

<b>Committee:</b> Freedom Applications Committee	18 November 2021
<b>Subject:</b> Freedom Fees Increase	Private
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	Outcome 3 & 10
<b>Does this proposal require extra revenue and/or capital spending?</b>	N
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> The Chamberlain	For Decision
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## NOT FOR PUBLICATION

This report is exempt by virtue of the paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. All sections of the report contain sensitive information which may be exempted under the Act, and as this cannot be presented to Members as a separate appendix this report needs to be considered in closed session. It is considered that information falling under the following paragraphs outweighs the public interest in disclosing information:

3	Information relating to the financial or business affairs of any particular person or body (including the authority holding that information).
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### Summary

The Freedom Fee was last increased on 1 April 2015 to a flat rate fee of £100. Between 1850 and 2015 the fee in its entirety was paid to the City of London Freemen's School toward the Foundation Bursary Fund. Since 2015 part of the fee continues to go to the School (£25 and £30) while the rest £75 and £70) has been apportioned to the running costs and staffing of the Chamberlain's Court. The fee income to Chamberlain's Court is no longer enough to cover the cost of the Court, largely due to inflationary rises. The report recommends that the Freedom Fee of £100 should be increased to £115 and a modest annual increase according to the rate of inflation (Retail Price Index) be subsequently implemented.

## **Recommendations:**

the Committee is recommended to:

- i) agree the increase of the Freedom Fee from £100 to £115. and a modest annual increase according to the rate of inflation (RPI) thereafter.
- ii) members are asked for their steer on possible option of increasing Freedom fees incrementally in the future to cover the cost of running the Chamberlains Court and a further review is recommended to be carried out.

## **Main Report**

### **Background**

1. The Freedom is a historic and valued part of the City of London Corporation's life. In the region of 1700 Freedoms are granted each year; some 2000 applications are received; around 600 applications without the intervention of a livery company are vetted to ensure that the good reputation of the Corporation is not tarnished by unsuitable applications.
2. Each year some 4 to 5 people receive the Freedom by Special Nomination and in addition others by Invitation, such as the special initiative in 2019 to mark the centenary of universal votes for women. In such cases, the fee is waived and varying degrees of hospitality provided.
3. In addition, approximately 60 Ward List candidates are admitted each year without payment of the fee in order to enhance the democratic process and to encourage higher levels of voting in elections.
4. During the pandemic these numbers have understandably decreased but the Court continued to operate with reduced capacity, conducting 700 ceremonies and 1000 applications. As we recover from the pandemic and return to the workplace, the Chamberlain's Court has put precautions in place, freedom numbers are increasing and we hope to see this continue as restrictions ease further and public confidence increases.
5. The Freedom Fee was last increased in 1 April 2015 from £25 and £30 to a flat rate fee of £100. Between 1850 and 2015 the fee in its entirety was paid to the City of London Freemen's School toward the Foundation Bursary Fund. Since 2015 part of the fee continues to go to the School (£25 and £30) while the rest £75 and £70) has been apportioned to the running costs and staffing of the Chamberlain's Court.

### **Current Position**

6. The net cost of running the operation of the Chamberlain's Court, after the implementation of Fundamental Review proposals and the 12% savings required from the Target Operating Model are in excess of the fee income earned. It is proposed to increase the fees to £115 with the entire £15 increase going to the running cost of the Court.
7. This figure has been suggested using the inflation rate from 2015 to 2020 which sees the fees increase from £100 to £113.37 and adding 2% which is the bank of England's inflation target for 2021 taking the fee to £115.64. It is suggested that this figure is rounded down to the nearest pound.
8. Taking a look at our last pre COVID-19 year of 2019 – 20. The overall net expenditure from local risk was £116,792.21. There were 1769 applications made where a fee of £100 was received. which means that we need to raise the Freedom fee to £166 if we are to fully recover the costs of running the Chamberlain's Court in 2019 - 20.

Total Expenditure	272,649.21
Total Income	<u>-155,857.00</u>
Total Local Risk	116,792.21

9. The Chamberlain's department wish to explore the option of increasing fees on an incremental basis in order to recover the overall running costs of the Chamberlain's Court in the future, following further work to reduce running costs of the Court. Members are invited to provide a steer on this option. A further review is recommended to be carried out noting direction of travel.
10. Moreover, in line with other bodies and institutions there should be a modest annual increase according to the rate of inflation and the Retail Price Index (RPI).
11. The Freedom represents tremendous value for money. The applicants receive a parchment copy of freedom part written by a professional calligrapher; the Rules of Conduct of Life, a handsomely bound gilt edged hardback book, an individual personalised ceremony lasting 30 minutes which is illuminating, historical and informational and the opportunity to take photographs at the conclusion.
12. An interesting comparison is the freedom fines paid by members of the Livery Company when they join the Company as Freeman.

Apothecaries	£760
Arbitrators	£375
Carmen	£173.25
Cordwainers	£500
Clockmakers	£140
Glaziers	£270
Insurers	£250
Int. Bankers	£200
Stationers	£750
Water Cons.	£100

Wax Chandlers	£750
World Traders	£300

13. The above represents a small survey of a random group of companies to give a comparator as to what is charged by some of the livery companies. It does not represent the full extent of companies (110 in total) so cannot be used as conclusive evidence, but it does show the suggested £115 fee is lower than all of these 12, bar 1 company.

## **Proposal**

14. It is proposed that this committee agree to the increase of the Freedom Fee from £100 to £115 and a modest annual increase according to the rate of inflation (RPI) thereafter. The Chamberlain's department wish to explore the option of increasing fees on an incremental basis in order to recover the overall running costs of the Chamberlain's Court in the future, following further work to reduce running costs of the Court. Members are invited to provide a steer on this option. A further review is recommended to be carried out noting direction of travel.

## **Corporate & Strategic Implications**

15. Strategic implications – There are no strategic implications to the proposals put forward.
16. Financial implications – This change is a step towards the Chamberlain's Court becoming more financially sustainable and that Fee income covers the cost of delivering the service as intended by the 2015 decision.
17. Risk implications – There is a risk that this proposal could reduce the number of applications. However as this proposal brings the fee in line with inflation, it is unlikely to reduce demand. It is worth noting that the much larger increase to the fee in 2015 did not affect numbers of applications. It is therefore unlikely that this small increase will cause a reduction in application figures.
18. Resource implications – There are no resource implications to the proposals put forward.
19. Equalities implications – There are no equalities implications to the proposals put forward.
20. Climate Implications – There are no climate implications to the proposals put forward.
21. Security implications – There are no security implications to the proposals put forward.

## **Conclusion**

22. In the circumstances it is fair and reasonable to increase the fees by a modest amount and then by inflation annually which prevents financial shortfalls in delivery the ceremonies and steep rises on a periodic basis.

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