City of London Corporation Committee Report

Committee(s): **Policy and Resources Committee** **General Purposes Committee of Aldermen**	**Dated:** **08/05/2025** **13/05/2025**
Subject: **Town Clerk and Chief Executive - Two-year reflection and forward look**	**Public report:** For Discussion
This proposal: • **delivers all Corporate Plan 2024-29 outcomes**	Diverse Engaged Communities Dynamic Economic Growth Leading Sustainable Environment Vibrant Thriving Destination Providing Excellent Services Flourishing Public Spaces
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of:	**Ian Thomas CBE**, Town Clerk and Chief Executive
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Summary

This report provides Members of the Policy & Resources Committee and General Purposes Committee of Aldermen with a high-level executive summary of the work of the Town Clerk and his Executive Leadership Board over the past two years to January 2025.

The overview includes key positive developments, such as economic growth initiatives, infrastructure investments, governance improvements and major cost-saving decisions, followed by major challenges like asset management, financial sustainability, and workforce transformation. The final section focuses on the strategic direction and transformation agenda, ensuring alignment with the Corporation's long-term objectives.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The past two years have been incredibly eventful for the Corporation. The Corporation has a long rich history, an eclectic mix of services and offers, including its global unique selling point as the voice and convenor of the UK's Financial and Professional Services (FPS) sector. The commitment of the staff was evident in the staff survey of 2022 and, of course, credit to the Members who bring with them much experience and expertise. The successes and challenges/opportunities below reflect much hard work between Members and officers over the two-year period. The new Corporate Plan reflects these challenges and opportunities, providing a clear direction for the next five years to achieve the six desired outcomes above. Woven through this plan is a golden thread, aligning business planning, risk management, budget-setting, and governance. Additionally, the People Strategy 2024-29 has been launched in parallel with the Corporate Plan to establish a framework for people-centered success.

2. As well as a committed staff team, there is a suite of exciting capital projects such as Salisbury Square, new London Museum, and Barbican Renewal. The Corporation's excellent services, institutions and policy initiatives, such as 'Destination City', are driven by Members who are unapologetically ambitious for the Corporation and those served by it. The combination of the Lord Mayor and Chairman of Policy and Resources promoting FPS on a global footprint, underpinned by our ongoing work to raise investment levels working with the insurance sector and pension funds, implement our bold moves from 'Vision for Economic Growth' and the current thematic Growth agenda, appears to be reaping dividends. Examples of anecdotal gains include a 25% increase in jobs located in the square mile compared with pre pandemic levels, up to 678,000; Gross Value Added (GVA) productivity in the square mile is £77 per worker hour, which is much higher than the national £40 per worker hour; latest figures showed the City has generated over £110bn in economic output annually; and demand for 'Grade A' office accommodation will require an additional 1.2m square metres of office space over the coming years. Specific examples are the relocations of HSBC, Clifford Chance and State Street from Canary Wharf to the Square Mile, who are wanting a more connected and vibrant environment. More broadly, the recent Price Waterhouse Cooper survey of 4,700 Chief Executive Officers globally has found that the UK has surpassed Germany, China and India to become the second most important destination for investment after the United States. All the while, the Square Mile remains one of the safest business districts in the world, much in part due to the work of the excellent work of the City of London Police.

Key positive developments

3. Strong political leadership and new executive leadership arrangements have resulted in strengthened accountability, leading to numerous achievements, delivered at pace, as can be seen below.

a) Development of numerous key strategies and plans – such as: Corporate Plan, People Strategy, National Policing Strategy for Fraud, Economic and Cyber Crime; Digital, Data and Technology Strategy; Investment Strategy; Local Plan 2040; Climate Action Strategy; Transport Strategy; Education Strategy; revised Medium Term Financial Plan (MTFP) and capital programme; and new dedicated strategies for victims and tackling serious violence.

b) Following months of purposeful work, the decision was secured to relinquish statutory responsibility for running Smithfield and Billingsgate Markets, saving some £600m - £700m and transforming the outlook for City's Estate. Subject to royal assent, this work will not only help stabilise finances but facilitate the building of 4,000 much needed homes for Londoners, deliver £9.1bn in additional GVA for UK plc and contribute to the Corporation's ambitious net zero targets.

c) £100m rescue package for London Museum brokered in concert with the Greater London Authority and London Museum – the biggest infrastructure project of its kind in Europe.

d) The London Archives has recently undergone a significant rebrand. This transformation includes the development of a new formal learning service, an innovative events and exhibitions programme, and the enhancement of its public spaces. The long-term future home of the Archives is under review, with various options for a site within the Square Mile being explored.

