

Committee(s):	Date(s):	Item no.
Board of Governors of the City of London Freemen's School Finance Committee Policy and Resources Committee	30 April 2012 1 May 2012 3 May 2012	
Subject: Review of Freedom Fees	Public	
Report of: The Chamberlain	Freemen's School - For Information Finance Committee – For Decision Policy and Resources Committee – For Information	

Summary

1. Freedom fees have not been reviewed since November 1994. A review of the current level of fees is long overdue – indeed it appears that it was agreed in 1994 that they should be reviewed every five years. All freedom fees are currently passed to the Freemen's School Foundation Scholarship Fund.
2. The proposal is to increase the charges as set out in the recommendation below with part of the increase being retained to contribute towards the administrative costs of running the Chamberlain's Court and the remainder of the increase benefitting the Foundation Scholarship Fund.

Recommendations

3. That the charges for a freedom should be increased with effect from 1 July 2012 as follows and be inclusive of a £16.50 contribution towards administrative costs:
 - a) Redemption through a Company - £42 (from £25)
 - b) Redemption without a Company - £50 (from £30)
 - c) Patrimony through or without a Company - £42 (from £25)
 - d) Servitude through or without a Company - £42 (from £25)

Main Report

Background

4. There are four modes of admission to the Freedom of the City of London namely:
 - a) Redemption through a Livery Company - £25;
 - b) Redemption without the intervention of a Livery Company; by Nomination - £30;
 - c) Patrimony through or without a Company - £25; and
 - d) Servitude through or without a Company - £25.
5. Applicants whose name appears on the current ward list are admitted without a fee being charged.
6. Currently the fees received are paid entirely to the Foundation Scholars Fund at the City of London Freemen's School. The authority for this is in section 11 of the Act for Establishing a School for Orphans of Freemen of the City of London 1850 which states that "all sums which may hereafter be received in respect of fines and fees payable to the Corporation of London from persons upon being admitted to the Freedom of the City of London shall be applied by the Mayor, Aldermen and Commons towards the maintenance of the School established by this Act."
7. The above fees were introduced in November 1994; prior to that the fees from 1 April 1980 were:
 - a) Redemption through a Company - £10;
 - b) Redemption without a Company - £12;
 - c) Patrimony through or without a Company - £10; and
 - d) Servitude through or without a Company - £10.
8. Clearly fees should increase but, furthermore, given the current economic climate each Department is implementing 12.5% budget reductions with the Chamberlain's Department also facing additional budget pressures in relation to the Information Services and Financial Services Reviews. As it is not practical to save 12.5% in the cost of running the Court or to make the equivalent savings from elsewhere within the Chamberlain's budget it is proposed that part of the charge for a freedom should be a contribution to the administrative costs of running the Court.

9. There is an interesting historical parallel to apportioning of costs. Professor Caroline Barron from Royal Holloway College in a recent lecture on the Medieval Guildhall constructed in the early fifteenth century stated that various fees (including freedom fees and inrolements of apprentices) were increased to assist with payment of the construction.
10. Admissions to the Freedom for the past decade are as follows:

Year	No. of Admissions
2001	1,603
2002	1,690
2003	1,698
2004	1,703
2005	1,586
2006	1,728
2007	1,732
2008	1,783
2009	1,636
2010	1,692

11. As can be seen, the figures are consistent and an average of around 1,700 people are admitted to the Freedom every year.
12. The increase in charges would particularly affect those applicants applying through the Livery Company route because in addition to paying the charge to obtain City Freedom they pay a fee or a fine when becoming free of the Company and again when made a Liveryman. Increasing the charge would represent an additional financial burden. However, generally company freedom fines and livery fines are much higher than the City charge, even if it were to be increased to £100.
13. The proposal to increase the charges payable to candidates coming via patrimony and servitude by a lower amount reflects that in most cases they are younger and might find the cost more burdensome.

14. Regarding applicants coming via nomination, such candidates are drawn to the Freedom for a variety of reasons which include:
 - a) they live or work in the City;
 - b) they are a member of a City ward club;
 - c) they have a relative who might have been a Freeman and are following a family tradition;
 - d) membership of a Masonic Lodge requires them to obtain City Freedom;
 - e) an interest in the history and traditions of the City of London; and
 - f) being ‘rewarded’ for some service or charitable deed.
15. As can be seen from the figures, there is a great and consistent demand for the Freedom which still represents good value for money and the Clerk and his team make a conscious effort to make the ceremony a memorable and enjoyable occasion in addition to providing the parchment copy of freedom and “The Rules for the Conduct of Life.”
16. Historically the general trend regarding freedom fees since 1835 has been to make the Freedom more easily accessible. Before 1835, all City Freeman had first to be Freemen of one of the City Livery Companies and the joint cost of these freedoms was generally considered prohibitive and a strong disincentive to becoming a City Freeman. At the same time, the City Freedom was then a very practical necessity for those wishing to trade and vote within the City.
17. As a result of this, the Freedom was widened in 1835 and made available to those living and working in the City and not just to Livery Company members.
18. In 1856, persons on the Parliamentary Register for the City were excluded from freedom fees. However, in 1858 a fee of 5 shillings was introduced for such Freemen because “the effect of (not having a fee) did not attract the class of Freemen expected”. The 5 shilling fee was raised to one guinea in 1890 but since 1964 there has been no fee payable.
19. The Chamberlain in 1906 stated that he “did not think it admirable to place any unnecessary restrictions in the way of those trying to obtain the Freedom.”
20. In 1953 a request to the Court of Common Council stated that:

