

<b>Committee:</b>	<b>Date:</b>
Policy and Resource Committee	21 January 2021
<b>Subject:</b> Governance Review: Competitiveness	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Decision</b>

### Summary

In September 2019, the Policy and Resources Committee, proposed the undertaking of a comprehensive Governance Review of the City Corporation. The Committee was conscious that some potentially contentious issues needed to be addressed and that some radical changes may need to be considered. It was, therefore, agreed that the review should be undertaken independently and Robert Rodgers, The Lord Lisvane, was appointed to conduct the Review.

Following the Review's submission, it was determined that the many proposals therein should be considered in a structured and methodical way in the coming period, with Members afforded sufficient time to read and consider the content and implications. It was noted that the recommendations were extensive and it would be for Members to consider how far they were appropriate and which should be taken forward. It was also agreed that it would be of the utmost importance to ensure that the process provided for all Members of the Court to continue to have the opportunity to input and comment on the Review.

To that end, a series of informal Member engagement sessions were arranged to afford all Members opportunities to express their views on the various aspects of the Review as they are considered. These would then be fed back to the Resource Allocation Sub-Committee to help inform its initial consideration of specific items and subsequent recommendations to the Policy and Resources Committee.

Engagement sessions have now been held in respect of Section 6 of the Lisvane Review, in relation to Competitiveness. The discussions from those sessions are set out in the appendices to this report.

Members of the Resource Allocation Sub-Committee subsequently considered the various proposals relating to Section 6 of the Lisvane Review, in the context of Members' observations and reflections at the various informal sessions, at their meeting on 11 January 2021. *(NB - The minutes of that meeting are set out at Item 3(C) on today's agenda and the recording of the meeting is available at the following link: <https://youtu.be/p-KlncvK3ts>).* Their determinations are now presented to the Policy and Resources Committee for further consideration, prior to any formal submission to the Court (intended for March 2021).

### Recommendations

That Members:-

- Consider the proposals in relation to Competitiveness made by Lord Lisvane in Section 6 of his Review (Appendix 1).
- Note the feedback provided by Members through the informal engagement process (Appendix 2).

- Consider the items in respect of the various proposals, as set out in this report and Lord Lisvane's Review, together with the recommendations from the Resource Allocation Sub-Committee (see paragraph 14), as to a way forward.

## **Main Report**

### **Background**

1. In September 2019, the Policy and Resources Committee, proposed the undertaking of a comprehensive Governance Review of the City Corporation. The Committee was conscious that some potentially contentious issues needed to be addressed and that some radical changes may need to be considered. It was, therefore, agreed that the review should be undertaken independently and Robert Rodgers, The Lord Lisvane, was appointed to conduct the Review.
2. The Committee received Lord Lisvane's Review in September 2020 and determined that the many proposals therein should be considered in a structured and methodical way in the coming period, with Members afforded sufficient time to read and consider the content and implications. It was noted that the recommendations were far-reaching and wide-ranging and it would be for Members to consider how far they were appropriate and which should be taken forward. It was also agreed that it would be of the utmost importance to ensure that the process provided for all Members of the Court to continue to have the opportunity to input and comment on the Review.
3. The Governance Review will affect all aspects of the City Corporation's governance and all Members as a consequence. It is, therefore, imperative that any implementation reflects the view of the Court, and it is likely that all Members will have views on particular elements. Their continued input remains integral and incorporating all Members' views within the next steps of the process will be vital in ensuring that the recommendations which are ultimately put to the Court are viable.
4. To that end, a series of informal Member engagement sessions were arranged to afford all Members opportunities to express their views on the various aspects of the Review as they are considered. These would then be fed back to the Resource Allocation Sub-Committee to help inform its initial consideration of specific items.
5. The subject of the most recent engagement sessions has been Section 6 of the Governance Review, which looks at the City Corporation's work in relation to the global competitiveness agenda. It sees being an advocate and enabler for financial and professional services (FPS) as central to the purpose of the City Corporation, but finds that the governance arrangements in place are not commensurate with the importance of the task. It therefore recommends putting in place arrangements that reflect the importance of competitiveness for the organisation and the competitive threats facing the sector.
6. Echoing Sir Simon Fraser's preceding review and consequent report (Fraser 2.0) into the matter more generally, Lord Lisvane proposes the establishment of

a new Competitiveness Committee to drive and oversee this work (paragraphs 175-194)<sup>1</sup>. Views are now sought as to the various proposals, their implications, and how they might be taken forward.

