of The City Bridge Trust Committee; the costs to be met from City's Cash and within the approved parameters.

This would be a Committee event.

**(d) Report of Urgent Action Taken: Reception for launch of Crossrail Art Foundation exhibition**

In December 2013, the City Corporation agreed to support the Crossrail Art Strategy for the funding of artworks in seven Elizabeth Line stations in central London, and a registered charity was established by the City Corporation and Crossrail Limited for the purposes of delivering this programme. The programme is now moving into its final stages with artworks being installed in stations in time for the opening of the line in December 2018.

An exhibition, "Art Capital: Art for the Elizabeth Line", has been organised to celebrate the building of Crossrail and the associated art programme. It is to run from

13 March until 6 May 2018 and is expected to attract over 30,000 visitors. The City Corporation, as a major sponsor and founding partner of the charity, is to be recognised at the exhibition, demonstrating its support for the Crossrail project and its role as a major supporter of the arts in London.

It was proposed that the City Corporation provide funding for refreshments at a Private View to launch the exhibition. With the event scheduled to take place close to the next meeting of the Court and the requirement to make the necessary arrangements, approval was sought and obtained under urgency procedures.

**(e) Report of Urgent Action Taken: Commonwealth Business Forum Banquet and Commonwealth Parliamentarians' Forum**

At various meetings of the Hospitality Working Party and the Policy and Resources Committee from September to December 2017, Members received reports concerning the City Corporation's potential involvement with the Commonwealth Business Forum. As part of this, Members approved in principle the commitment of City Corporation resources to the holding of the Commonwealth Business Forum at Guildhall and Mansion House and to the hosting of a banquet at Guildhall.

With arrangements having been confirmed, formal approval was consequently sought for the funding for the banquet, which would provide an opportunity to enhance the City Corporation's engagement with the Commonwealth and provide a high-level occasion for dialogue between business and cultural leaders in the UK and other Commonwealth countries. Additionally, as part of the wider programme of engagement with the Commonwealth, the City Corporation was also to provide the venue for the final day of the Commonwealth Parliamentarians' Forum and host an early evening reception at its conclusion.

Approval was sought and obtained under urgency procedures to allow sufficient time for invitations to be issued and the requisite arrangements to be made.

**(f) Report of Urgent Action Taken: Government Advisory Board on Social Investment – Early Evening Reception**

During the 2017/18 Christmas break, the City Corporation was approached with a request to host an early evening reception in mid-January 2018, to recognise the work of the Government's Advisory Board on Social Investment. The reception was intended to provide an opportunity to learn about the report recommendations and how these would be taken forward, alongside the Government's strategy to enhance the UK's position as a centre for asset management and progress social impact investing in the UK.

Due to the late receipt of the request and the short window in which to make requisite arrangements, approval was sought and obtained under urgency procedures.

All of which we submit to the judgement of this Honourable Court.

DATED this 23<sup>rd</sup> day of January 2018.

SIGNED on behalf of the Working Party.

**Wendy Mead, OBE**  
Chief Commoner and Chairman, Hospitality Working Party

## Report – Port Health & Environmental Services

### Animal Reception Centre – Heathrow Airport: Annual Review of Charges

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

#### **SUMMARY AND REPORT**

1. This report seeks approval of the increase to be applied to the Schedule in respect of services provided at the Heathrow Animal Reception Centre (HARC), for the forthcoming financial year 2018/19. The Schedule is attached at Appendix A to this report.
2. Subject to these Byelaws being made, the Comptroller and City Solicitor would be instructed to seal them accordingly.

#### **RECOMMENDATION**

3. We **recommend** that the Byelaws contained at Appendix A to this report be made and the Comptroller and City Solicitor be instructed to seal the Byelaws accordingly.

All of which we submit to the judgement of this Honourable Court.

DATED this 16<sup>th</sup> day of January 2018

SIGNED on behalf of the Committee.

**Jeremy Lewis Simons**  
Chairman, Port Health and Environmental Services Committee

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**ADDITIONAL BYELAWS  
RELATING TO  
HEATHROW ANIMAL RECEPTION CENTRE  
LONDON**

**ADDITIONAL BYELAWS RELATING TO**  
**THE HEATHROW ANIMAL RECEPTION CENTRE**

**BYELAWS** made by the Mayor and Commonalty and Citizens of the City of London acting by the Mayor, Aldermen and Commons of the said City in Common Council assembled in pursuance of Sections 42 and 43 of the Markets and Fairs Clauses Act 1847 as applied by Section 54 of the Animal Health Act 1981 with respect to the Heathrow Animal Reception Centre, London.

In these Byelaws unless the context otherwise required “the Principal Byelaws” means the byelaws made by the Mayor and Commonalty and Citizens of the City of London acting by the Mayor, Aldermen and Commons of the said City in Common Council assembled on 1<sup>st</sup> July 1976 and confirmed by the Minister of Agriculture, Fisheries and Food on 12<sup>th</sup> November 1976.

From the date of coming into operation of these Byelaws the Additional Byelaws made by the Mayor and Commonalty and Citizens of the City of London acting by the Mayor, Aldermen and Commons of the said City in Common Council assembled on 9 March 2017 (and sealed on 27 March 2017) shall be repealed and the following Schedule shall be substituted for the Schedule to the Principal Byelaws:-

**SCHEDULE**  
**PART 1**

Minimum charge for any one consignment £175.00

<b><u>ANIMALS</u></b>	<b><u>CHARGE PER CONSIGNMENT</u></b>	
<b>1. Mammals</b>	£177.00 for up to 24 hours	£55.00 per day or part thereof after 24 hours
<b>2. Reptiles</b>	£177.00 for up to 24 hours	£210.00 per day or part thereof after 24 hours
<b>Transit commercial reptiles consignments should be booked through to have a maximum stay at Heathrow of 24 hours. Any transit commercial reptile consignments that stay more than 24 hours and require transferring from their containers will incur the additional special handling charge detailed below.</b>		
Additional special handling for any consignment	£210.00 minimum per consignment	£62.00 per day or part thereof after 24 hours



<b>3. Birds</b>	£62.00 per box	£175.00 minimum charge
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**Transit commercial bird consignments should be booked through to have a maximum stay at Heathrow of 36 hours. Any transit commercial bird consignments that stay more than 36 hours will be charged at £40.00 per box per day, or part thereof.**

Pet Birds - £42 per bird up to 24 hours.

Bird Quarantine - £350 - £1,200 plus laboratory testing fees. Fees are dependent on size of consignment and housing requirements.

Faecal Sampling and Bird Autopsy costs as per current DEFRA rates. Larger consignments to be negotiated, see Part 2, Section 6.

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<b>4. Fish/Aquatic Invertebrates/ Semen/Fish and Bird Eggs</b>	£1.90 per box	£32.00 minimum charge
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#### **5. Cats, Dogs and Ferrets under the Pet Travel Scheme**

PETS originating in the EU (including those countries listed in Annex 2 of Part 1 to Commission Implementing Regulation (EU)577/2013) will be charged a “handling fee” of £42.00 per animal in addition to the collection charge of £83.00 (see Part 2, Section 5).

PETS originating outside the EU will be charged normal rates as in 1 above for the first animal i.e. £175.00 and, where the consignment consists of more than one animal, a handling fee of £42.00 per animal thereafter.

