

<b>Committee(s)</b>	<b>Dated:</b>
Policy & Resources Committee	19 January 2017
<b>Subject:</b> City of London Corporation's membership of TheCityUK	<b>Public</b>
<b>Report of:</b> Director of Economic Development	<b>For Decision</b>
<b>Report author:</b> Giles French	

### Summary

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.

The City of London Corporation is a founder member of TheCityUK, and played a full role in establishing the organisation. The City Corporation continues to be a full member of TheCityUK, and has a unique relationship with it as a founder, member and partner.

Arguably, the role of TheCityUK is more important than ever, as the post-referendum landscape provides both challenges and opportunities for UK-based financial and professional services. By securing the ongoing strategic partnership between the two organisations, the City Corporation can play its full part in ensuring the continued success of the industry.

The City of London Corporation has recently (July 2016) renegotiated its membership agreement with TheCityUK. Under the renewed terms, the City Corporation reduces its membership fee by 20% to £400,000 per annum, but receive enhanced membership benefits (details in report).

The City Corporation would also continue to pay a ring-fenced contribution towards rental costs for TheCityUK's office space. This is predicated on the condition the office is within part of the City Corporation's property portfolios.

### Recommendation

- On the basis of the new terms, Officers recommend to Members that they endorse the new agreement.
- If Members choose to endorse the new agreement, they are requested to agree the allocation of the funding required to meet the terms of the renewed

membership agreement and the rental contribution for the financial years 2016/17 – 2018/19.

- The funding for the membership fee will continue to be allocated from Your Committee's base budget, and the rental contribution will be allocated from Your Committee's Policy Initiatives Fund for the financial years 2016/17 – 2018/19.

## **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. When TheCityUK was originally established, the City Corporation provided around 30% of the funding, as well as office accommodation. The City Corporation continues to be a full member of TheCityUK.
3. The City Corporation has a unique relationship with TheCityUK as a founder, member and partner. In the early days of TheCityUK, this occasionally led to a challenging working relationship between the organisations, as the precise nature of the relationship was uncertain. However, the relationship has been strong for some time and the membership renewal was negotiated by both parties with a determination to embed the strong collaborative culture. The organisations work in partnership, rather than competition, and seek to play to their respective strengths. This will ensure our joint efforts have the best possible impact to the benefit of the UK-based financial and professional services industry.
4. The report produced last year 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.
5. The role of TheCityUK is more important than ever, as the post-referendum landscape provides both challenges and opportunities for UK-based financial and professional services. Following the City Corporation's decision to increase the resources dedicated to the support and promotion of the industry, this is the right moment to work even more closely to ensure the continued success of the industry and contribution to the UK's long-term prosperity.

## Current Position

6. The City Corporation had a three-year funding agreement with TheCityUK that expired on 31 March 2016. The terms of that agreement meant a membership contribution of £500,000 per annum.
7. In addition, the City Corporation has a three-year agreement with TheCityUK to provide £100,000, to be ring-fenced towards rental costs for the organisation's office. The terms of this agreement ensure that TheCityUK's office must be within a property in the City of London (Square Mile), and which is part of one of the City Corporation's property portfolios. TheCityUK's office is in Salisbury House on London Wall, part of the Bridge House Estates.
8. In 2015, the City Corporation informed TheCityUK that when the membership agreement was renewed in 2016, our membership fee would be reduced to £400,000 per annum, a reduction of 20%. Members endorsed this proposition at the meeting of Your Committee on 17 March 2016.
9. The terms of the membership were renegotiated by officers in the Economic Development Office, and now provide enhanced member benefits for the City Corporation. 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 new membership agreement is attached as *annex 1*.
10. In contrast, the other top tier members of TheCityUK have the following benefits of membership: one place on the Advisory Council; one Board place for a fixed term; one in five opportunities to attend a Chairman's dinner; opportunity to join a Market Advisory Group or Sector Advisory Group on request; and a quarterly review meeting. Whilst those top tier members pay a lower membership fee than the City Corporation, those organisations have had increased subscription fees this financial year, when the City Corporation's have decreased by 20%.
11. Officers recommend to Members that the revised membership fee represents an appropriate reduction in 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.
12. To reflect the City Corporation's unique status with TheCityUK, a new *Memorandum of Understanding* (MoU) was agreed as part of the membership package. This aims to strengthen the collaboration and coordination of work between the City Corporation and TheCityUK, to represent and support the UK based financial and professional services industry. Officers note that the

coordination and collaboration between the two organisations has already improved since the MoU was agreed. A copy of the Memorandum of Understanding is attached as *annex 2*.

13. 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. The new increased capacity within EDO enables the City Corporation to participate more fully in the opportunities provided by the membership agreement. In turn, this strengthens our own work, complementing and informing our work on promoting exports and investments, supporting the UK regions, and delivering a strong programme of engagement with policy makers in the UK, EU and internationally.
14. Currently, there is provision for the £400,000 membership fee in Your Committee's base budget for the financial year 2016/17.
15. At the meeting of Your Committee in May 2013, it was agreed to pay £100,000 per annum towards rental costs from the *Policy Initiatives Fund* and charged to City's Cash. The breakdown of this payment was as follows:

2013/14	£25,000
2014/15	£100,000
2015/16	£100,000
2016/17	£75,000

### **Proposal and Financial Implications**

16. In order to continue the renegotiated membership arrangement for another two years, Members are requested to agree to the allocation of £400,000 per annum from Your Committee's base budget, for the financial years 2017/18 and 2018/19, to pay for the City Corporation's membership of TheCityUK until 31 March 2019.
17. In addition, Members are requested to agree to the allocation of £25,000 for the financial year 2016/17, and £100,000 per annum from Your Committee's *Policy Initiatives Fund*, categorised under Promoting the City section of the Fund and charged to City's Cash, for the financial years 2017/18 and 2018/19, to pay for the City Corporation's ring-fenced contribution towards TheCityUK's rental costs until 31 March 2019. The breakdown of this payment would be as follows:

2016/17	£25,000
2017/18	£100,000
2018/19	£100,000
18. The current uncommitted balance available within Your Committee's Policy Initiatives Fund 2016/17 amounts to £202,400, for 2017/18 £645,300, and for 2018/19 sufficient funds will be available prior to any allowance being made for other proposals on today's agenda.

19. This would also align the two financial contributions to the same cycles for approval and allocation.

## **Conclusion**

20. If Members decide to approve the revised membership terms, and approve the requested budgets, the City Corporation would be able to pay its membership fee, and rental contribution, as detailed in the revised terms of the membership agreement. This will enable the City Corporation to continue to play a full and active role in the work of TheCityUK, the leading cross-sectoral financial and professional services membership body.

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