### **Lisvane's recommendations**

7. Paragraphs 180 – 183 of the Lisvane Report set out the present arrangements for oversight in relation to competitiveness. In summary, the competitiveness agenda is currently governed by the Policy & Resources Committee, with the bulk of activity delegated down to the Public Relations and Economic Development (PRED) sub-committee.
8. Paragraphs 184-188 outline the rationale for a new approach. These can be summarised as:
  - Making the best use of the experience and expertise of Members in matters of global competitiveness.
  - Providing oversight and direction for this critical function of the Corporation.
  - Ensuring that responses to matters of competitiveness are swift - proactive rather than reactive.
9. Paragraphs 190-194 outline the proposed terms of reference and membership of Lisvane's suggested Competitiveness Committee, which are summarised below.

### **Lisvane Recommendations & Principles – Competitiveness Committee**

10. In paragraph 189, Lord Lisvane suggests that any concerns that the new committee would be in competition with Policy & Resources can be addressed by having the Chair of Policy and Resources (CPR) as the Chair of the Competitiveness Committee. The Fraser 2.0 Review proposed that the Competitiveness Committee be a sub-committee of Policy & Resources; however, Lisvane's recommendation is for this to go further and for it to be established as a free-standing committee.
10. The recommendations for the creation of the new committee from the Lisvane Review, then, are summarised as follows (ref: paragraph 192 unless otherwise specified):
  - A free-standing Competitiveness Committee be established, with no more than 12-15 Members.
  - CPR to act as Chair, with the Chair of the General Purposes Committee (GPC) of the Court of Aldermen to serve as the Deputy (or Alternate) Chair.
  - Lord Lisvane recommends nomination of suitable Members by GPC and P&R, potentially with a later role for the proposed Governance and Nominations Committee.
  - Membership should be prioritised for Members who have senior roles / expertise in financial or professional services, with no role for ex-officio Members.

- The creation of a mechanism for external expertise to be drawn into the Committee and its considerations. Lord Lisvane favours the use of small sectoral panels, which the Committee might draw on for focused consultation and additional insight.
- Draft Terms of Reference are set out (see paragraph 190).
- The Committee would absorb the functions of the Hospitality Working Party, as Lisvane suggests that most significant hospitality will impinge on the priorities of the Competitiveness Strategy (paragraph 191).
- It would also take on the competitiveness remit from PRED, which would retain the public relations aspects of its current remit or see those absorbed by P&R (paragraph 193).

### Other issues

11. The section also makes recommendation or commentary in a number of related areas:-

- **Chair of Policy & Resources: Title** (*paragraphs 195-199*) – Lisvane recommends the use of the title “Chair of Policy”.
- **Co-ordinating Support** (*paragraph 200*) – no specific recommendation is made but the importance of corporate endeavour is stressed.
- **Guildhall and Mansion House; speaking for the City** (*paragraphs 201 – 206*) – again, there is no specific recommendation beyond emphasis on the importance of joined-up working and increased collaboration. These matters are being addressed through areas including the “One Team” approach and the Target Operating Model.
- **The Lord Mayor: Appointment Process** (*paragraphs 207-231*) – these paragraphs touch on the overall process by which the Lord Mayor is appointed.
  - Paragraphs 208-214 refer to the current process, with the recommendation at paragraph 215 being that professional advice continue to be made available to the panel.
  - Paragraphs 216-231 address criticisms of the current arrangements, relating to the authority of appointment, the diversity of the Mayoralty, and the accessibility of the Mayoralty.
  - In relation to authority, Lisvane rejects the suggestion that the appointment should rest with the Court of Common Council (paragraph 217).
  - On diversity, Lisvane notes the steps being taken by the Court of Aldermen and outlines his expectations of action in this area, including that the Corporation “ensures that modest personal circumstances do not in future become an inhibition upon seeking the Mayoralty” (paragraph 224).
  - No separate recommendation is made explicitly in respect of accessibility (paragraphs 225-227).

