

Committee(s): Policy and Resources	Dated: 18 January 2024
Subject: City of London Corporation Confederation of British Industry Membership	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 2, 3, 5
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£33,075
What is the source of Funding?	Innovation & Growth Budget
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Executive Director, Corporate Communications and External Affairs and Acting Executive Director, Innovation and Growth	For Decision
Report author: Kristy Sandino, Assistant Director, Corporate Affairs, Daniel O'Byrne, Strategic Engagement and Operations Director	

Summary

The Confederation of British Industry (CBI) is a cross-sectoral business organisation whose membership includes firms and trade associations. It maintains it speaks on behalf of 170,000 businesses. After a series of sexual misconduct claims were made against CBI employees, the City of London Corporation took a decision to suspend its membership of the CBI in April 2023. Following discussions with CBI officers and bilateral meetings with the President, officers recommended an unsuspension of the membership and the Policy and Resources Committee in November took the decision to unsuspend the City Corporation's membership, with a view to making a wider decision on membership renewal in early 2024.

Since April, the CBI has appointed a new Chief Executive, Rain Newton-Smith, conducted extensive reviews into its culture, 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.

Recommendation(s)

Members are asked to:

- Agree to the renewal of the City Corporation's membership of the CBI at the cost of £33,075 for 2024/2025, to be released on a quarterly basis subject to ongoing monitoring and approval by the Communications and Corporate Affairs Sub-Committee.

Main Report

Background

1. The City of London Corporation has been a member of the CBI since 2004, paying an annual membership fee. The annual subscription fee is £33,075.00 and was last paid in late October 2022. CBI agreed to an extension on the City Corporation membership until February 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 holds numerous events across the year, to which the City Corporation has access by virtue of our membership.
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 review has now been published and the CBI has committed to implementing all of its recommendations.
 - b. A People and Culture review by Fox Williams and Principi, a business ethics consultancy. 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 City Corporation purposes only and was not to be distributed more widely. The organisation has also changed many internal processes to improve its people and culture.
 - c. In its prospectus, the CBI promised to update members on its one-month, three-month and six-month milestones. The last of these milestones has now passed, which has led the CBI to finalise a 12-month plan to deliver its policy priorities. These were agreed by members in their formal regional council structure.
4. The CBI has also set up a Culture Advisory Committee, made up of external experts. The first Committee took place on 28 July, chaired by CBI Board member and People & Culture Lead, Jill Ader, with the next one scheduled for 11 January 2024. Key observations that CBI shared with Officers include:
 - a. The Committee's role is to steer and challenge the CBI's cultural renewal. It consists of senior external members with specialisms in people and culture issues. The Committee advises the CBI when implementing internal HR changes such as assessing mental health policies.
5. In September 2023, it was reported the CBI had secured the financing necessary to overcome a short-term cash flow challenge and now has until next September

2024 to refinance this funding. At a public event in November 2023, Rain Newton-Smith said that the CBI has secured funding for the short, medium and long-term.

6. Prior to the allegations, CBI was largely considered one of the UK's most influential business lobbying groups. Following both Government and Opposition suspending their engagement with the CBI in the spring of 2023, political engagement has since resumed.
 - a. Recently, the CBI hosted a conference which featured speeches from the Shadow Business and Trade Secretary, Jonathan Reynolds and Chancellor of the Exchequer, Jeremy Hunt.
 - b. The CBI has informed Officers that engagement has resumed with Government and the Opposition and included meeting with senior figures ahead of the Autumn Statement. CBI also had a presence at party conferences, engaging with the Cabinet and Shadow Cabinet Ministers.
 - c. Ahead of the Autumn Statement, the CBI campaigned for full expensing to be made permanent, which was announced at the Autumn Statement. It says that they have campaigned successfully on a series of other policies such as Research & Development tax credits, supporting grid connectivity, and UK membership of Horizon Europe.

7. Members that have unsuspended or rejoined after suspended or quitting include: 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.

CBI membership offer to the Corporation

8. The CBI offers its members insight and networking opportunities, and its economic intelligence unit offers members a range of products such as 'deep dives' into economic data and analysis on Bank of England updates. The 'community' benefits for members consist of networking opportunities such as the Government Affairs Network and in-person conferences on a range of policy areas.

9. Following a consultation with its members, the CBI has determined three main policy priorities under its new mission *'to serve as a catalyst between industry and*

government to drive positive change, ensuring sustainable growth for benefit of society'. Its three main focus areas that it will focus on developing policy and collective opinion on are: the future of work and skills; establishing the UK as a leading, internationally competitive location for business and tackling climate challenges and the energy transition.

- a. Of particular relevance to the City Corporation is a new 'UK Competitiveness' team. This new team was created to promote the UK as the best location to run and scale businesses and markets of the future in service of sustainable growth. The team advocate for a tax and regulatory environment that supports the UK's position as an attractive place to start and grow a business.

10. On Financial Services (FS), which is a key policy area for the City Corporation, the CBI has outlined three main priority areas it will work on for the sector under the ambition, *'...For the UK's financial services sector to be world leading, enabling all sectors of the economy to innovate and grow in a sustainable way'*:

- a. The CBI has three main priorities on financial services policy: to promote financial services as an integral enabler to thriving economies; to maintain the UK's competitiveness as a place to invest in financial services; and to be the business voice on financing the transition to net zero, championing sustainable finance.
- b. The organisation says that it will apply an 'FS lens' to all their policy areas. Its net zero work emphasises the importance of 'greening finance' and 'financing green'. Its UK competitiveness policy area advocates for the UK to maintain its position as a leading financial centre. The CBI's tech and innovation work seeks to promote UK scale-ups, fintech and open banking.