PETS checked at aircraft (Assistance Dogs) (£210.00 plus 1hour collection charge £166.00) = £376.00. Where consignment consists of more than one animal, a checking fee of £42.00 per animal thereafter.

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**A surcharge of £630.00 will be added to the above charges for any transit consignment that is landed without an “OK to forward” from the on-going airline**

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#### **6. Security**

A charge of £19.00 will be made in respect of any consignment which requires security screening prior to leaving the Animal Reception Centre.

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#### **7. Not on Board**

Requests for collection of animals from aircraft which are not subsequently found on board will be charged at the normal collection charge (see Part 2, Section 5).

**PART 2**  
**CHARGES FOR ANCILLARY SERVICES**

1. Destruction including disposal of livestock or goods - £38.00 per kilogram.
2. Disposal of unwanted travelling containers - £15
3. Cleansing and disinfecting aircraft, animal holding facilities, vehicles, loose boxes etc - £340.00 per hour (including disposal of special waste).
4. Identification of species for the D.E.F.R.A./H.M Revenue and Customs/Border Agency - £166.00 per hour. Assisting on off airport operations - £83.00 per hour £530.00 per day.
5. Re-crating or repair to crates – Quotations on request.
6. Collection and delivery of animals and birds to and from the Animal Reception Centre by an Animal Reception Centre member of staff - £166.00 per hour or £83.00 per consignment if no extra waiting time.
7. Long term rates for government agencies and non-governmental agencies i.e. RSPCA, to be negotiated.
8. Modification of containers to I.A.T.A standards:-
 

Space Bars/Battens	-	£47.00 per box
Air Holes	-	£20.00 per box
Water Pots	-	£20.00 per box

(If these services are carried out on the airport an additional fee of £83.00 applies for “delivery” of the service).
9. Use of large animal facility - £340.00 per pallet
10. Special handling i.e. re-oxygenation of fish/re-packaging reptiles £83.00 per hour plus costs of materials

Dated                                      day of                                      2018

**THE COMMON SEAL OF THE MAYOR AND  
COMMONALTY AND CITIZENS  
OF THE CITY OF LONDON** was hereunto  
affixed in the presence of:-

## Report – Port Health & Environmental Services

### Illegal Street Trading

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

#### SUMMARY AND REPORT

1. At your Port Health and Environmental Services Committee meeting on 4 July 2017, a number of actions were agreed to combat illegal street trading. Following this, from August 2017 until the time of writing this report the following actions have been achieved:
  - 52 illegal traders have been stopped.
  - 3 ice cream vans have been seized.
  - 5 peanut trolleys have been seized.
  - 21 traders have been prosecuted (including those still pending) with two prosecutions still pending and Criminal Behaviour Orders will be sought on these prosecutions.
2. To combat illegal street trading, officers have been patrolling the areas of London Bridge, Southwark Bridge, Millennium Bridge, St. Peter's Hill, Distaff Lane, Knight rider Court, St. Pauls Cathedral, Paternoster Row, Water Lane and Thames Path (Blackfriars Bridge to Tower of London).
3. The actions outlined above have contributed towards a reduction of illegal street traders within the City; however, illegal trading is still taking place on the bridges in the areas which fall within the boundaries of Southwark and Tower Hamlets.
4. At your Port Health and Environmental Services Committee of 21 November 2017, Members agreed that the City Corporation should enter a Section 101 (s.101) Agreement with the London Borough of Southwark, which would allow City Corporation officers to take enforcement action against illegal street traders on the area of Millennium Bridge that falls within the L.B. of Southwark (the area just to the south of London Bridge and the south side of Tower Bridge).
5. It was further agreed that, if officers were to negotiate a similar agreement with the London Borough of Tower Hamlets, they had the Committee's permission to enter into a s.101 Agreement with the Borough.
6. Subsequent to this meeting, the Comptroller and City Solicitor advised that the entering into of s.101 agreements should be authorised by the Court of Common Council and that the Scheme of Delegations would need to be amended, delegating the new enforcement functions to Port Health and

Environmental Services Committee and specified chief officers. Those delegations would be subject to the s.101 agreement(s) being entered into.

7. We hereby recommend that these authorities be granted, as set out in the recommendations below and that the following amendments be made within the Scheme of Delegations:

Director of the Built Environment's responsibilities, at paragraph 65, to be amended as follows (additions in italics):

Legislation	Delegated Function
London Local Authorities Act 1990	a. Institution of Proceedings and other enforcement methods under Section 34 <i>remedies in sections 34, 38, 38A, 38B and 38C in respect of street trading offences.</i> b. <i>Authorisation of Officers</i> c. Granting, renewing, revoking or varying of licences under Part 3.

Responsibilities of the Director of Markets and Consumer Protection to be amended to have the following paragraphs inserted:

*39.To institute proceedings in relation to the London Local Authorities and Transport for London Act 2003.*

*40.To institute proceedings and other enforcement remedies in respect of street trading offences under the London local Authorities Act 1990 as amended, and authorise duly appointed officers to act under that enactment.*

## RECOMMENDATION

It is recommended that the Court of Common Council:-

- Authorise the City of London Corporation to enter into agreement(s) with the London Borough of Southwark under s.101 of the Local Government Act 1972, to enable each authority to discharge the other's street trading enforcement powers in defined areas;
- Authorise the City of London Corporation to enter into an agreement with the London Borough of Tower Hamlets under s.101 of the Local Government Act 1972, to enable the City of London Corporation to discharge Tower Hamlet's street trading enforcement powers on the northern half of Tower Bridge once a suitable arrangement has been reached; and,
- Subject to the agreement(s) being entered into:
  - (i) delegates the street trading enforcement functions in sections 34, 38, 38A, 38B and 38C of the London Local Authorities Act 1990 as amended (LLAA 1990) to be discharged by the City of London Corporation to the Port Health and Environmental Services Committee, including any decision as to whether the s.101 arrangements should be discontinued;
  - (ii) delegates to the Director of Markets and Consumer Protection power to (a) institute proceedings and other enforcement remedies in sections 34, 38, 38A, 38B and 38C in respect of street trading offences under the LLAA

1990 as amended, and (b) authorise duly appointed officers to act under that enactment; and

- (iii) delegate to the Director of the Built Environment powers to (a) institute proceedings and other enforcement remedies in sections 34, 38, 38A, 38B and 38C in respect of street trading offences under the London local Authorities Act 1990 as amended, and (b) authorise duly appointed officers to act under that enactment.
- Approves the requisite amendments to the Scheme of Delegations, as set out in paragraph 7 of the report.

All of which we submit to the judgement of this Honourable Court.

DATED this 22<sup>nd</sup> day of February 2018.

SIGNED on behalf of the Committee.

**Jeremy Lewis Simons**  
Chairman, Port Health and Environmental Services Committee

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## Report – Establishment Committee

### Draft Pay Policy Statement 2018/19

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

#### **SUMMARY**

The Localism Act 2011 requires the City of London Corporation to prepare and publish a Pay Policy Statement setting out its approach to pay for the most senior and junior members of staff. This must be agreed each year by the full Court of Common Council.

The Court of Common Council has now received the pay policy statements for the past five years. The statement has now been updated for 2018/19 and has been considered and approved by the Establishment Committee and the Policy and Resources Committee.

