

<b>Committee(s)</b> Audit and Risk Management Committee	<b>Dated:</b> 7 May 2019
<b>Subject:</b> CR10: Adverse Political Developments	<b>Public</b>
<b>Report of:</b> The Remembrancer	<b>For Information</b>
<b>Report author:</b> Nigel Lefton, Remembrancer's	

## Summary

Corporate Risk CR10 relates to political developments that might damage the future status and functioning of the City Corporation. This report provides an update to Members on the risk, and the steps being taken to mitigate the risk.

**Recommendation:** Members are invited to note the report.

## Main Report

### Background

1. The City Remembrancer is responsible for Corporate Risk 10 (CR10) – adverse political developments undermining the effectiveness of the City of London Corporation. Adverse political developments may arise from causes from specific financial services issues to local government proposals, or may stem from general political hostility.
2. Current political issues or events that could give rise to adverse developments include the consequences for the financial sector of the referendum on the UK's membership of the EU and the growing possibility of a general election before the due date of 5 May 2022.
3. This report provides Members with an update of recent activity to mitigate risk.

### Current risk status

4. The risk status is currently amber. In reviewing this status, the effect of a number of political developments has been considered. These include the impact of the Brexit negotiations; issues about the way some parts of the financial sector operate; and wider party political developments at a national level. The Green Party is currently the only national party to be committed to the abolition of the City Corporation. In the result it is proposed that the risk status be maintained at amber.

## Current activity

5. Government legislation is examined and, where required to meet the City's needs or concerns, drafting issues are pursued with officials. Amendments to Bills are tabled as necessary in either House. Frequent contributions are made to the proceedings of the Commons' and Lords' Select Committees and regular briefings for debates are provided to MPs and Peers. This activity has two key purposes: to advocate policies and proposals reflecting the City Corporation's strategic outcomes and to engage at an early stage of the policy-making process. These steps help to mitigate the risk of adverse political developments.
6. Priority has been given to work on the Bills forming part of preparations for Brexit. These include the EU (Withdrawal) Act 2018, the Trade Bill, the Financial Services (Implementation of Legislation) Bill, the Agriculture Bill, the Immigration and Social Security Co-ordination (EU Withdrawal) Bill and the Taxation (Cross-Border Trade) Act 2018.
7. In addition to work on the above, the Office's legislative activity over the previous 12 months has included scrutiny of, and briefings on the Automated and Electric Vehicles Act 2018, the Offensive Weapons Bill, the Data Protection Act 2018, and the Counter-Terrorism and Border Security Act 2019.
8. The Office has also drafted provisions in a planned Emissions Reduction (Local Authorities in London) Bill to give local authorities powers to reduce emissions from combustion plant (boilers, generators, non-road mobile machinery and combined heat and power plant) and to increase the fine for the stationary idling of a vehicle. The proposals have been approved by London Councils and it is envisaged they will be introduced as a private member's Bill in the next parliamentary session. Provisions which may form the basis of future City Corporation promoted legislation on markets are under examination, with a view to the deposit of a Bill in November 2020.
9. The wide-ranging work of the Corporation has been evidenced through submissions to a number of select committee inquiries, including those on Global Britain, Women in Finance, Movement of People: Sports and Culture, the 25-Year Environment Plan, Trade with Australia and New Zealand, Post-Brexit UK-EU Relations, Economic Crime, the Bribery Act 2010, digital currencies, Brexit and Financial Services, Brexit and Scottish Trade, Modern Slavery, Trade with India, Trade with Latin America, Post-Brexit Food Safety, UK Trade in Services, and Road Safety.
10. In liaison with the Corporate Affairs team, and working closely with Departments across the Corporation, the Office has maintained an active programme of engagement with MPs and peers through briefings on City matters of interest to the City including Brexit 'cliff edge' risks for both financial and professional services and port health, international trade, air quality, immigration, skills, higher education, culture and green finance. The Office has also arranged a series of meetings for the Policy Chair, focusing predominantly on Brexit, with Select Committee Chairs, party groupings, senior backbenchers and MPs with a significant financial services employment in their constituency.