- Paragraphs 228-231 outline a prospective alternative approach, with the recommendation at paragraph 231 being that this not be taken forward at this stage but be held in reserve if other measures do not achieve the required outcomes in respect of quality and diversity of candidates.

## **Consideration and Proposals**

12. Two Member engagement sessions have been held in respect of this section of the report, the summary notes of which are appended to this report.
13. Members of the Resource Allocation Sub-Committee were asked at their 11 January 2021 meeting to give consideration to the various recommendations in the context of those discussions and the views expressed by Members of the Court. The minute of the Sub-Committee's discussions is set out at Item 3(C) on the agenda for today's meeting and summarised below.
14. Having considered the various recommendations, the Resource Allocation Sub-Committee determined its position as follows:

- (i) ***Do Members agree with the need to establish a dedicated group, body, or committee in relation to competitiveness?***

This proposal was strongly endorsed.

- (ii) ***If so, do Members agree with the recommendation to establish a free-standing Competitiveness Committee, or would an alternative vehicle / format be preferable?***

Members were in favour of something more informal and flexible than a formal committee, which could be configured along sectoral and market lines as and when needed. It was recognised that the rigidities of a formal committee would make attracting the right people and facilitating their input problematic. Members agreed that the new group would have an advisory role and decision-making responsibility would continue to rest in the appropriately appointed committees (i.e. Policy & Resources, for the most part).

In practice, this body would technically be a Working Party of Policy and Resources, although it was agreed unanimously that the nomenclature would need to change to attract the right external individuals: under no circumstances should it be called a "Working Party". Some Members expressed concern that external experts may not wish to be caught up with the City Corporation's committee structure and underlined the need to make this group as attractive as possible to senior business leaders (including by use of an appropriate name).

Towards the end of the discussion, Members indicated a preference for "Innovation & Growth Advisory Board" as a potential name, with it suggested that this be put to Policy & Resources for further consideration and decision.

- (iii) ***What should the composition of such a body be, noting the requirements to draw on both external and internal expertise more effectively?***

The Sub-Committee felt strongly that it was important to leverage the expertise of internal Members and to ensure that there was diversity of thinking and ideas (including in areas such as tech) within the new body.

It was also felt that the internal Members should not be limited to the Policy & Resources Committee but should include Members on the Court of Common Council (including Aldermen) with financial and professional services expertise. It might be necessary to incorporate some specifications or requirements around eligibility.

It was felt that there should be a core steering group, perhaps comprising eight individuals: the Chair of Policy & Resources as the Chair, the Chairman of General Purposes Committee of Aldermen as the Deputy Chairman, and the respective Deputy Chairs of those two Committees, together with a further four Members (a mix of internal and external Members to be determined). Some Members argued that this core group might be too small and should be expanded to include, say, two additional places (taking overall size to ten).

The Steering group could then call together ad hoc groups on sectoral or market issues as and when needed, with size, task and formality designed for specific need, and Membership drawn from internal Members and external stakeholders. It was felt that this flexible, issues-based approach would make best use of Members' time and expertise.

(iv) ***How should the membership of such a body be determined and appointed?***

Members agreed that membership should be prioritised for those with senior roles or expertise in financial or professional services, as well as key or priority sectors such as tech. This could be achieved by defining the expertise required through role descriptions and, thereafter, a transparent approach to appointment would be welcome. A particular suggestion was advanced that the core members of the Steering Group review the lists of prospective members (with advice from Innovation & Growth) before putting to Policy & Resources Committee for endorsement.