#### **RECOMMENDATION**

It is recommended that the Court considers and agrees the draft Pay Policy Statement for 2018/19 set out in the Appendix to this report to ensure that the City Corporation meets its requirements under the Localism Act 2011.

#### **MAIN REPORT**

1. Under Section 38(i) of the Localism Act 2011 (the Act), all local authorities are required to produce and publish a statement setting out their pay policies. The aim of the Act is that authorities should be open, transparent and accountable to local taxpayers. Pay statements should set out the authority's approach to issues relating to the pay of its workforce, particularly senior staff (or chief officers on the Senior Management Grade) and its lowest paid employees.
2. The Department for Communities and Local Government has published guidance and the City Corporation must have regard to this guidance in formulating a pay policy statement. In addition, the Secretary of State has published a Code of Recommended Practice for Local Authorities on Data Transparency which is also of relevance in complying with the Act.
3. The Pay Policy statement must be agreed and published by 31 March each year. The statement must be also agreed, each year, by the full Court of Common Council in open session. Should any changes to the Pay Statement arise during the course of the year, a revised statement must come before the full Court.

#### **Current Position**

4. The updated draft Pay Policy Statement for 2018/19 is attached to this report for Members' consideration.
5. In addition to updating the Statement for the 2017 pay award, Members should note that amendments have been made to the SMG staffing structure with recruitment to three of the posts. The Statement also records the amendments to the City's redundancy payments system agreed from 25 October 2017. Salary scales have also been added to the Statement and the information regarding pay for Senior Management Grades has been reworded to make it clear what the current policy and practice is on Senior Management Grade remuneration.
6. The policy statement has not been amended to reflect changes that may arise from the Government's intention to introduce restrictions on exit pay packages for employees leaving public-sector jobs. This is because the proposed restrictions have not been published yet and the statement is dated as being written in January 2018.
7. A gender Pay Gap report, as required under the Equality Act 2010, is now referenced in the statement.
8. Members should note that the Localism Act enables the Pay Policy Statement to be amended at any time when statute or internal policy requires it, and so any required revisions to the Statement will be put to Members when or if the requirement for them is clear.

#### **Conclusion**

9. It is **recommended** that the Court agrees the draft Pay Policy Statement for 2018/19, as set out in the Appendix to this report, to ensure that the City Corporation meets its requirements under the Localism Act 2011.

All of which we submit to the judgement of this Honourable Court.

DATED this 20<sup>th</sup> day of February 2018.

SIGNED on behalf of the Committee.

**The Reverend Stephen Decatur Haines, Deputy**  
Chairman, Establishment Committee



# **CITY OF LONDON CORPORATION**

## **PAY POLICY STATEMENT 2018/19**

### **Introduction**

1. Section 38(i) of the Localism Act 2011 (the Act) has required local authorities since the financial year 2012/13 to produce a pay policy statement for each financial year. This applies to the City of London Corporation in its capacity as a local authority and this document meets the requirements of the Act for the City of London Corporation for the financial year 2018/19.
2. We are required to set out our approach to a range of issues, particularly those relating to remuneration for the most senior staff and our lowest-paid staff. These provisions do not apply to staff of local authority schools or teaching staff in the three independent City Schools.
3. The provisions of the Act require that authorities are more open about their local policies and how local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks authorities to follow three principles when publishing data, they hold: responding to public demand; releasing data in open formats available for re-use; and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.
4. All decisions on pay and reward for senior staff must comply with this Statement. The Statement must be reviewed annually and agreed by the Court of Common Council.
5. The Localism Act applies to the City of London only in its capacity as a local authority. In general, and in keeping with the spirit of openness, this Statement does not try to distinguish between information which applies to the City as a local authority and that which applies to it in any of its other capacities. However, insofar as the Act specifically excludes police authorities from its remit, this Statement does not include information about Police Officers. The Act does not require authorities to publish specific numerical data on pay and reward in their pay policy document. However, information in this Statement should fit with any data on pay and reward which is published separately. The City Corporation operates consistent pay policies which are applied across all of our functions. Further details of the grade structures and associated pay scales can be seen below.

## Salary Scales – effective from 1 July 2017

<b>Grade</b>	<b>Min Salary (£)</b>	<b>Max Salary (£)</b>
Grade A	£14,390	£15,290
Grade B	£16,680	£19,370
Grade C	£21,780	£25,270
Grade D	£27,590	£32,000
Grade E	£32,000	£37,070
Grade F	£40,510	£46,980
Grade G	£48,370	£56,120
Grade H	£56,120	£65,020
Grade I	£65,020	£75,360
Grade J	£77,640	£90,010
Senior Management Grade	£91,780	£243,430
Any employee on Grades A-J who manages or supervises another employee on the same Grade has a separate pay scale paying up to 6.1% greater than the salary on the substantive Grade. Any employee on Grades A-J who is in a residential post has a separate pay scale paying 12.5% less than the salary on the substantive Grade. Figures above exclude the London Weighting Allowance.		
Teacher Grades	£28,630	£58,480
Senior Teacher Grades	£68,580	£143,170
Figures for Teacher Grades exclude any additional responsibility allowances payable. Figures for Senior Teacher Grades include all payments.		

This information is reviewed, updated and published on a regular basis in accordance with the guidance on data transparency and by the Accounts and Audit (England) Regulations 2011. It should be noted that all Police Officer pay scales are nationally determined and as such do not form part of the City Corporation's Pay Policy.

- The Act's provisions do not supersede the City Corporation's autonomy to make decisions on pay which are appropriate to local circumstances and deliver value for money for local taxpayers. We seek to be a fair employer and an employer of choice - recognising and rewarding the contributions of staff in an appropriate way. We set pay fairly within published scales and, in doing so, have regard to changing conditions in differing occupational and geographic labour markets.

## Background

- All pay and terms and conditions of service are locally negotiated with our recognised trade unions or staff representatives. In 2006/07 extensive work was undertaken on a review of our pay and grading structures. As a result, the principles set out in the guidance to the Act have already generally been addressed although the Act set out some additional requirements which are covered by this statement.

8. In 2007 we implemented a number of core principles, via collective agreement, to form the City Corporation's pay strategy. This moved the pay and reward strategy from one based entirely on time-served increments to one which focusses on a balance between incremental progression, individual performance and contribution to the success of the organisation. A fundamental element of the strategy is that achievement of contribution payments is more onerous and exacting the more senior the member of staff.
9. There has been a pay award of 1.5% on basic salaries agreed for all staff commensurate with the Government's pay policy. This was agreed by delegated authority from the Court of Common Council in October 2017 and was effective from 1 July 2017. A 4% increase was also added to the London Weighting allowance rates for all staff. London Weighting allowance rates do not differ between Grades of staff.
10. The London Living Wage (LLW) is applied as a minimum rate for all directly employed staff, including Apprentices since April 2017. This is increased from 1 April each year in line with the most recently announced LLW increase. Casual staff and agency workers have also been paid the London Living Wage since 2014, with increases being applied from 1 April each year.

