

<b>Committee(s):</b> Policy and Resources	<b>Dated:</b> 25 October 2023
<b>Subject:</b> City of London Corporation Confederation of British Industry (CBI) Membership	Public
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	1, 2, 3, 5
<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> Executive Director, Corporate Communications and External Affairs and Executive Director, Innovation and Growth	For Decision
<b>Report author:</b> Kristy Sandino, Assistant Director, Corporate Affairs	

### Summary

The CBI is a cross-sectoral business organisation whose membership includes firms and trade associations. It maintains it speaks on behalf of 170,000 businesses. At Policy and Resources Committee in April, the City of London Corporation took a decision to suspend its membership following serious allegations of misconduct at the organisation.

Since April, the CBI has appointed a new Director General, Rain Newton-Smith, conducted extensive reviews into its culture and governance and processes and has published progress on these pieces of work. It announced a suspension of its events programme in April and in July, the organisation opted to resume its events and policy programme. The CBI has also confirmed it is engaging with government and political stakeholders on an ad hoc basis. CBI has put initial suitable steps in place that will enable Officers and the City Corporation to monitor the situation and its progress going forward.

### Recommendation(s)

Members are asked to:

- Agree to an unsuspension of the City Corporation's membership of the CBI up until January 2024 when the current term ends;
- Noting that the City Corporation will monitor progress of the CBI in relation to its governance and culture in advance of a report coming back to Policy and Resources Committee with a recommendation on Membership renewal from January 2024.

## **Main Report**

### **Background**

1. The City of London Corporation is a long-standing member of the CBI, paying an annual membership fee. The annual subscription fee is £30,000 and was last paid in late October 2022. CBI has agreed to an extension on the City Corporation membership until January 2024 to enable us to monitor progress prior to making a decision on membership renewal for 2024.
2. The CBI is a cross-sectoral business organisation whose membership includes firms and trade associations. It specialises in policy expertise and economic intelligence. It now claims to speak on behalf of 170,000 businesses (down from 190,000) and traditionally had a very strong regional network. The CBI typically held numerous events across the year, to which the Corporation had access by virtue of our membership. The membership has included working with them on the Business/Tech dinner where they have traditionally held one of the speaking slots. This partnership will be assessed when the wider membership renewal is assessed.
3. Officers have engaged with CBI to understand in depth the work that it has undertaken since the allegations were made public. The CBI has conducted reviews into its culture and work. These have included:
  - a. An external examination of CBI governance and processes carried out by Ffion Llywelyn Hague, Baroness Hague of Richmond, a consultant with significant experience in conducting board appraisals. The CBI President and the Board have now seen draft recommendations. They expect more on this imminently and will communicate any governance changes.
  - b. A People and Culture review by Fox Williams and Principia. The recommendations have now been embedded in the organisation. The CBI confidentially shared its people and culture workplan on the basis that this is for CoLC purposes only and was not to be distributed more widely. It provides more detail on how the CBI's people and culture work is progressing internally and the accompanying timelines.
4. In their prospectus, the CBI promised to update members on our one-month, three-month and six-month milestones. The City Corporation is able to see progress against their one-month milestones in this scorecard for change. Governance being at 50 percent complete is the lowest figure.
5. The inaugural meeting of the Culture Advisory Committee took place on Friday 28 July, chaired by CBI Board member and People & Culture Lead, Jill Ader, who has been a CBI Board member since June 2022. The agenda covered two key areas – a discussion on the themes arising from the Principia Culture Review, and a review of the CBI's transformation plan priorities. Key observations that CBI shared with Officers include:
  - a. The themes arising from the review are consistent with other organisations that the experts had worked with, particularly around the specific issues

- relating to harassment and bullying, and there was agreement that the activities on the plan were correct.
- b. The CBI were urged to slow down to allow time for people to reflect, recover and re-build.
  - c. The values co-creation approach and timeline was signed off by the DG, and CBI communicated this to colleagues to start working with them w/c 11 September.
  - d. Alongside this feedback, the CBI need to prioritise delivery of any practical policies, tools and support that specifically relate to complaints, grievance and speak up processes, to ensure that colleagues understand the routes available to them and feel confident in using them – the CBI has already started to deliver against this objective with the publishing of revised policies, and launched in mid-August a more robust system for logging and managing complaints, supported by training for all staff.
  - e. The group agreed to re-convene in the Autumn to assess progress and discuss longer term goals.
6. CBI have put initial suitable steps in place that will enable Officers and the City Corporation to monitor going forward. It has announced it will resume a schedule of events and government is engaging with the organisation on an ad hoc basis. Officers have directly confirmed this with government.
  7. There were recent reports of cashflow issues for the organisation though CBI President Brian McBride and Director General Rain Newton-Smith told Members they were confident of addressing its short-term financing challenges. It was then reported it secured the financing necessary to overcome the short-term cash flow challenge and a spokesperson for the CBI said they are satisfied that the "organisation remains in a strong medium to long-term position."

### **Current Position**

8. Following discussions with the Executive Director of Innovation and Growth and Executive Director of Corporate Communications and External Affairs, it is recommended that the City Corporation unsuspend its membership and maintain a close watching brief on the CBI's progress, asking for regular updates.
9. This recommendation is based on the work that they have done thus far as outlined, their increased focus on UK Competitiveness aligning to our strategic priorities and other organisations beginning to resume engagement with CBI as reported both by them directly and in the press.
10. The City Corporation has also already paid for its membership for 2022/2023 and there will be opportunities to benefit from it in the coming months including in inputting into its manifesto development work, its Councils that will restart meeting that Officers hold seats on, an event on the General Election that is taking place on 20 November and additional possible CBI events in Autumn.
11. This recommendation is made with the intention of conducting a substantive review of the City Corporation's membership in January. A subsequent paper will return

to Policy & Resources in early 2024. It would also include the reintroduction of deploying invitations to the CBI for City of London Corporation Events through the Autumn.

## **Key Data**

Members that have unsuspended or rejoined after suspended or quitting: ASDA Stores Ltd, Shell International Limited, HSBC Holdings plc, SSE PLC, Santander UK plc, Siemens plc, IBM United Kingdom Limited, EQUANS UK, Atkins, (member of the SNC-Lavalin Group), G4S Limited, Legal and General Group Plc, Imperial Brands Group plc, abrdn plc, Cadent Gas Limited, Anglian Water Group Ltd, Honda Motor Europe, Macquarie Group Ltd, Babcock International Group Plc, Google UK, Gatwick Airport Ltd, Hilton, PZ Cussons plc, Neptune Energy Group, Holdings Limited, Haleon PLC, Evri, Weightmans LLP, Bristol-Myers Squibb, Pharmaceuticals Ltd, The University of Leeds, University of Southampton, Henry Boot Plc, UK Finance, ADS Group Ltd., Barnett Waddingham LLP, Gowling WLG (UK) LLP, Bibby Line Group Ltd, The University of Reading, Orbit Group, Port of London Authority, Durham University, Bristol Airport, British Retail Consortium, Brunel University London, Foot Anstey LLP, DCG, Oritain, Ipsos MORI, Walter Watson Ltd, UK Hospitality, Oakland International Ltd, The Advertising Association Institute for Family Business (UK), Horticultural Trades Association, Finance & Leasing Association, Chartered Association Of Business Schools, , Entrepreneurs in Action, Leicester College, AIRTO, FWB Park Brown Ltd., The Wine & Spirit Trade Association.

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