



Report – Standards Committee

Annual Report

To be presented on Thursday, 24th July 2014

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

Summary

1. In accordance with our terms of reference, the Standards Committee is required to monitor all complaints referred to us and to submit an annual report on our activities. This report provides a brief synopsis of the activities undertaken by your Committee since the introduction of the new standards arrangements under the Localism Act 2011.

Complaints to the Standards Committee

2. During the period of this report, two allegations of a breach of the Members' Code of Conduct have been made to the Committee. The first was considered by the Assessment Sub (Standards) Committee on 7th June 2012 where it was agreed unanimously that no investigation should take place. The second allegation was considered by an Assessment Sub (Standards) Committee on 24th February 2014. That Committee concluded unanimously that no investigation should take place in relation to any of the allegations and nor was any other action appropriate in the circumstances. The Independent Person was of the same view.

Membership and composition of the Standards Committee

3. Under the Localism Act 2011 the City must appoint at least one Independent Person whose views:
 - must be sought, and taken into account, by the City before it makes its decision on an allegation that it has decided to investigate;

- may be sought by the City in relation to an allegation in other circumstances; and
 - may be sought by a Member against whom an allegation has been made.
4. Independent Persons must not have been a Member, Co-opted Member or Officer of the City in the last five years, nor be a relative or close friend of a Member, Co-opted Member or Officer.
 5. Between June and September 2012 three Independent Persons were appointed. Neil Asten, Anju Sanehi and Chris Taylor have regularly attended scheduled meetings of the Committee and continue to play an important role in monitoring and reviewing the City Corporation's governance arrangements.
 6. A number of new Co-opted Members have been appointed to the Committee over the past two years, following the introduction of the new arrangements and the expiry of the terms of office of Alan Graham, Dr Colin Kolbert, Howard Lederman and Anthony Williams.
 7. In November 2013, Judith Barnes was appointed as a Co-opted Member of the Committee and Felicity Lusk was reappointed. The Committee currently has two vacancies for Co-opted Members but Selection interviews were recently held and it is anticipated that a recommendation in respect of those appointments will be submitted to the Court in September 2014. The composition of the Selection Panel for the purposes of appointing Co-opted Members to the Committee was amended in January 2014 to bring the appointment arrangements in-line with the City Corporation's other decision making bodies comprising of elected and Co-opted Members. The Selection Panel (Co-opted Members of the Standards Committee) now comprises of the Chairman of the Standards Committee, the Deputy Chairman of the Standards Committee, the Chief Commoner and the Chairman of the General Purposes Committee of Aldermen (or their representatives).
 8. With the Court of Common Council's consent, the composition of the Committee was amended in March 2014 with a small increase in the number of Common Councilmen appointments to ensure that quorate sub-committees of the Committee, for the purposes of considering complaints and requests for dispensations, can be formed whilst avoiding potential conflicts of interest amongst Members.

The standards regime under the Localism Act 2011 - Register of Interests and Declarations of Hospitality and Gifts, Dispensations and guidance to Members

9. Having adopted a Code of Conduct in June 2012, between June and October 2012, interim arrangements were in place in respect of disclosable pecuniary interests as a result of regulations defining a disclosable pecuniary interest being awaited. It was not until October 2012 that the Committee was able to give full consideration of the regulations that were issued along with guidance from the Department for Communities and Local Government ("DCLG").