### **Staff below Senior Management**

11. All non-teaching staff employed by the City Corporation below the Senior Management Grade have been allocated to one of 10 Grades (Grades A-J), other than in a very small number of exceptional cases, such as apprentices. All such posts were reviewed under Job Evaluation, ranked in order and allocated to a Grade following the Pay & Grading Review in 2007. The evaluation scheme was independently equalities-impact-assessed to ensure that it was inherently fair and unbiased. New posts and any existing posts that change their levels of responsibility etc. continue to be evaluated and ranked under the scheme. The scheme, how it is applied, the scoring mechanism and how scores relate to Grades are published on our Intranet, so staff can be assured that the process is fair and transparent. In addition, there is an appeal mechanism agreed with the recognised trade unions and staff representatives.
12. The lowest Graded and paid staff are in Grade A as determined by the outcomes of the job evaluation process. In 2016 the bottom two incremental points of this Grade were removed and an additional point was added to the top of it. The current lowest point on Grade A is now £20,190, including a London Weighting allowance for working in Inner London. The current pay range for Grades A - J is £20,190 to £95,810 inclusive of Inner London Weighting of £5,800 for non-residential employees.
  - Grades A-C are the lowest grades in the City Corporation. They have up to 6 increments which can be achieved subject to satisfactory performance. There is no Contribution Pay assessment. However, employees in these Grades have the opportunity if they have undertaken exceptional work to be considered for a Recognition Award up to a maximum level set corporately each year (this has been £500 in each year since 2010).

- Grades D-J have 4 'core' increments and 2 'contribution' increments. Progression through the 4 'core' increments is subject to satisfactory performance. Progression into and through the 2 'contribution' increments requires performance to be at a higher than satisfactory level. Once at the top of the scale, for those who achieve the highest standards of performance and contribution, it is possible to earn a one-off non-consolidated Contribution Payment of up to 3% or 6% of basic pay depending on the assessed level of contribution over the previous year.
- The Senior Management Grade comprises the most senior roles in the organisation. As these are distinct roles, posts are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the Grade. Any increase in salary (whether through incremental progression or a cost-of-living award) is entirely dependent on each individual being subject to a rigorous process of assessment and evaluation, and is based on their contribution to the success of the organisation.

13. The City of London operates a distribution curve to advise on a fair and consistent distribution of Contribution Payments for staff in Grades D-J. This helps to place limits on the number of eligible staff who, in any one year, progress to the two highest increments on the relevant Grades or receive a Contribution Payment. For the appraisal year ending March 2017, 67.5% of eligible staff were allowed to move into the two higher contribution increments and 63% of eligible staff received a one-off non-consolidated contribution payment.

### **Senior Management**

14. The term Senior Management incorporates the following posts:

- Town Clerk & Chief Executive
- Chamberlain
- Comptroller & City Solicitor
- Remembrancer
- City Surveyor
- Director of the Built Environment
- Managing Director of the Barbican Centre
- Principal of the Guildhall School of Music & Drama
- Director of Community & Children's Services
- Director of the Economic Development Office
- Executive Director of Mansion House and the Central Criminal Court
- Director of HR
- Director of Markets & Consumer Protection
- Director of Open Spaces

15. The Head Teachers of the City of London School, City of London School for Girls and City of London Freeman's School are not part of the Senior Management Group for the purposes of pay (their pay is governed by a separate

teaching pay scale, as outlined in paragraph 5). The pay of the post of Remembrancer is aligned to Senior Civil Service pay scales.

16. It should be noted that not all of the costs of the above posts are funded from public resources. The City of London has private and charitable functions which receive funding through income from endowment and trust funds as well as having statutory local authority functions.
17. Following the principles outlined above, the pay ranges for the Senior Management Grade were set with reference to both job evaluation and an independent external market assessment. The principles of this were agreed by the Court of Common Council in 2007 and, subsequently, the specific unique range for each senior management post was agreed by the Establishment Committee in October 2007, subject to alteration thereafter when the duties or responsibilities of posts or other external factors relevant to their pay and reward change. Current Senior Management salary scales are from £91,780 to £243,430, excluding London Weighting.
18. Each Senior Management Grade post is allocated a range around a datum point. There is a maximum and minimum (datum plus 9% and datum minus 6% respectively) above and below which no individual salary can fall. Where a pay increase for a member of staff would take them above the maximum in a given year, the excess amount above the maximum may be paid as a non-consolidated payment in that year. This does not form part of basic salary for the following year and will, therefore, have to be earned again by superior performance for it to be paid.
19. Each year the datum point advances by a percentage equivalent to any 'cost of living' pay award. Individual salaries would move according to the table below:

<b>Contribution Level</b>	<b>Salary Change</b>
A Outstanding	Datum % change + up to 6%
B Very Good	Datum % change + up to 4%
C Good	Datum % change
D Improvement Required	0.0%

20. The average payment based on contribution alone has been 2.69% for the appraisal year ending in March 2017. The payments have been largely non-consolidated i.e. they have to be re-earned each year based on superior performance.
21. Fundamental changes to pay for any roles in the Senior Management Grade are determined by the Town Clerk and Chief Executive in consultation with the Establishment Committee and relevant Service Committee. The Town Clerk & Chief Executive deals with all salary matters for senior staff (other than in relation to himself) within the existing individual Grades and reward policies. The Director of HR deals with any such matters in relation to the Town Clerk & Chief Executive

in consultation with the Chairmen of Policy and Resources, Finance and Establishment Committees.

22. The Act specifies that in addition to senior salaries, authorities must also make clear what approach they take to the award of other elements of senior remuneration including bonuses and performance-related pay as well as severance payments. This should include any policy to award additional fees for Chief Officers for their local election duties.
23. The scheme for pay increases and contribution pay for the Senior Management Grade is set out above. Staff in the Senior Management Grade do not have an element of their basic pay “at risk” to be earned back each year. Progression is, however, subject to successful performance assessed through the application of the performance-appraisal scheme. No one in the Senior Management Grade receives any additional payments or fees for City of London Corporation electoral duties.
24. Set out below are the broad pay ranges for the Senior Management Grade, with the numbers in each band, excluding London Weighting. Each member of staff will have an individual salary scale within these broad ranges.

£91,780 - £112,870	(3)
£109,610 - £147,270	(6)
£151,680 - £186,570	(4)
£209,970 - £243,430	(1)

25. The Act requires authorities to set their policies on remuneration for their highest-paid staff alongside their policies towards their lowest-paid staff, and to explain what they think the relationship should be between the remuneration of their highest-paid staff and other staff. The City Corporation’s pay multiple - the ratio between the highest paid and lowest paid staff - is approximately 1:13. The ratio between the taxable earnings for the highest paid member of staff and the median earnings figure for all staff in the authority is 1:7.

### **Other Payments**

26. In addition to basic salary, all Graded staff are paid a London Weighting allowance which varies depending on where they are based and whether they are supplied by the employer with residential accommodation. This is to assist staff with the higher cost of living and working in London. Current levels of London Weighting for non-residential staff are £5,800 for those based in inner London and £3,480 in outer London.
27. Being based in the City of London, there are some types of posts which are difficult to recruit to e.g. lawyers, IT staff etc. Accordingly, there is often the need to use market supplements to attract, recruit and retain highly sought-after skills.

Any request for a market supplement must be supported by independent market data and is considered by a panel of senior officers and the Establishment Committee where appropriate.

28. All market supplement payments are kept under regular review and reported to Members. No member of staff in the Senior Management Grade receives a market supplement.

### **Transparency**

29. The Act requires the pay policy statement to make reference to policies in relation to staff leaving the authority, senior staff moving posts within the public sector, and senior staff recruitment.

