

Committee(s)	Dated:
Public Relations & Economic Development Sub-Committee	24 April 2018
Subject: The Business of Trust key messages	Public
Report of: Director of Communications and Director of Economic Development	For Decision
Report Author: Ian Schofield, Media Officer	

Summary

This report updates Members on the key messages and facts concerning The Business of Trust initiative, including further information that sits behind the policy, statistics on trust in business, as well as other relevant information.

Recommendation

Members of the Public Relations and Economic Development Sub Committee are asked to recommend to the Policy and Resources Committee:

- that the factsheet and key messages below relating to the Business of Trust initiative be approved.

Main Report

Background

The Business of Trust is a City of London Corporation initiative which was launched by Lord Mayor Charles Bowman in November 2017. It aims to improve the trustworthiness of the UK's financial and professional services sector and create a lasting legacy of better business trusted by society. Members asked for an updated report detailing the key messages of the programme.

Ten years after the financial crisis, trust in business and financial and professional services remains low, and the public remains sceptical about the progress that has been made through a variety of government, sector and company-led reforms.

The public continues to hear and experience negative stories about financial and professional services, and many people still think that businesses are remote, detached from their lives and separate from their communities.

The City Corporation's Business of Trust initiative aims to ensure that the UK's financial and professional services sector plays an important role in supporting the wider economy and society and is recognised as trustworthy by the public.

Key Messages

The proposed key messages concerning The Business of Trust initiative are as follows:

- Public expectations of business are changing. People now expect business to deliver for society, demonstrate a human face and act transparently, and the City of London Corporation is committed to help increase responsible business practices within the financial and professional services sector.
- We must continue to re-earn the trust of society that FPS is there to serve and invest in retaining our position as the trusted cluster of choice for international businesses.
- We have developed five guiding principles (the CIVIC principles) that act as a starting point for business in embedding them in their plans and values. They are:
 - Demonstrate and build Competence and skills (**C**ompetence)
 - Act with Integrity (**I**ntegrity)
 - Create Value for society (**V**alue to society)
 - Balance the Interests of others (**I**nterests of others)
 - Deliver Clear communication (**C**ommunication)

Key Facts

The proposed key facts concerning the Business of Trust initiative are outlined as follows:

- The 2018 Edelman Trust Barometer revealed a flatline in trust across business, the media and government in the UK. Trust in business fell to 43%, while 61% trust the media and just 36% trust governments.¹ Trust in the financial and professional services sector, in particular, is low.
- While trust has improved globally in the last five years - up 11 percentage points to 54%² - in the UK Brexit uncertainty, fears over job losses and corporate relocation continue to undermine public sentiment.
- The public's rating of UK banks' performance across a number of targets reached a low of 29% in 2013.³ In 2015, only 36% of UK consumers stated that they had trust in financial services firms.⁴
- We must present the importance of the FPRS industry, as it is a national asset and employs over 2.2 million people right across the country. The financial services and related professional services sector accounts for around £87bn in tax revenues. In 2016, it accounted for over 14% of UK gross value added – more than one and a half times its share of employment (7%).
- Two-thirds of these jobs are found outside of London right across the country from Bournemouth to Edinburgh.

¹ Edelman UK Results 2018, 10

² Edelman Trust Barometer Financial Services 2017, 22-23

³ Edelman Trust Barometer 2013, 23

⁴ Financial Services Compensation Scheme and Warwick Business School, Mind the Gap: Restoring Consumer Trust in Financial Services, November 2015, 5

Further Information

- Through the 'Business of Trust' programme, the City Corporation is challenging business to improve in delivering better business, trusted by society.
- Early in 2017, an advisory group of industry leaders reviewed and distilled years of guidelines, standards and codes of conduct. The City Corporation tested these findings during the summer of 2017 through a series of focus groups. This series of day-long focus groups with the public were held in London, Nottingham and Edinburgh to help gather feedback and develop recommendations. These have further shaped the City Corporation's thinking on the steps that the sector can take to increase its trustworthiness.
- A key point from the focus groups was that stakeholders wanted consumer focused firms to be more transparent, not just in their business practices, but in how they communicate vital information to consumers and an approach where the customer was put first.
- Through the 'Business of Trust' the City Corporation will be:
 - Supporting businesses and their leaders to meet tomorrow's challenges and operate with integrity and grow their positive impact
 - Bringing the City together to explore the changing role of business in society
 - Connecting with communities to take the discussion beyond business
- To achieve this ambitious programme, the City Corporation will support the Leaders of Tomorrow – the City's next generation of leaders - to:
 - Engage with the social, political, economic and technological challenges that are impacting on trust and which the City will need to address to sustain business performance over the longer term.
 - Build the skills and understanding that will support more effective communications with the public on the role of the City and its contribution to society.
 - Build a first-rate peer network from across the sector and work with the City of London's unrivalled network of senior stakeholders.
 - The Leaders of Tomorrow were nominated by their CEOs as being leaders in their organisations, and despite being 5-10 years away from sitting on boards, had the ability to affect change within their organisations. The more than 70 members of the Leaders of Tomorrow programme are all from different companies in the Financial and Professional services sector.
 - Activities of the Leaders of Tomorrow programme involve networking events, leadership and other seminars, and mentorship.
- The City Corporation published an insight paper, "Understanding trust in business", on public perceptions of the financial and professional services in the City.
- The City Corporation needs to make sure that transparent and responsible business practices are at the heart of how the financial and professional services sector operate, and while we are not aiming to create more targets and standards for businesses, we aim to encourage inclusive leadership and long-term culture change.
- As an innovative global financial centre, the UK is recognised across the world as a leader in the development and promotion of high standards of regulation and best practice. Despite new and better regulation, the UK's financial and professional services industry has struggled to regain trust with the public since the financial crisis.

- The 'Business of Trust' will support the financial and professional services sector to demonstrate and communicate its strengths internationally and to continue and grow its positive impact.
- The City Corporation is working with businesses to promote the City of London, and wider UK, as a trusted global business centre. The UK's corporate governance regime is a unique selling point for London and helps to deliver long-term success and promote trustworthy practices.
- The City Corporation is also working hard to ensure that the UK's regulatory, governance and legal systems are fit for the future, responding to the opportunities and challenges that changing technologies present.
- The 'Business of Trust' will encourage and support businesses to deliver inclusive growth that ultimately benefits society. It will also provide opportunities for businesses based in the UK and abroad to share best practice and learn from each other's experiences and common challenges.

Trust through Diversity

- It is also important to make sure that City businesses better reflect the society they operate in - the City Corporation's research in 2017 found 87% of business people in the City surveyed did not think that their company's efforts on diversity and inclusion were having any impact at all.
- The City's continued success is based on the recruitment and retention of the brightest and best – regardless of background. Those companies that have clear purpose and align with changing values are the ones which attract talent.
- The City Corporation also recognises that the sensitive issues of pay and employee engagement often have a negative impact on how the sector is perceived – and this will be one of the biggest issues that the sector needs to address.

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