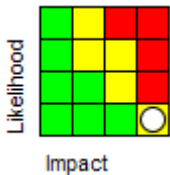
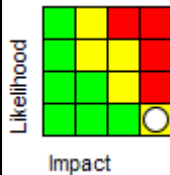

11. The Office has maintained its engagement with the GLA, briefing officers and Members of the London Assembly on matters of interest to the City, including the Plastic Free City initiative, the Bank on Safety scheme, 'no deal' Brexit risks to UK financial services, cooperation between the City of London Police and the Metropolitan Police, electric vehicle charging infrastructure, air pollution, and Culture Mile and the proposed Centre for Music. Evidence has been submitted to several consultations, including on the Mayoral Economic Development Strategy and the Mayoral Culture Strategy.
  
12. The Office also seeks to mitigate the corporate risk more generally by promoting the work of the City Corporation in supporting broader interests. These include cultural activities, open spaces, policing, housing and education. Regular contact is maintained with those who advise on and influence policy both at a national and at a local level, designed to ensure that the City's perspective is understood and acknowledged as early as possible in the policy development process. The Office works with the Economic Development Office, the Communications team and Mansion House, and with other departments depending on the nature of the issue.

## **Conclusion**

13. Members are asked to note the actions taken and activities under way to mitigate Corporate Risk 10.

Paul Double  
City Remembrancer

## REM – Corporate Risk 10

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator		
<b>CR10 Adverse Political Developments</b>  22-Sep-2014 Paul Double	<p><b>Cause:</b> Policy issues that may compromise the City's operation as an international financial marketplace to which the City Corporation's functions are aligned; other financial services issues that make the City Corporation vulnerable to political criticism; local government proposals that call into question the justification for the separate administration of the Square Mile; overarching political hostility.</p> <p><b>Event:</b> Changes in international relationships particularly those with the EU; reputational questions related to financial institutions; local government changes in London; increase in political hostility to the Corporation.</p> <p><b>Impact:</b> Damage to the City's ability to put its case nationally and internationally and to the City's standing as a dedicated international financial marketplace. The City of London Corporation would be compromised if the City's position as a world-leading financial and professional services centre were undermined. Loss of City Corporation functions as a result of adverse attitudes towards the Corporation.</p>	 Likelihood Impact	8	Constant attention is given to the form of legislation affecting the City Corporation and the broader City, and any remedial action pursued. Making known the work of the City Corporation in the financial sphere among opinion formers, particularly in Parliament and central Government, is also part of the apparatus by which the City's voice is heard and by which the Corporation is seen to be "doing a good job" for London and the nation for a crucial sector of the economy; the foremost consideration at the present time is the continuing uncertainty in relation to Brexit. The same approach is replicated in respect of professional services; the digital economy; arts and culture; and other activities undertaken by the City Corporation.	 Likelihood Impact	8	31-Mar-2020	  Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR10a monitoring legislation	Monitoring of Government legislation and proposed regulatory changes.	Relevant Bills in the Government's legislative programme will be identified and City Corporation departments alerted to issues of potential significance as the measures are introduced in the new Session. Action taken through negotiation with departmental officials or amendments tabled in Parliament as required. The legislative consequences of Britain leaving the EU as they may affect the Corporation and the City more generally as an international financial centre is a key priority.	Paul Double	01-Apr-2019	31-Mar-2020
CR10b Provision of information	Provision of information to Parliament and Government on issues of importance to the City.	Briefing has been provided for parliamentary debates including on Brexit, air quality, immigration, housing, planning, the creative industry, trade and investment, apprenticeships, economic crime, Fintech and broadband.	Paul Double	01-Apr-2019	31-Mar-2020
CR10c Stakeholder engagement	Engagement with key opinion informers in Parliament and elsewhere. Programme of work to monitor and respond to issues affecting the reputation of the City Corporation.	Liaison with the City's MP and other MPs, Peers and Select Committee of both Houses on matters of importance to the City, including increased engagement on Brexit-related issues. Working with other organisations, including the Financial Markets Law Committee, to analyse the legal framework when an outcome on Brexit is agreed. Continuing engagement on devolution in London and liaison with London Councils and Central London Forward on the application of devolution to the London boroughs and the City, either directly from Central Government or the Mayor.	Paul Double	01-Apr-2019	31-Mar-2020