### **Recruitment**

30. New staff, including those in the Senior Management Grade, are normally appointed to the bottom of the particular pay scale applicable for the post. If the existing salary falls within the pay scale for the post, the appointment is normally appointed to the lowest point on the scale which is higher than their existing salary provided this gives them a pay increase commensurate with the additional higher-level duties. In cases where the existing salary is higher than all points on the pay scale for the new role, the member of staff is normally appointed to the top of the pay scale for the role.

For posts where the salary is £100,000 or more, the following approvals will be required:

- i) in respect of all new posts - the Court of Common Council.
- ii) in respect of all existing posts - the Establishment Committee.

### **Payments on Ceasing Office**

31. Staff who leave the City Corporation, including the Town Clerk & Chief Executive and staff on the Senior Management Grade are not entitled to receive any payments from the authority, except in the case of redundancy or retirement as indicated below.

### **Retirement**

32. Staff who contribute to the Local Government Pension Scheme who retire from age 55 onwards may elect to receive immediate payment of their pension benefits on a reduced basis in accordance with the Scheme. Unreduced benefits are payable if retirement is from Normal Pension Age, with normal pension age linked to the State Pension Age from 1 April 2014, unless protections in the Pension Scheme allow for an earlier date. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme following redundancy or business efficiency grounds from age 55 onwards and on grounds of permanent ill-health at any age.
33. Whilst the Local Government Pension Scheme allows applications for flexible retirement from staff aged 55 or over, where staff reduce their hours or Grade, it is the City Corporation's policy to agree to these only where there are clear

financial or operational advantages to the organisation. Benefits are payable in accordance with Regulation 27 of the Local Government Pension Scheme Regulations 2013. Unless there are exceptional circumstances, the City does not make use of the discretion allowed by the LGPS Regulations to waive any actuarial reduction in pensions awarded under the flexible-retirement provisions.

#### Redundancy

34. Staff who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on a week's pay (currently a maximum of £489 per week). The City Corporation currently bases the calculation on 1.5 x actual salary. This scheme may be amended from time to time subject to Member decision, and has recently been so amended for staff made redundant on or after 25 October 2017. The authority's policy on discretionary compensation for relevant staff under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 is published on our website.

#### Settlement of potential claims

35. Where a member of staff leaves the City Corporation's service in circumstances which would, or would be likely to, give rise to an action seeking redress through the courts from the organisation about the nature of the member of staff's departure from our employment, such claims may be settled by way of a settlement agreement where it is in the City Corporation's interests to do so based on advice from the Comptroller & City Solicitor. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Should such a matter involve the departure of a member of staff in the Senior Management Grade or the Town Clerk & Chief Executive, any such compensation payment will only be made following consultation with the Chairmen of Policy & Resources and Establishment Committees and legal advice that it would be legal, proper and reasonable to pay it.

#### Payment in lieu of notice

36. In exceptional circumstances, where it suits service needs, payments in lieu of notice are made to staff on the termination of their contracts.

#### Re-employment

37. Applications for employment from staff who have retired or been made redundant from the City Corporation or another authority will be considered in accordance with our normal recruitment policy.

#### **Publication of information relating to remuneration**

38. The City Corporation will seek to publish details of positions with remuneration of £50,000 or above in accordance with the Accounts and Audit Regulations 2015 and the Local Government Transparency Code issued by the Secretary of State for Communities and Local Government.



39. This Pay Policy Statement will be published on our public website. It may be amended at any time during 2018/19 by the resolution of the Court of Common Council. Any amendments will also be published on our public website.
40. This statement meets the requirements of the: Localism Act 2011; the Department for Communities and Local Government (DCLG) guidance on “Openness and accountability in local pay: Guidance under section 40 of the Localism Act” (including any supplementary Guidance issued); “The Local Government Transparency Code 2015”; and the Accounts and Audit Regulations 2015.
41. From 2018, the City of London Corporation is required under the Equality Act 2010 to publish information every year showing the pay gap between male and female employees. The City of London Corporation will be publishing its first report on Gender Pay Gap by the 31 March 2018.

January 2018

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## Report – Chairman of the Standards Committee

### Report of Urgent Action Taken: Reappointment of Co-opted Member

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

#### **SUMMARY OF ACTION TAKEN**

1. We hereby report action taken under urgency procedures concerning the appointment of Judith Barnes as a co-opted Member of the Standards Committee. This decision was taken in view of the pressing need to ensure that an adequate number of co-opted Members were available to be present at meetings of the Standards Committee and its sub-committees.
2. The composition of the Standards Committee provides for four co-opted Members. Following the expiry of Judith Barnes' previous four-year term of office in December 2017, there were two vacancies for co-opted Members on the Committee (the other vacancy being more long-standing).
3. Recently, the non-availability of one of the two current co-opted Members (who has been out of the UK on a long-term basis) had meant that the Committee and its Assessments Sub-Committee had been reliant on only one co-opted Member to attend meetings. Because of illness, the one co-opted member available was unable to attend the Standards Committee meeting on 26 January, which meant that the meeting was inquorate.
4. At that meeting, the Standards Committee considered the proposed reappointment of Judith Barnes, previously appointed as a co-opted Member for a four-year term of office expiring in December 2017, who had expressed a wish to be reappointed as a co-opted Member and could serve for a second and final four-year term of office.
5. It was the unanimous view of those Members present at the inquorate meeting that the Court of Common Council be recommended to reappoint Judith Barnes as a co-opted member of the Standards Committee for a second and final four-year term of office.
6. As the meeting was inquorate, the Standards Committee could not formally confirm this decision at the time and its next scheduled meeting was not until May 2018. The recommended reappointment of Judith Barnes as a co-opted member of that Committee would not therefore be considered by the Court of Common Council until its meeting in June.

7. In view of the pressing need to ensure that an adequate number of co-opted Members was available to be present at meetings of the Standards Committee and its sub-committees, an urgent decision was required to enable the reappointment to be considered and approved at the earliest opportunity. This matter was particularly relevant given the requirement to schedule two Assessment Sub-Committee meetings, both of which required a co-opted Member to make them quorate.
8. The inquorate meeting therefore recommended that this matter be progressed under the provisions of Standing Order No. 41(a), to ensure that the proposed reappointment could then be formalised under Standing Order No. 19 as soon as possible.
9. The Town Clerk consequently approved the inquorate Standards Committee request for urgent decision under Standing Order No. 41(a) and the formal reappointment of Judith Barnes as a co-opted member of the Standards Committee for a second and final four-year term of office (expiring February 2022) under Standing Order No. 19.

All of which we submit to the judgment of this Honourable Court.

DATED this 12<sup>th</sup> day of January 2018.

SIGNED on behalf of the Committee.

**Oliver Arthur Wynlayne Lodge**  
Chairman, Standards Committee

## Report – Social Investment Board

### Social Investment Fund: The First Five Years

*To be presented on Thursday, 8<sup>th</sup> March 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

#### **SUMMARY**

The City of London Corporation's Social Investment Fund was established in May 2012 in order to produce a positive social impact, whilst also helping to develop the social investment market through the influence of the Corporation and by demonstrating that social investment could be a financially viable model. £20million was allocated to this Fund from the assets of the Bridge House Estates charity, of which the City of London Corporation is the sole Trustee.

