

Committee	Dated:
Audit and Risk Management Committee	3 November 2020
Subject: CR10: Adverse Political Developments	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	6, 7, 8, 10, 11
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: City Remembrancer	For Information
Report author: Bruce Hunt	

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 specific causes such as particular financial services issues or developments in local government 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 end of the Brexit transition period and the impact of the Covid-19 pandemic. Other issues range from the Government's proposed Constitution, Democracy and Rights Commission, and the elections for the London Mayor and Assembly in 2021, to the relocation of the City's wholesale markets.
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 negotiations on the future relationship with the EU; issues about the way some parts of the financial sector operate; the response by London to the pandemic; and wider party-political developments at a national level. The Green Party remains the only national party to be committed to the abolition of the City Corporation. It is proposed that the risk status be maintained at amber.
5. The paragraphs below summarise the ways in which the Office mitigates political risk. Constant attention is given to the form of legislation affecting the City Corporation and the broader City, and any remedial action pursued through discussions with Officials or tabling amendments where appropriate. Making known the work of the City Corporation in promoting financial and professional services 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 at a time of marked uncertainty.
6. Given that much of what the Corporation does in its role of supporting the City as the leading international financial and business services centre is linked to the continuing robustness of that sector, the foremost consideration remains the continuing uncertainty in the UK's post Brexit trading relations specifically in the context of financial and professional services. That said, the impact of the wider effects of COVID-19 give rise to further potential consequential uncertainty across many areas of City Corporation activity. Steps being taken by the City, such as the recent publication of the report on 'London Recharged: Our Vision for London in 2025', will be reflected in submissions and briefings. The same approach is replicated in respect of professional services; the digital economy; arts and culture; and other activities undertaken by the City Corporation. There is also the potential for more distant consequential challenges in the constitutional arena including general London governance which Members may wish to explore when the Committee sits.

Current activity

7. 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.

8. Priority has been given to work on the Bills forming part of preparations for after the end of the Brexit transition period. These include the UK Internal Market Bill, the Trade Bill, the Agriculture Bill, the Private International Law Bill, and the Immigration and Social Security Co-ordination (EU Withdrawal) Bill.
9. 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 Business and Planning Act 2020, the Environment Bill, the Telecommunications Infrastructure (Leasehold Property) Bill, the Parliamentary Constituencies Bill, and the Corporate Insolvency and Governance Bill.
10. In collaboration with London Councils, the Office has also progressed the Emissions Reduction (Local Authorities in London) Bill which seeks 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 Bill was introduced in the Lords by Lord (Graham) Tope on 13 January this year and awaits a slot for Second Reading. In parallel, the Office is working on amendments to the Government's Environment Bill which would give effect to some of the provisions contained in the private member's Bill.
11. Parliament continued to meet throughout the coronavirus pandemic, largely uninterrupted, although the public health emergency has understandably dominated its work. Briefings were provided to MPs and Peers for debates on the impact of COVID-19 on the economy, the impact on the creative industries and the economic recovery. A number of select committees have also launched inquiries focused on coronavirus. Those to which the Office has provided written evidence include public services lessons from coronavirus, post pandemic economic growth, levelling up, greening the post COVID recovery, food supply and COVID related fraud.
12. Select committees have also continued non-COVID related workstreams. Those where the Office has sought to highlight the wide-ranging work of the Corporation include the future of professional business services, the coroners service, electronic waste, future relations with the EU, environmental diplomacy, trade negotiations with the US, Australia and Japan, air quality, broadband and 5G, apprenticeships, and digital skills. The Office also co-ordinated a response to the Cabinet Office's Integrated Review of Security, Defence, Development and Foreign Policy, drawing on the importance of the City remaining open to international trade and emphasising its soft power.
13. In liaison with the Corporate Affairs team, and working closely with departments across the Corporation, the Office is developing an active programme of engagement with MPs and peers through briefings on matters of interest to the City. Coronavirus restrictions have largely prevented physical engagement on the Parliamentary estate, but a series of virtual engagements is being developed on the City's current priorities, including the Climate Action Strategy and London Recharged. The Office is also arranging a series of meetings for the Policy Chair, with Select Committee Chairs, party groupings,

senior backbenchers and MPs with a significant financial services employment in their constituency. A strong working relationship has been developed with the City's new MP following the 2019 General Election.

14. 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 markets relocation programme, the Corporation's Transport Strategy, the Emissions Reduction Bill, the responsible use of green spaces during the COVID-19 lockdown, the Corporation's COVID transport work, sustainable finance and Climate Action Strategy. Oral evidence on Brexit and financial services was given to the Assembly's EU Exit Working Group, while an oral briefing on COVID-19 and the City was provided to the Assembly's Economy Committee. Meetings were arranged between the Policy Chair and Assembly Environment Committee Chair Caroline Russell, and Economy Committee Chair Leonie Cooper to discuss matters of interest.
15. 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 Innovation & Growth, the Communications team and Mansion House, and with other departments depending on the nature of the issue.

Conclusion

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

Appendices

- Appendix 1 – CR10 Risk Report

Paul Double
City Remembrancer

REM Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Tom Gillings
Generated on: 20 October 2020



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	<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; increase in 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. Loss of City Corporation functions as a result of adverse attitudes towards the Corporation. The risk appetite is assessed on the basis of an assumption as to the Corporation's ultimate constitutional existence in its current form is beyond the risk register time-line.</p>	<p>Likelihood</p> <p>Impact</p>	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 remains the continuing uncertainty in the UK's post Brexit trading relations. The same approach is replicated in respect of professional services; the digital economy; arts and culture; and other activities undertaken by the City Corporation. The combined impact of the public health emergency gives rise to further uncertainty across all areas of City	<p>Likelihood</p> <p>Impact</p>	8	31-Mar-2022	

22-Sep-2014 Paul Double				Corporation activity. This is being reflected in submissions and briefings. 20 Oct 2020				Constant
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Action no	Action description	Latest Note	Action owner	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. 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 continues to be a key priority. Policy responses to the COVID-19 pandemic are being monitored.	Paul Double	20-Oct-2020	31-Jan-2022
CR10b	Provision of information to Parliament and Government on issues of importance to the City.	<p>The Office has provided updates to the relevant departments and Members following major political developments and set piece Parliamentary events such as the financial statements made by the Chancellor. Reports were circulated following attendance at the Party Conferences (this year held virtually).</p> <p>The COVID-19 pandemic has given rise to complex issues affecting the City, as for other sectors, and this is being reflected in submissions and briefings. Recent Parliamentary activity has related to the rule of law, international law, soft power, professional and business services, international trade, the economic impact of COVID-19, green finance, immigration and visas, the coroners service, economic crime, the creative industries, and planning.</p>	Paul Double	20-Oct-2020	31-Jan-2022
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.	<p>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 EU-related issues. Working with other organisations, including the International Law Committee, LawUK and the Financial Markets Law Committee, to analyse the legal framework following the UK's departure from the EU.</p> <p>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.</p>	Paul Double	20-Oct-2020	31-Jan-2022