10. Following implementation of the new arrangements, a number of minor adjustments to the City Corporation's local arrangements have taken place, including approval of the complaints procedure (November 2012), the introduction of a voluntary gift and hospitality registration scheme (£250 for one-off items and £500 cumulative from a single source) (February 2013) and, the establishment of a Dispensations (Sub) Standards Committee for the purposes of considering requests for a dispensation to speak or vote on matters where a Member has a disclosable pecuniary interest (September 2013).
11. Since the introduction of the new regime comprehensive guidance has been compiled for Members in respect of declaring interests, securities and gifts and hospitality. Guidance has also been circulated in respect of requesting dispensations to speak or vote on matters where a Member has a disclosable pecuniary interest. Following the City Corporation's Ward Elections in March 2013, a comprehensive induction programme was offered to all new and returning Members, which included a series of briefing sessions with the Comptroller & City Solicitor about the City Corporation's standards arrangements and Members' responsibilities under the Code of Conduct. Under the rolling Member Development Programme, refresher sessions will continue to be scheduled for Members to ensure that the City's elected Members remain aware of the requirements of the Standards regime and their own responsibilities. Written guidance is circulated to the City Corporation's Co-opted and external Members on an annual basis and the annual reminder process will follow once the Court has considered the proposed changes to the Members' Code of Conduct and the introduction of a mandatory gifts and hospitality regime, as detailed at paragraphs 12 and 13.
12. With regards to gifts and hospitality, the City Corporation's Members are not currently required to register gifts and hospitality (as they are not classed as disclosable pecuniary interests under the regulations), as was the case under the old Standards regime. Whilst the Committee initially adopted the approach defined within the regulations, since September 2012 the Committee has reviewed the issue of gifts and hospitality a number of times and in light of the nature and business of the City Corporation, in February 2013 the Committee introduced a voluntary registration regime for gift and hospitality (£250 for one-off items and £500 cumulative from a single source).
13. Following a review of all registered gifts and hospitality in September 2013 (April-September 2013), your Committee has considered the introduction of a mandatory registration regime on the grounds of maximising transparency. The Committee remains of the view that registration, particularly where there might be a perception of influence being exerted, is important and for this reason, a recommendation has been submitted to the Court of Common Council in respect of the introduction of a mandatory registration regime for gifts and hospitality on the basis of the thresholds set out above.
14. Additionally, the Committee has considered increasing those areas requiring declaration on the Members' Declarations Form including charities or bodies directed to charitable purpose, clubs or Societies having a base of operation in the City of London (e.g. Ward Clubs), or which relates to any functions of

the Corporation (e.g. the Heath and Hampstead Society); Fraternal or Sororal Societies; Livery Companies; and organisations, one of whose principal purposes includes the influence of public opinion or policy. It is felt that the incorporation of these wider areas in the Code of Conduct would bring the City Corporation in line with a number of London Boroughs and a separately printed and circulated report on this matter is before the Court for approval.

15. An annual reminder for all Members and Co-opted Members in respect of updating their Members' Declarations will take place once these issues have been addressed.

Changes to the Standards Committee's terms of reference

16. In May 2014 the Court of Common Council approved the Committee's revised terms of reference ahead of the new municipal year. The revised terms of reference clarify the Committee's remit in respect of monitoring and considering changes to the Employee Code of Conduct on an annual basis and now include responsibility for keeping under review and monitoring the Protocol on Member/Officer Relations. Finally, reference to politically restricted posts was deleted as this function was transferred by statute to the Head of Paid Service.

Overview of wider City Corporation activities

17. Over the course of the past twelve months the Committee has invited a number of Senior Members and Officers to attend its meetings in order to discuss governance related issues, particularly those pertaining to the Members' Code of Conduct.
18. In June 2013, the Chamberlain attended the Committee's meeting to discuss the issue of ethical standards and audit and risk management following the Committee's earlier consideration of a report of the Committee on Standards in Public Life ("Standards Matter") (February 2013).
19. In November 2013, the Director of Human Resources provided the Committee with an overview of the Employee Code of Conduct which was revised in September 2012 to incorporate legislative changes associated with the Bribery Act (2010). The remit of the Standards and Establishment Committees in respect of reviewing and monitoring the City of London Corporation's Employee Code of Conduct was clarified in November 2013 and this Committee's terms of reference were revised accordingly in May 2014. The Director of HR will now provide an annual update to the Committee in respect of the Employee Code of Conduct.
20. The Chief Commoner (2013/14) attended the meeting on 31st January 2014 to discuss the Members' Code of Conduct and in future years, both the Chief Commoner and the Chairman of the General Purposes Committee of Aldermen will be invited to attend one meeting of the Committee.

Recommendation

21. We submit this report for information.

All of which we submit to the judgement of this Honourable Court.

DATED this 16th May 2014.

SIGNED on behalf of the Committee.

**Charles Edward Lord OBE, JP
Chairman**