The Social Investment Board, at the time of its creation, undertook to provide regular updates on its progress. In its first five years it has achieved an IRR of 4.7% (gross), which is 2% in excess of the initial target. This clearly demonstrates that, by making socially responsible investments, it is possible to have a positive social impact without compromising on financial returns. This was the City Corporation's original intention in establishing the Fund, namely to demonstrate that social investment was a credible investment medium.

The attached report therefore updates the Court of Common Council on the activities of the Social Investment Fund during its first five years, including details of the Fund's financial performance, areas of investment, the Fund's investment commitments to date and plans for the Fund for the next five years.

#### **RECOMMENDATION**

The Court of Common Council is recommended to:

- note the progress made on the work of the Fund since it was established and the attached report the progress made on the work of the Fund since it was established.

All of which we submit to the judgement of this Honourable Court.

DATED this 28<sup>th</sup> of February 2018.

SIGNED on behalf of the Committee.

**Peter Hewitt, Alderman**  
Chairman, Social Investment Board

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# CITY OF LONDON CORPORATION SOCIAL INVESTMENT FUND THE FIRST FIVE YEARS



# INTRODUCTION

It gives me great pleasure to introduce this report looking back over the first five years of the City of London Corporation's £20million Social Investment Fund. As Chairman of the Social Investment Board since its inception it has been my privilege to contribute to this important and innovative work. In our first five years we have achieved an IRR of 4.7% (gross) which is 2% in excess of the initial target. Thus I believe that we have clearly demonstrated that by making socially responsible investments, it is possible to have a positive social impact without compromising on financial returns. This was the City's original intention in establishing the Fund, namely to demonstrate that social investment was a credible investment medium.

When we started our Fund in 2012 we knew there would be challenges. At the time, social investment was a relatively new concept, with the financial supply being often greater than the investment opportunities available. We knew it would take time for us to deploy our Fund, and we have had to adapt our approach to meet the changing nature of the social investment market. This is inevitable in such a new field of work and the City has risen to the challenge. As I believe this report demonstrates, the social impact of the organisations that have received investment has been significant, and I am confident that over the coming years, increasing awareness of social impact investing will enable it to become a mainstream class of investment in the future.

**Alderman Peter L R Hewitt, JP, FCSI, FRSA**  
*Chairman, Social Investment Board*



# BACKGROUND

The City of London Corporation's Social Investment Fund was established in May 2012 in order to produce a positive social impact, whilst also helping to develop the social investment market through the influence of the Corporation and by demonstrating that social investment could be a financially viable model. £20million was allocated to this Fund from the assets of the Bridge House Estates charity, of which the City of London Corporation is the sole Trustee.

The Fund made its first investments in December of the same year. However, it has older roots having emerged from the Corporation's learning as trustee of a charitable funder, City Bridge Trust. Throughout the early 2000s, and along with other grantmakers, City Bridge Trust could see the pressure the charity sector was under. This was exacerbated by the financial crash of 2008 and the subsequent roll back of many statutory functions when people turned instead to charitable providers. Increased demand from service users alongside funding pressures is a considerable challenge, and something many charities continue to struggle with almost a decade on.

The City examined how we might make use of the other resources we have available, beyond our grant funding. This included discussions about the underlying investments which generate City Bridge Trust's grant spending. We benefited from the wise counsel of several Trusts and Foundations who had already started to make social investments, particularly the Esmée Fairbairn Foundation who are rightly regarded as pioneers in this space.

When we established our own Social Investment Fund, we set ourselves two objectives:

- » To provide loan finance, quasi-equity and equity that provides development and risk capital to organisations working towards charitable ends or with social purpose; and
- » To help develop the social investment market.

We decided to consider both direct investments to charities and social enterprises as well as indirect investments into funds with a social focus.



# OVERVIEW

Since its first investment meeting in December 2012 the Fund has approved 20 investments totalling £12,996,228. Of these, three have been redeemed, either because they matured or the Fund took the decision to exit. A full list of investment commitments made between December 2012 and November 2017 can be found at Appendix 1. Of seventeen current investments, all but two are presently rated Green in our internal 'RAG' reporting system thereby indicating that they are meeting financial and social targets.

The figures quoted below relate to all investments approved by November 2017 and include those now matured or redeemed.

## GEOGRAPHICAL BREAKDOWN

The Fund is mainly UK-focused, and we have a particular interest in work that benefits communities in Greater London. However, we have a £2m provision for work outside of the UK to allow us to consider as wide a range of social investment opportunities as possible. Thus the geographical allocation of our investments to date is as follows:

UK-wide:  
**£7,430,000 (57%)**

Greater London:  
**£4,997,715 (39%)**

International:  
**£568,513 (4%)**

## WHAT WE HAVE COMMITTED OUR FUND TO

Much of the UK's social investment market is debt-focused, and our investments to date reflect this, although we remain keen to find suitable equity, or quasi-equity opportunities with the right social enterprise partners.



Residential Property  
**£6,572,715 (51%)**



Commercial Property  
**£800,000 (6%)**



UK Bonds /  
Corporate Debt  
**£5,055,000 (39%)**



International Market  
**£568,513 (4%)**

## SECTORS

Investments to date have been made across a number of sectors, tackling recognised social issues within the UK and internationally. These are as follows.



Housing & Homelessness  
**£7,672,715 (59%)**



Market Development  
**£3,000,000 (23%)**



Leisure / Travel  
**£1,000,000 (8%)**



Ex-offenders  
**£705,000 (5%)**



Emerging Markets  
**£318,513 (3%)**



Civil Society Support  
**£300,000 (2%)**

# FINANCIAL PERFORMANCE

Judging the overall financial performance of the Fund is not a straightforward task. The majority of investments are not exchange listed or subject to daily pricing, so as a result we make a number of assumptions when calculating our return, and only realise this return when investments reach full term and mature or are redeemed.

However, based on our calculations, and subject to a method approved by the board, the overall financial performance of the Fund was 4.7% IRR (gross) at Sept 2017. This is up by some 2% in excess of the original target return of at least 2.7% gross.

Only one investment has underperformed and this is expected to result in a capital loss on the investment of 50%. However, due to the overall size of the Fund and strong performance from other investments the overall impact on the ROI is -0.41%, which has been accounted for in the overall return.



Target IRR: **2.7%**

Current IRR: **4.7%**



## SECTORS

Investments to date have been made across a number of sectors, tackling recognised social issues within the UK and internationally.

# SUPPORT FOR EX-OFFENDERS



## ISSUE

Around a quarter of people released from prison reoffend within a year of leaving custody.

## PROJECTS WE HAVE SUPPORTED

The Fund invested in two organisations which are both part of the Together group that operates in three regions across the UK.