e) £191m package secured to prevent the Barbican from enforced closure, as part of the long-term Barbican Renewal Programme, an example of new strengthened officer capital projects governance, via the introduction of a new 'Portfolio Board', chaired by the Town Clerk and Chief Executive.

f) Destination City (DC) Review completed, leading to a crystallisation of DC as the growth strategy for the Square Mile and a delineation to support the Culture Heritage and Libraries Committee to develop a new Cultural Strategy.

g) Children's (social care) Services have been rated outstanding by Ofsted, with excellent educational outcomes achieved for thousands of pupils attending the Corporation's independent, state maintained and academy schools. City of London Academy Trust schools routinely exceed national attainment rates, whilst serving some of the most economically deprived communities nationally, and the Corporation's maintained primary school is rated outstanding. The City of London's independent schools are among the finest in the country, consistently delivering excellent education outcomes alongside life-changing bursaries, driving up social mobility.

h) Revitalisation of corporate Health & Safety (H&S) arrangements, including the introduction of a new H&S Policy accompanied by a strategic workplan for H&S, aligned to the People Strategy, establishing safety as a golden thread within the Corporate Plan. A full organisation-wide safety assurance review and establishment of strengthened governance for this key organisational risk has been undertaken, supported by enhanced data monitoring and compliance tracking systems, Member and officer scrutiny, and by repositioning the corporate H&S team as a second line of defence, aligning with other key structural changes.

i) Addressing key corporate challenges through dedicated responses, enormous strides have been made to revitalise the Barbican Estates Office and work is underway to shift the dial on the management and sufficiency of Housing Revenue Account (HRA) estates.

j) The staff survey 2024 was very encouraging with a huge a shift in positive integers, such as, +23% points regarding participation in the survey, +39% points more staff who understand their objectives; +21% points regarding staff who trust their leaders and +20% points more respondents would recommend the Corporation to their families and friends.

k) Introduction of robust governance mechanisms through the Senior Leadership Team, Executive Leadership Board and the Future Ambition 18 group (leadership community below the executive tier), as well as the introducing 360-degree appraisal system for senior leaders, the first of which resulting in very positive feedback from independent assessors.

l) Significant enhancement of resilience arrangements, including introduction of a rota system and professional training for senior leaders at ‘Gold’ and ‘Silver’ levels, together with all departments having logged business continuity plans, putting the Corporation at the forefront of capability and capacity across London.

m) Guildhall School of Music and Drama rising to third in the world for music and fourth in the world for performing arts in the QS University Rankings 2025.

n) Work to recognise embedded structural budget issues in support of the Mayoralty, with the commissioning of a zero-based budget review to resolve properly the long-term support for the Mayoralty and align it more effectively with wider Corporation activity. Income generation at Mansion House has also been increased significantly through a more robust commercial approach, with a c.80% increase achieved in commercial revenues in since the new commercial strategy was launched.

o) Establishing a concierge service with His Majesty’s Treasury, regulators, and the Office for Investment that will enhance the UK’s position as a leading global financial services hub. The Corporation called for this through its ‘Vision for Economic Growth’, where the initiative will make it easier for firms to navigate regulation and overcome barriers to entry.

Organisational Challenges and Opportunities

4. Building on these successes and recognising that there remain significant challenges in the years ahead, even greater achievements are anticipated over the coming years – seizing on opportunities through sustained collaboration.

5. Below is a summary of the main corporate challenges.

a) Asset management – a coherent plan is required to ensure that assets to retain are identified and investment secured to make them fit for purpose, as appropriate. The most pressing being the Barbican, given the capital expenditure approved represents approximately only a third of what is required. The remaining capital required and the implications for investments and consequentially, revenue streams, requires urgent action.

b) The Human Resources (HR) department has benefitted from the stability of an excellent permanent Chief People Officer and many staff within the service who work incredibly hard. This has led to several positive developments in addition to the People Strategy, such as a new Corporate Induction Programme. However, given this is an area that has been broken for many years due largely to a poor, very antiquated HR system and key policies that are, in some cases over twenty years old, there remains much more to do to ensure this function is fit for purpose.

c) Linked to the above, implementing the new Enterprise Resource Planning (ERP) solution ('Project Sapphire') – the new integrated finance and HR system which aims to transform how the Corporation works. The Corporation will need to manage this carefully to ensure the business benefits are realised and costs are contained.

