

Report – Policy and Resources Committee

Governance Review: Competitiveness

To be presented on Thursday, 4th March 2021

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

In Autumn 2019, the Policy and Resources Committee, with the support of the Court of Common Council, 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 have been 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.

Members of the Resource Allocation Sub-Committee subsequently considered the various proposals relating to Section 6 of the Lisvane Review, concerning Competitiveness, in the context of Members' observations and reflections at the various informal engagement sessions. Their determinations were subsequently presented to the Policy and Resources Committee for further consideration at its January 2020 meeting, and the outcomes of those deliberations are now presented to the Court for its consideration and determination.

RECOMMENDATION

That the Court of Common Council:-

1. notes the proposals in relation to Competitiveness made by Lord Lisvane in Section 6 of his Review (Appendix 1) and considers the recommendations of the

Policy and Resources Committee thereon, as set out in paragraph 15 of this report; and

2. authorises the Town Clerk to take such actions as are required to give effect to the decisions taken by the Court and facilitate their implementation.

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. Consequently, it is 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 recently completed series of 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. Lisvane, 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).
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.
11. 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

12. 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

13. Member engagement sessions were held in respect of this section of the report and the summary notes of each of these discussions were presented to the Resource Allocation Sub-Committee and Policy and Resources Committee, to inform their consideration of Lisvane's recommendations.
14. 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. Following this process, their determinations were presented to the Policy and Resources Committee, who accepted or modified proposals during discussion on 21 January 2021.
15. Having considered the various recommendations, the Policy and Resources Committee has determined its position in respect of Lord Lisvane's recommendations as follows:

Creation of a Competitiveness Committee or equivalent body

16. ***Lisvane Competitiveness Recommendation 1, paragraph 189: "I therefore recommend the establishment of a freestanding Competitiveness Committee."***
17. Your Policy and Resources Committee strongly endorsed the proposal of a dedicated body to consider competitiveness; however, there was a strong feeling that what was needed was 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 might make attracting the right people and facilitating their input problematic. Members also agreed that any new group should have an advisory role only and that decision-making responsibility should continue to rest with elected Members through the appropriately appointed committees.
18. In practice, such a body would in effect be a Working Party of Policy and Resources, to be known as the "Innovation & Growth Advisory Board".
19. The Committee, therefore, **recommends** that no new Competitiveness Committee be appointed as a grand committee, but that such a function instead be delivered through a newly established Advisory Board reporting to the Policy and Resources Committee.

Terms of Reference

20. ***Lisvane Competitiveness Recommendation 2, paragraph 190: "Terms of Reference... These will be a version of paragraph (d) of the P&RC's current terms of reference, modified to take in the new Competitiveness Strategy; something like "To be responsible for: the support and promotion of the City of London as the world leader in international financial and business services; driving the***

implementation of the Competitiveness Strategy; adapting and updating the Strategy to meet developing circumstances.”

21. Your Policy and Resources Committee has considered potential Terms of Reference and **recommends** that the Court endorses the following (which may be subject to clarification as the Advisory Board progresses its work):-
 - 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*).
22. **Lisvane Competitiveness Recommendation 3, paragraph 191:** *“It would be sensible if this Committee were to take in the functions of the Hospitality Working Party, as most significant hospitality will impinge on the priorities of the Strategy.”*
23. 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 (HWP). The Committee, therefore, **recommends** that no change be made in respect of the functions of the Hospitality Working Party.

Composition and Membership

24. **Lisvane Competitiveness Recommendation 4, paragraph 192:** *“I would not be prescriptive at this stage, but I suggest that there are some key principles: the total permanent membership should be no more than 12 to 15...it should be chaired by the Chair of Policy and Resources...the Chair of the General Purposes Committee of the Court of Aldermen (GPC) should be the Deputy Chair... the membership should be made up of Members who have held senior roles in financial, professional and business services; both P&RC and GPC might have roles in designating suitable individuals... the Committee could draw upon small sectoral panels of external members, which would also link the Corporation more closely with the key players, and who could attend depending on the business under consideration.”*

25. The Policy and Resources 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.
26. It was also agreed that the internal Members should not be limited to the Policy & Resources Committee but should include Members on the wider Court of Common Council (including Aldermen) with financial and professional services expertise. It would be necessary to incorporate some specifications or requirements around eligibility.
27. Your Committee is minded that there should be a core steering group, comprising of up to ten individuals:
- The Chair of Policy & Resources (Chair)
 - The Chair of the General Purposes Committee of Aldermen (Deputy Chairman)
 - The Deputy Chair of Policy & Resources
 - The Deputy Chair of the General Purposes Committee of Aldermen
 - Four Members of the Court of Common Council with relevant expertise
- *The ability to co-opt up to four external members flexibly, in agreement with the Policy & Resources Committee.
28. Role descriptions will be utilised to define the skills being sought for the six vacancies. The Steering Group will then review the lists of prospective Members (with advice from officers in Innovation & Growth, as appropriate) and put recommendations to the Policy & Resources Committee for consideration.
29. The Steering Group will 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.

Public Relations and Economic Development Sub-Committee (PRED)

30. ***Lisvane Competitiveness Recommendation 5, paragraph 193:*** “Although the Competitiveness Committee would lead on promotion of the City, I would not freight it with the more general public relations issues which fall to PRED at the moment. So far as they may need Committee engagement or approval, I think that they could be re-absorbed by P&RC.”
31. Your Policy and Resources Committee has determined that the Public Relations and Economic Development (PRED) Sub-Committee should be reconstituted to take away the “Economic Development” element of its role, but be retained as a dedicated sub-committee to focus more on the scrutiny around communications and messaging, including public affairs.

Support for the Policy Chair

32. ***Lisvane Competitiveness Recommendation 6, paragraph 194:*** “CPR’s chairing of the Competitiveness Committee will reinforce the case for that role to have enhanced Officer support, a point which has emerged from my Review and which was also identified by the Fraser Report.”
33. Considerations around officer support have been progressed separately through the Target Operating Model proposals, which Members approved in late 2020.

Chair of Policy & Resources: Title

34. ***Lisvane Competitiveness Recommendation 7, paragraph 199:*** “I recommend the use of the title “Chair of Policy”.
35. The Committee debated this question at length, noting the difficulties that could be encountered when explaining externally what the “Chair of Policy & Resources Committee” actually meant in practice, whilst also needing to be mindful of the Corporation’s unique arrangements and the distinct role of the Chair of Policy & Resources to counterparts in London Boroughs. The Committee determined to refer this item back for further review and consideration and no recommendation is made at this time.

Co-ordinating support for the competitiveness agenda

36. ***Lisvane Competitiveness Recommendations 8-11, paragraphs 215, 217, 224, 231 (as summarised in paragraph 12 above of this report)***
The Committee noted Lisvane’s general commentary in these paragraphs in relation to the aspects of the Mayoralty and the Aldermanic appraisal process and agreed that there were no substantive recommendations to consider implementing at this time. It was also noted that some of the concerns around potential barriers had already been addressed proactively in recent times.

Conclusion

37. Various proposals have been made by Lord Lisvane in relation to Competitiveness, in Section 6 of his Review.
38. Members of the Resource Allocation Sub-Committee and Policy and Resources 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. The Court of Common Council is now asked to consider those proposals and endorse the proposed approach.

Appendices:

- **Appendix 1:** Extract – Lord Lisvane’s Governance Review, Section 6, Competitiveness

All of which we submit to the judgement of this Honourable Court.

DATED this 21st day of January 2021.

SIGNED on behalf of the Committee.

Deputy Catherine McGuinness
Chair, Policy and Resources Committee