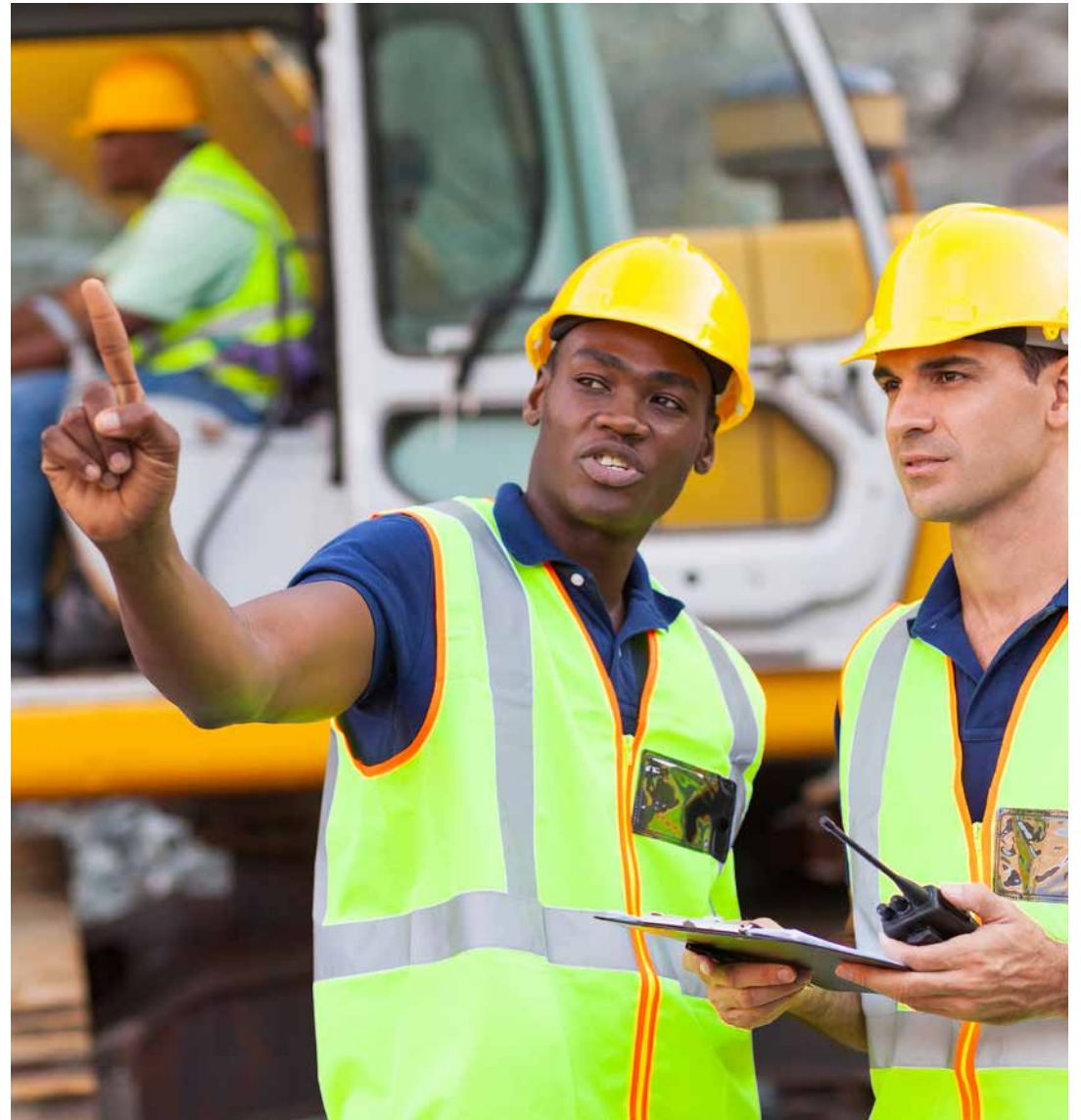
The group's model involves the construction or purchase and refurbishment of empty properties. Ex-offenders are employed full-time in each project and provided training and mentoring.

Completed properties are then sold on, with the proceeds recycled to purchase additional properties.

## CASE STUDY: GLASGOW TOGETHER

Following the Together model highlighted above, this organisation aims to develop 3-4 projects per annum. In addition, it is also planning to begin work on a new build project employing a minimum of five clients. In total it will work with 100 offenders and ex-offenders

To date, the project has purchased six properties and worked with 15 ex-offenders producing 997 client days.





# ACCESS TO LEISURE & TRAVEL



## ISSUE

Disadvantaged groups find it difficult to access leisure and travel services, and this has a negative impact on their health and well-being.

## PROJECTS WE HAVE SUPPORTED

The Fund invested in two organisations, HCT Group and Greenwich Leisure. Both are not-for-profit organisations which are using the funds to support their services, which include working with hard-to-reach groups such as people with disabilities and those on low incomes.

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## CASE STUDY: GREENWICH LEISURE

This organisation operates dozens of community sport & fitness venues across Greater London, including the Copper Box Arena and London Aquatics Centre in the Queen Elizabeth Olympic Park.

To ensure that their services are fully accessible, Memberships are available for people with disabilities, while groups such as carers or people on low incomes are offered discounted fees.



*"The City of London's Social Investment Fund has been trusted social investors in HCT Group for the past two years. The City's investment has been instrumental in our growth – from £44.2m at the time of the investment to a forecast £62m in the current financial year. More importantly, this growth has enabled us to increase our social impact and deliver on our social mission."*

Dai Powell, CEO, HCT Group

# HOUSING AND HOMELESSNESS



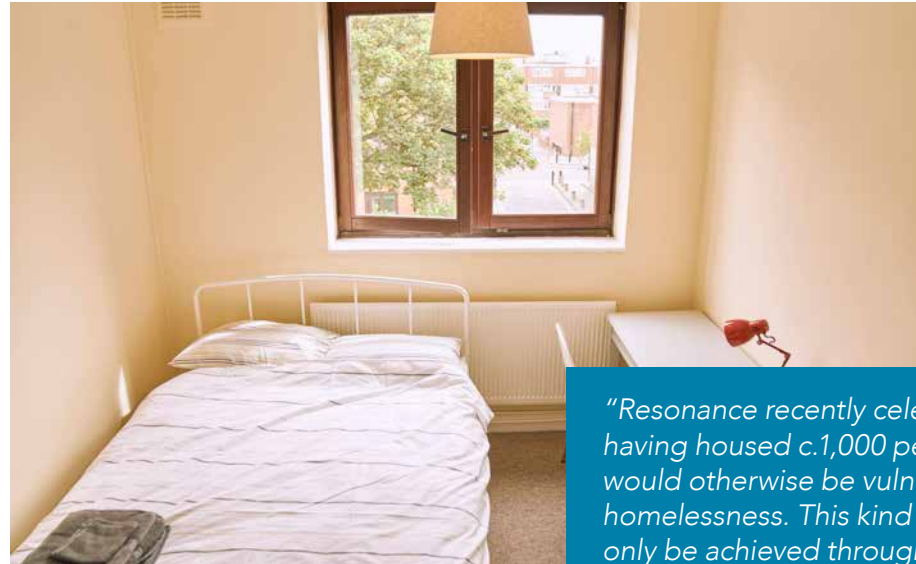
## ISSUE

Access to affordable and specialist housing is limited in certain parts of the UK, leading to rising levels of homelessness.

## PROJECTS WE HAVE SUPPORTED

The Fund has invested in eight organisations working in this sector. They are primarily targeting those in the greatest need and those who require additional support such as people with learning disabilities, people who were previously homeless, young adult carers, and vulnerable migrants.

These are groups who often cannot find suitable housing in the private rental sector.



