

Committee(s)	Dated:
Audit and Risk Management Committee	6/03/2018
Subject: CR10: Adverse Political Developments	Public
Report of: Remembrancer	For Information
Report author: Paul Double	

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 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 or the results of the London local government elections in May.
3. This report provides Members with an update of recent activity to mitigate the 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; the increased complexity of political coordination in

London that may arise as a result of the forthcoming local government elections; 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. All 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.
6. Priority has been given to work on the European Union (Withdrawal) Bill. During the Commons' stages of the Bill, a number of amendments developed by the City Corporation, informed by a variety of sources, but particularly by the work of the International Regulatory Strategy Group, were tabled by Justice Select Committee Chair, Bob Neill MP. The intention of these amendments was not to rerun the Brexit debate or to force parliamentary votes, but to improve the legislation and address issues of concern to the Corporation and the wider City. All the amendments were selected for debate. The Government's response indicated an openness to dialogue, and issues that were the subject of two of the amendments (on the use of official EU materials to aid interpretation of the domesticated EU law post-Brexit and on funding of inspection requirements for imported foodstuffs through the Port of London) were resolved. Discussions on other questions dealt with, such as interpretation of commercial contracts, are continuing. A Clause dealing with mutual market access for financial services is being developed for debate at Committee stage in the House of Lords.
7. In addition to work on the European Union (Withdrawal) Bill, the Office's legislative activity over the previous 12 months has included scrutiny of, and briefings on, the Data Protection Bill, Trade Bill, Sanctions and Anti-Money Laundering Bill, Financial Guidance and Claims Bill, and Taxation (Cross-Border Trade) Bill.
8. The City of London Corporation (Open Spaces) Bill is nearing its conclusion in the House of Lords having already completed its Commons Stages. It should conclude its Parliamentary passage before Easter. Provisions which may form the basis of future City Corporation promoted legislation are under examination.
9. The wide ranging work of the Corporation has been evidenced through submissions to a number of select committee inquiries, including the Home Affairs Select Committee's inquiry into online fraud; the Treasury Committee's inquiry into the UK's economic relationship with the European Union; the Lords EU Energy and Environment Sub-Committee's inquiry into Brexit and port health; the Environmental Audit Committee's inquiry into green finance; and the Environment, Food and Rural Affairs Committee-led inquiry into air quality.



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 matters of interest to the City, including skills and employment, industrial strategy, financial inclusion, financial services regulation, social mobility and the Commonwealth.
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 on the City's position on Brexit, the Corporation's proposals for a new court centre, protective infrastructure on the City's bridges, and the work of the City Police. Evidence has been submitted to several Mayoral and Committee consultations, including consultations on the Night Time Economy, the Good Work Standard, and the draft London Housing Strategy, and an Economy Committee inquiry into financial inclusion.
12. Following the Government's decision not to reintroduce the Local Government Finance Bill after the general election, the Office has continued to work with the Chamberlain's Department to analyse and report on initiatives for fiscal devolution in London. This led to the submission of a joint report recommending 'in principle' support for a proposed pilot scheme for business rates devolution, drawn up by London Councils and the GLA. This has now been introduced.
13. 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.
14. As part of the package agreed last year by the Policy and Resources Committee in response to the Brexit issue, the Office has recruited an additional member of the Parliamentary team to focus on Parliamentary engagement. This has enabled additional resource to be applied in arranging Select Committee involvement by the Lord Mayor on trade promotion, the Policy Chairman on policy issues, and senior officers of the City of London Police on policing and crime issues, and in increasing liaison with Parliamentary staff.

Conclusion

15. 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
CR10 Adverse Political Developments 22-Sep-2014 Paul Double	<p>Cause: 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>Event: Changes in international relationships particularly those with the EU; reputational questions related to financial institutions; local government changes in London; political hostility to the Corporation.</p> <p>Impact: 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.</p>	 Likelihood Impact	8	<p>Constant attention is given to the form of legalisation 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 Brexit issue is the foremost consideration at present time. The same approach is replicated in respect of the Corporation's other activities.</p> <p>23 Feb 2018</p>	 Likelihood Impact	8	31-Dec-2018	↔
Action no	Description	Latest Note				Managed By	Latest Note Date	Due Date
CR10a	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 are a particular focus.				Paul Double	23-Feb-2018	31-Dec-2018
CR10b	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	23-Feb-2018	31-Dec-2018
CR10c	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 following exit from the EU. 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	23-Feb-2018	31-Dec-2018