

Committee:	Dated:
Policy & Resources	13 December 2018
Subject: City of London Corporation's membership of TheCityUK	Public
Report of: Director of Economic Development	For Decision
Report author: Giles French	

Summary

The City of London Corporation is a founder member of TheCityUK and played a full role in establishing the organisation as a representative body for the cross-section of the financial and professional services industry in the UK. The City Corporation continues to be a full member of TheCityUK, and has a unique relationship with as a founder, member and partner.

The City Corporation's current three-year membership agreement is due to end on 31 March 2019.

At present, the City Corporation pays a membership fee of £400,000 per annum and a ring-fenced contribution of £100,000 per annum as a contribution towards the rental cost of office space. This is predicated on the condition the office is within the City of London.

In return, the City Corporation receives a package of membership benefits substantially greater than other top tier members of TheCityUK.

The degree of collaboration and cooperation between the City Corporation and TheCityUK, particularly in response to Brexit and challenges to global trading relations, is greater than ever. Given the importance of this work in ensuring London's future as a global financial centre, it is recommended that the level of membership support remains the same.

Recommendations

Officers recommend to Members that the City Corporation renews its membership of TheCityUK for three more years, on the same terms as for the period 2016-19. This will be considered as part of the Medium Term Financial Planning Process.

The funding for the membership fee of £400,000 will continue to be allocated from Economic Developments base budget.

Committee Members are asked to decide on how to fund the the rental contribution of £100,000 from the below options:

- Allocate £100,000 per annum from Your Committee's 2019/20, 2020/21 and 2021/22 Policy Initiatives Fund; or
- Request a base budget uplift from Finance Committee and Resource Allocation Sub Committee of £100,000 for 2019/20 onwards.

Main Report

Background

1. TheCityUK was established in 2009 in response to the global financial crisis. Its broad remit was to restore the reputation of the financial and professional services industry in the UK, to strengthen the industry's voice on policy and regulatory matters, and to promote the UK's financial and professional services industry internationally. It is a membership body, and its membership is drawn from across the industry's sectors.
2. The City of London Corporation is a founder member of TheCityUK, and played a full role in establishing the organisation. The City Corporation has a unique relationship with TheCityUK as a founder, member and partner. The organisations work in partnership, rather than competition, and seek to play to their respective strengths.
3. The report produced in 2015 by Sir Simon Fraser of Flint Global, *Promoting the City*, strongly recommended the City Corporation's continued active membership of TheCityUK. This report was submitted to Your Committee at its meeting on 18 February 2016.
4. The strengthening of the work of the City Corporation in supporting the financial and professional services sector has helped to ensure greater collaboration between the two organisations, as the City Corporation's contribution has become much stronger. However, the work of TheCityUK is as important as ever as the industry responds to the challenges of the UK's departure from the European Union and the instability in the global trading framework.

Current Position

5. The City Corporation has a three-year funding agreement with TheCityUK that expires on 31 March 2019. The terms of that agreement mean a membership contribution of £400,000 per annum.
6. In addition, the agreement provides £100,000 per annum ring-fenced towards rental costs for TheCityUK's office. The terms of this agreement require TheCityUK to be located within the City of London.
7. The terms of the membership were renegotiated by officers in the Economic Development Office in 2016 and included a 20% reduction in the membership fee.

However, the membership benefits for the City Corporation are considerably better than those for the other top tier members of TheCityUK. For example, the City Corporation has two places on the Advisory Council and on the Board; is entitled to a representative on any of the Market Advisory Groups or Sector Advisory Groups; the research teams coordinate activity and the City Corporation has full access to all reports and publications; a guaranteed place at all TheCityUK Chairman's dinners and other senior events; guaranteed membership of all Steering Committees; as well as a framework of regular engagement with senior Members and officers. A copy of the membership agreement, outlining all of the membership benefits is attached as *Annex 1*.

8. To reflect the City Corporation's unique status with TheCityUK, a new *Memorandum of Understanding* (MoU) was agreed as part of the membership package in 2016. This aimed to strength the collaboration and coordination of work between the City Corporation and TheCityUK. Whilst it is always possible to improve the way the organisations work together, Officers believe the MoU has had a beneficial impact and should be renewed. A copy of the Memorandum of Understanding is attached as *Annex 2*.
9. The City Corporation and TheCityUK collaborate on a wide range of policy issues and activities, at a domestic, European and international level. This work includes engagement with regional centres around the UK, coordinating the industry's response to the challenges presented by Brexit, as well as international promotion in non-EU markets to develop foreign investment into the UK and the exports of products and services from the UK around the world.
10. Officers recommend to Members that the current membership fee represents an appropriate contribution, whilst maintaining significant City Corporation representation in TheCityUK's governance structures, and active participation in a breadth of forums providing access to industry practitioners expertise and priorities. At a particularly critical time for the industry and London's place as global financial centre, this level of support represents a sensible commitment.
11. Taken together, the membership agreement and the memorandum of understanding secure a strong, complementary relationship, where both organisations can operate to their respective strengths, providing an essential partnership to the benefit of the whole industry.

Proposal and Financial Implications

12. Members are requested to continue the funding of £400,000 per annum from Economic Developments base budget, for the financial years 2019/20, 2020/21 and 2021/22, to pay for the City Corporation's membership of TheCityUK until 31 March 2022.
13. In addition, Members are requested to decided on how to fund the £100,000 per annum to pay for the City Corporation's ring-fenced contribution towards TheCityUK's rental costs until 31 March 2022. The rental contribution of £100,000 has been funded from your Committees Policy Initiative Fund (PIF) since 2013/14.

14. Given that the PIF is intended for funding one off or time limited initiatives it would be more appropriate to fund the £100,000 for rental contributions from a base budget. Therefore members are asked to decide from the below options on how to fund the £100,000 rental contribution if approved.

- a. Request a base budget uplift from Finance Committee and Resource Allocation Sub Committee for the financial year 2019/20 onwards.
- b. Approve the required funding of £100,000 to be drawn from your Committee's 2019/20, 2020/21 & 2021/22 Policy Initiatives Fund, categorised under 'Promoting the City' and charged to City's Cash. The current uncommitted balance in the 2019/20, 2020/21 & 2021/22 Policy Initiatives Fund is £765,865, £940,365 and £1,243,365 respectively prior to any allocation being made for any other proposals on today's agenda.

Conclusion

15. If Members approve the proposed membership agreement with TheCityUK as detailed in this report, the City Corporation will be able to continue its close collaboration and partnership with TheCityUK. Ultimately this complements our ongoing work to support and promote the UK-based financial and professional services sector.

Giles French
Assistant Director of Economic Development
giles.french@cityoflondon.gov.uk
020 7332 3644