(v) ***What should the Terms of Reference of such a body be?***

Members agreed that any Terms of Reference should define firm outputs, encompassing both market promotion and policy.

It was felt that these should be:

- a. To provide informal guidance or direction to Innovation & Growth on the implementation of the Competitiveness strategy (*whilst being clear that formal oversight would be held by Policy & Resources, with this group reporting in on an advisory basis*).
- b. To provide expertise and insight to officers and Policy & Resources on the ingredients of global success of UK Financial and Professional Services, acting as an internal forum for the testing of ideas and prioritisation in the work of promotion and policy of the sector.

- c. Offering additional support to the Lord Mayor and Chair of Policy and Resources as Ambassadors on the Innovation and Growth agenda.
- d. To provide advice on the strategic deployment of hospitality as required *(although it must be made clear that this was entirely distinct from the role of Hospitality Working Party; rather, this concerned some of the strategic engagement with Ambassadors and set-piece events outside of HWP's general remit).*

(vi) ***Should any new body take on the functions of the Hospitality Working Party?***

It was felt that the Advisory Body should be able to give advice on the strategic deployment of hospitality in certain areas but without taking away from or stepping into the remit of the Hospitality Working Party.

(vii) ***What should happen to the PRED Sub-Committee?***

It was agreed that the PRED Sub-Committee should be reconstituted to take away the “Economic Development” element of its role, but retained as a dedicated sub-committee to focus more on the scrutiny around communications and messaging, including public affairs.

(viii) ***How should the Chair of the Policy & Resources Committee be referred to?***

The Sub-Committee debated this question at length, with several Members commenting on the difficulties that could be encountered when explaining externally what the “Chair of Policy & Resources Committee” actually meant in practice. It was suggested that “Leader of the Council” would provide much greater clarity from an external perspective on what the role actually involved. It was also felt that changing the title to just “Chair of Policy” would remove the reference to “Resources”, which was a key part of the role. Other suggestions, such as “Political Leader of the Council” and “Council Leader” were also made.

Members recognised that the Lord Mayor was the head of the Corporation and it was, therefore, important that the Chair of Policy & Resources’ role was clearly “Leader of the Council”, to differentiate and reflect the reality of the role. Following a further debate, it was ultimately felt that it should be recommended that the formal title be changed to “Leader of the Council and Chair of Policy & Resources Committee”, with the intention that, externally, the “Leader of the Council” element only would be used primarily in practice.

Members agreed that this recommendation of changing the title of “Chair of Policy & Resources Committee” to “Leader of the Council and Chair of the Policy & Resources Committee” should be recommended accordingly.

(ix) ***Are Members supportive of Lisvane’s general commentary in respect on other areas set out in paragraph 11 above (and paragraphs 200 – 231 in the Lisvane Review itself)?***

The Sub-Committee noted Lisvane's general commentary in these paragraphs and that there were no substantive recommendations to consider implementing at this time. It was also noted that some of the concerns around barriers had already been addressed proactively in recent times.

### **Conclusion**

15. Various proposals have been made by Lord Lisvane in relation to Competitiveness, in Section 6 of his Review.
16. Members of the Resource Allocation Sub-Committee have considered his proposals and the attendant implications of any decisions, paying mind to the views of all Members, made through the informal engagement process and set out in the appendices to this report. The Policy and Resources Committee is now asked to consider those proposals.
17. It is intended that any recommendations, subject to points of qualification or clarification, are put to the Court of Common Council at its March 2021 meeting, to facilitate the finalisation and implementation of any new arrangements.

### **Appendices:**

- **Appendix 1:** Extract - Governance Review Section 6, Standards
- **Appendix 2:** Notes from Member Engagement Sessions.