*"Resonance recently celebrated having housed c.1,000 people who would otherwise be vulnerable to homelessness. This kind of result can only be achieved through the trust in our processes and commitment to support, shown by investors such as the City of London Corporation, who over the last four years have invested £2.5 million in our Affordable Homes Rental Fund, Real Lettings Property Fund and the National Homelessness Property Fund. Furthermore, we are very grateful that this support has given others the confidence to invest and we look forward to further partnership, bringing even more social impact."*



## CASE STUDY: REAL LETTINGS PROPERTY FUND

This Fund, a partnership with homelessness charity St Mungo's, was developed in response to the lack of private rented accommodation accessible to rising numbers of people living in temporary accommodation or otherwise at risk of homelessness in London.

To date, it has purchased 260 properties in London helping 650 tenants with 'move on' accommodation.



# CIVIL SOCIETY SUPPORT



## ISSUE

Faced with funding cuts and increased property prices, voluntary and community sector organisations are finding good quality office space increasingly scarce.

## PROJECTS WE HAVE SUPPORTED

The Fund invested in the conversion of an Edwardian factory in the Vauxhall area into affordable energy efficient and fully accessible office space. This was rented to organisations working in the field of social justice, creating a community of similar organisations who share ideas whilst reducing operating costs.



## CASE STUDY: THE FOUNDRY

Follow its refurbishment, The Foundry is now home to more than 25 tenant organisations working in a variety of social justice and human rights related fields in the UK and abroad. These include Engineers Without Borders, Malaria No More UK, Shannon Trust and Sheila McKechnie Foundation.



# EMERGING MARKETS



## ISSUE

For many SMEs in small or emerging markets, access to sufficient working capital is the biggest barrier to growth.

## PROJECTS WE HAVE SUPPORTED

The Fund has a small provision to support international schemes. Our first investment was in a Small Enterprise Impact Investment Fund, providing finance to small and medium sized businesses in low income countries, with a particular focus on women's empowerment and food security.

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### CASE STUDY: OXFAM SMALL ENTERPRISE IMPACT INVESTMENT FUND (SEIIF)

This Fund was established in 2012 to provide micro-finance for small and medium-sized enterprises in countries including Costa Rica, Zimbabwe and Cambodia.

Over three years it was estimated to have created over 9,000 jobs, over 40% of which were in rural areas and 41% women. This is above the average for these regions where traditionally the level of female economic participation is low.

At inception it was hoped that SEIIF would raise around US\$100m, however in the event it raised less than US\$8m which significantly reduced its impact. As a result, in 2016 SEIIF was wound up and rolled into an equivalent product with a micro-finance focus. The Fund took the decision to redeem the investment, which, due largely to the fact that this was held in USD and the favourable exchange rate, resulted in a small capital gain for the Fund.



# MARKET DEVELOPMENT



## ISSUE

As a new and developing market, with limited track record, it will take time to bring social investment into the mainstream.

## PROJECTS WE HAVE SUPPORTED

The Fund invested in two funds run by mainstream investment institutions which are ethical or socially responsible. These are used to support organisations working across a wide-range of themes including employment, housing and the environment.

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## CASE STUDY: RATHBONE ETHICAL BOND FUND

This £900million Fund is operated using strict socially responsible investment criteria. Potential investments are screened to ensure that they operate responsibly with regards to a range of social, environmental and ethical issues.

Investments have been made across a range of sectors including housing, renewable energy and healthcare.





# THE NEXT FIVE YEARS

- » The Fund will continue to seek new investments in line with its current criteria to expand the portfolio and increase deployment. However, because of a scarcity of suitable investments, the Fund will continually review its criteria to look at ways it could increase the deployment. This may include considering smaller investments or venture capital proposals.
- » The Fund is evaluating ways of being more proactive in creating investment opportunities. One such area under consideration is the provision of housing for teachers in areas of London where housing costs are high. This is an area of particular interest to the City of London Corporation as it sponsors several Academy schools in inner-London boroughs and has experienced difficulties in recruiting teaching staff due to the high cost of living. It also re-enforces the excellent charitable work historically undertaken by the various Livery Companies of the City of London. Accordingly, the Fund is working closely with the charitable arms of the Livery to produce a suitable investment concept.
- » The Fund will continue to work closely with colleagues across the City of London, in particular the City Bridge Trust's grant-making operations. The Trust has recently undertaken a strategic review of its grantmaking and launched a new funding strategy in 2017. This referenced social investment as part of its range of funding options for organisations.

- » The City Bridge Trust's new strategy builds on the existing social investment readiness programme, Stepping Stones, delivered in partnership with the UBS bank. This scheme provides organisations with grants to enable them to explore social investment as an option for funding. The long-term aim is to bring the City Bridge Trust grants and City of London Social Investment Fund into closer alignment.
- » Finally, the City will continue to use its considerable convening powers to collaborate with other national organisations, such as the Government's Advisory Group on Social Investment and the UK National Advisory Board on Impact Investing in the pursuit of a fairer society.



# APPENDIX 1: INVESTMENT COMMITMENTS TO DATE

INVESTMENT	AMOUNT AND PURPOSE
Affordable Homes Rental Fund	£500,000 to provide affordable accommodation for people who would otherwise be unable to continue living in their local area.
Columbia Threadneedle UK Social Bond Fund	A total of £1,500,000 to support organisations working across a wide-range of social development themes including employment, housing, and the environment.
Commonweal / Quaker Social Action	£500,000 to provide supported accommodation for young adult carers (aged 18-24) who wish to live independently and to test which housing and support services result in positive social outcomes for this client group.
Commonweal-Praxis Housing Project	£500,000 funding good-quality accommodation for vulnerable migrants through the purchase and management of seven homes in the Croydon area.
Glasgow Together Bond	£405,000 invested to provide employment, training and mentoring to 100 offenders and ex-offenders through a property refurbishment and construction programme.
Golden Lane Housing	A total of £875,000 invested to be used to purchase, adapt and let up to 30 freehold properties to Golden Lane clients across the UK, enabling people with learning disabilities to live independently.
Greenwich Leisure	£500,000 invested for the restoration of the Royal Greenwich Lido, repurposing the Olympics Aquatics and Copper Box Centres, for developing affordable health and fitness centres in Sidcup and Romford, and for other projects.
Greensleeves Homes Trust	£500,000 invested to support the provision of care homes for older people across the UK.
ICT Group	£500,000 fixed-rate loan to increase transport opportunities to those with disability or in poverty.
Midlands Together	£300,000 invested to provide employment, training and mentoring to 100-150 ex-offenders through a property refurbishment programme across the West Midlands.
National Homelessness Property Fund	£1,000,000 invested to purchase one and two bedroom properties across the UK for tenants who are, or have previously been, homeless.
Oxfam Small Enterprise Impact Investment Fund	£318,513 invested to finance small and medium sized businesses in low income countries, with a particular focus on women's empowerment and food security.
Rathbone Ethical Bond Fund	£1,000,000 in a fund investing in tradeable debt instruments issued by socially screened organisations.
Real Lettings Property Fund	A total of £1,000,000 to locate and purchase around 300 one and two-bedroom properties in London which will provide 'move on' housing benefitting up to 600 tenants who are, or have previously been, homeless.
The Foundry	£300,000 towards the conversion of an Edwardian factory in the Vauxhall area into affordable office space which will be rented to organisations working in the field of social justice.
Thera Trust Bond	£100,000 to provide adapted accommodation for adults with learning disabilities.
Y:Cube Housing Project	£500,000 towards an initiative from YMCA London South West providing 36 units of affordable accommodation for people who are exiting a period of homelessness.



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