11. The City Corporation has a position on a number of FPS Councils, committees and working groups as part of its CBI membership, on a range of relevant policy areas which it could contribute in 2024. These include:

- a. Financial Services Trade Association Network (typically represented by the Policy Chairman) – bi-annual meeting with CEO Rain Newton-Smith to discuss priorities in the FPS sector.
- b. London Council (typically represented by Corporate Affairs) – part of CBI's governance structure, the Council helps set CBI policy as well as helping members to receive political and economic intelligence.
- c. Financial Services Trade Association Network (typically represented by an Innovation and Growth Senior Officer) – quarterly meeting to develop policy positions in the FPS sector.

12. There are now subsequent new groups that the CBI has suggested the City Corporation could join in 2024 if it remains a member, including a Global UK Competitiveness committee, an AI and data protection working group and a Trade and Investment working group. These three new areas of interest correspond with many of the City Corporation's policy priorities.

Current Position

13. It is the Officer recommendation that the City Corporation renew its membership of the CBI for 2024/2025 at the proposed rate, but that Officers negotiate with the CBI

for this to be paid in quarterly instalments in case further issues should arise. In addition, Officers will continue to maintain active oversight of CBI's progress and its impact in the coming 2024/2025 year and provide a quarterly update to the Communications and Corporate Affairs Sub Committee (Policy & Resources). The quarterly funding can then be released to align to this monitoring process

14. This recommendation is based on consideration of the work that CBI has done thus far as outlined, its aligned policy priorities especially on financial and professional services, and the opportunity for the City Corporation to both engage on policy development as needed, and feed in its views and recommendations ahead of a likely General Election in 2024.
15. CBI is a unique trade association in that it represents a wide array of sectors across the economy, as opposed to one specific sector. While the City Corporation advocates on its own behalf, additional forums are useful to ensure that Officer and Members are aware of a wide variety of cross-sectoral views and have every opportunity to feed in City Corporation views on subjects and policy areas of interest.
16. Membership of the CBI will also allow for the opportunity for various business networking opportunities, as CBI looks to increase its profile in the coming year back to the level it was prior to its scandal.
17. Membership of the CBI also helps the City Corporation to ensure the organisation highlights the importance of the FPS sector in underpinning all parts of the UK economy. Taking advantage of membership of the CBI's various Councils, Committees, and Working Groups will help to advocate for the FPS sector ahead of crucial political moments.
18. Officers recognise the need to present a portfolio view of memberships to this Committee so that Members are able to take future decisions on the basis of that portfolio.
19. A paper on Memberships and Subscriptions will come to Committee in March 2024.

Recommendation

20. It is the Officer recommendation that there is still a reason in the ecosystem for an organisation such as the CBI to exist and that the City Corporation should support CBI's endeavours through continue membership, as there are no current and viable direct competitors. While some trade associations are trialling new offerings similar to the role CBI has traditionally provided in the past, it has not yet been determined the level of influence of these newer offerings. Officers will continue to monitor those developments alongside managing reengagement and onward development of the new CBI. While this is the Officer recommendation, there are three potential options available for member consideration :
 - a) Continue annual CBI membership for 24-25 at offered rate of £33k. Funding can be released quarterly for 2024/2025. This is the recommended course of action.

- b) Support membership; however ask officers to renegotiate fee under Delegated Authority being granted to the Town Clerk, in consultation with the Chairs and Deputy Chairs. This would weaken an organisation which is trying to rebuild.
- c) Discontinue membership. This would further weaken an organisation which is trying rebuild and would put the Corporation out of step with peer organisations who have by and large renewed the membership.

Corporate & Strategic Implications

Strategic implications

21. Engaging with an array of stakeholders through select partnerships ensures that the City Corporation can input its views and engage key audiences on important global, national and local issues of strategic importance to the City Corporation. It also allows for the Corporation's involvement in relevant debates and events. Targeted partnerships help deliver outcomes 2 – 10 of the 2018-23 Corporate Plan.

Financial implications

22. The cost of the CBI annual membership for the City Corporation would be met through Innovation and Growth's budget. This equates to £33,075 for 2024/2025.

Resource implications

23. None identified.

Legal implications

24. None identified.

Risk implications

25. The risks of renewing and cancelling membership have been considered as above.

Equalities implications

26. None identified.

Climate implications

27. None identified.

Security implications

28. None identified.

Conclusion

29. The City of London Corporation has been a member of the CBI since 2004, paying an annual membership fee. The annual subscription fee is £33,075.00 and was last paid in late October 2022.

30. It is the Officer view that there is still a reason in the ecosystem for an organisation such as the CBI to exist and that the City Corporation should support CBI's endeavours through continue membership, as there are no current and viable direct competitors.

31. Therefore, it is the Officer recommendation that the City Corporation renew its membership of the CBI for 2024/2025 at the proposed rate, with Officers maintaining active oversight of its progress and its impact in the coming 2024/2025 year.

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