d) Ambition 25 – the review of pay and reward is designed to iron out any inequalities and meet Members' stated ambition to be leaders on pay. The key challenges concern data integrity, effective communication and engagement with the workforce, and timely implementation of the new pay structure.

e) Translating the Corporate Plan ambitions into delivery to achieve the objectives within it. This will necessitate the introduction of a new business planning framework, and a staff appraisal process to ensure that there is a golden thread between capability, capacity and delivery.

f) Change fatigue – in a recent conference 'Future Ambition 18' colleagues reported being overwhelmed by the changes underway and the those they've experienced since the pandemic.

g) Housing Revenue Account (HRA) – much needed investment is required in the housing stock and the HRA business plan will need to be reviewed to ensure it is in balance over the next 30 years. Officers have calculated that £100m will be needed to address this and a further £300m to meet social housing demand by 2036. The Corporation will need to form new partnerships to develop provision the City can be proud of.

h) Ensuring that the organisation strengthens its unique selling point in financial and professional services and becomes the partner of choice for the government in delivering its economic growth mission. The government's goal is to become the fastest growing economy in the G7 by the end of this parliamentary period, and the City needs to support this by anticipating and navigating the rapidly changing geopolitical landscape and ensure the protection of the UK's economic security.

i) Identification of savings, efficiencies and income generation opportunities over the medium term to close the City Fund medium term financial plan (MTFP) gap of £24m by 2028/29.

j) Developing a new communication and engagement strategy to ensure that the value of the Corporation is better understood, and stakeholder relationship management is optimal. Strengthening and nurturing our relationships with the City's Livery Companies, who last year provided £81m in financial support for charitable causes, will be key to this piece of work.

k) The City of London Police and its partners have, in recent years, significantly transformed the response to economic and cybercrime in England and Wales. It is actively developing a comprehensive strategy to address critical issues in policing fraud, whilst being in the process of implementing Report Fraud, the replacement for Action Fraud. These both aim to meet the needs outlined in the forthcoming Government white paper on police reform and the next version of the fraud strategy, both due for publication later this year. The Corporation and City of London Police are conscious of the Government's desire to create a National Centre for Policing, as part of a wider programme of police reform in the UK, which presents both challenges and opportunities for the City of London Police. While this initiative is likely to be established on a phased basis, starting with the enabling functions in policing, it raises questions about changes in national operating capabilities.

6. The above challenges are not an exhaustive list. Across each service and institution there are challenges being admirably addressed within those areas. Examples include the charities review in Open Spaces, pursuit of world class status for management of bridges through the City Bridge Foundation, a focus on commercialisation and income generation, the ramifications of the government's VAT on independent school fees policy and work on Equalities, Equity, Diversity and Inclusion across the organisation.

7. In addition, there is an intense inspection regime nationally regarding our local authority functions to include Housing, Special Educational Needs, Children's and Adult Social Care, schools, and for the Corporation distinct from local authorities, there is the additional regulatory lens regarding City of London Police, which has recently been subjected to its statutory 'PEEL' inspection.

So, how should the Corporation respond?

8. Transformation is arguably a term overused but, in this case, in relation to what is required here over the coming years, it is most apposite. The Corporation has changed over the last two years, but it has not *transformed* – although it has commenced on the journey.

9. Whilst having in house resource available to assist with the work that is transformation, the prodigious scale required necessitates the support of external

experts, who can work with Members and officers, to think radically about operating better but at a lower cost. The head of paid service’s assessment is that there is a significant gap in the capacity to truly transform the Corporation, given the workloads of the current staffing complement.

10. Over a three-year programme, experts on transformation onboarded to work with the Corporation will help to:

    a) Embed Ambition 25, new ERP system and new ‘values and behaviours’ to support the development of a positive, psychologically safe culture – that embraces transformation.

    b) Identify ways of using new technology to improve effectiveness, optimising the adoption of exciting enablers, such as robotic process automation, machine learning, augmented reality and AI.

    c) Realise quantitative and qualitative benefits for the business sector, workers, visitors and residents.

11. It is important to recognise that this initiative is part of a broader strategy to address the Corporation's challenges, alongside some of the other initiatives and strategies mentioned throughout this report. This programme will help focus efforts and build both capability and capacity to tackle the issues at hand, where at the end of the three-year period, the objective is to have a more efficient workforce delivering on Members’ aspirations to a world class standard. This will be funded by a balanced MTFP and a well-managed affordable capital programme.

Ian Thomas CBE

Town Clerk and Chief Executive.