“...as the Freedom is still a necessary qualification for holding important civic positions, such as membership of the Court of Aldermen, and by that means, the office of Lord Mayor, and membership of the Court of Common Council, anything calculated to limit the class of person entitled to obtain such qualification can only be justified by the most compelling reason.”

21. Even when recommending the increases in the City freedom fees which were approved by the Court of Common Council in 1980 the Policy and Resources Committee stated that:

“Bearing in mind that it is the policy of the Corporation not to place unnecessary restrictions on obtaining the Freedom it would be inappropriate to try to recover the full charge of costs, salaries, accommodation, printing etc relating to the Freedom.”

22. It should be noted that in 1994 the Chamberlain recommended steep increases to the fees charged for the Freedom. They were as follows:
- a) Redemption through a Company - £50.
 - b) Redemption without a Company - £100.
 - c) Patrimony through or without a Company - £30.
 - d) Servitude through or without a Company £30.

The Policy and Resource Committee did not agree to these increases and the fees were set at the lower levels referred to earlier.

Financial and Risk Implications

23. The increase in the Retail Price Index between November 1994 (when the fees were last increased) and February 2012 is 65%. Moving this forward by four months to coincide with a fee increase from, say, 1 July 2012 produces an estimate of 66%. On this basis the new charges (rounded to the nearest pound) would be as follows:
- a) Redemption through a Company - £42 (from £25)
 - b) Redemption without a Company - £50 (from £30)
 - c) Patrimony through or without a Company - £42 (from £25)
 - d) Servitude through or without a Company - £42 (from £25)
24. It is a reasonable assumption that charges at this level would not affect demand and therefore existing income should increase commensurately.

Over the four years 2007/08 to 2010/11 annual income has varied between £45,000 and £50,000 with an average of £46,750. Based on this average, the charges above would be expected to produce total income of £78,000 a year, an increase of £31,250.

25. Ordinarily, all of this increase would be passed to the Foundation Scholarship Fund. However, as mentioned earlier, the Chamberlain's Department is facing significant budget reductions and it is intended that the Freedom Office should contribute by levying an administration charge to meet 12.5% of its annual net cost (i.e. gross cost less the sale of merchandise). The net cost of the Freedom Office is £223,000 a year of which 12.5% would be £27,900. Assuming an average 1,700 Freedoms a year (paragraph 11), the administrative charge required to generate £27,900 would be around £16.50. The charge for a Freedom would therefore comprise the 'fee' and a contribution towards administration costs. For example, the £50 for 'redemption without a company' would comprise a fee of £33.50 and an administration charge of £16.50.
26. Based on the figures above, the Foundation Scholarship Fund would receive an annual income of around £50,100 an increase of some £3,400 compared to the average of £46,750. Although only a modest increase in income, it should be considered in the context of the relatively healthy position of the Fund as set out below which included the transfer of £100,000 to the Bursary Fund in 2009/10.

City of London Freemen's School Foundation Scholarship Fund

	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
Balance b/f 1/4	(111)	(129)	(148)	(67)
Income	(50)	(45)	(45)	(46)
Expenditure - Scholarships (1)	32	26	26	23
- Boarding House (2)				24
Transfer to Bursary Fund			100	
Balance c/f 31/3	<u>(129)</u>	<u>(148)</u>	<u>(67)</u>	<u>(66)</u>

1. Scholarships are awarded to children of deceased Freemen of the City of London.
2. Any excess income accruing to the fund can be applied to maintaining and upgrading the boarding houses. This amounted to £24,418 in 2010/11.

Legal Implications

27. Any increase should be reasonable and justifiable - application of the RPI since the current fee was determined is a reasonable increase.

28. Under the Act for Establishing a School for Orphans of the City of London 1850, all fees and fines received from persons admitted to the Freedom must be paid towards the maintenance of the Freeman's School. It would, however, be appropriate to recover reasonable administration costs in addition to the fees and fines payable but these should be separately calculated as set out in this report.

Conclusion

29. That the charges for a freedom should be increased with effect from 1 July 2012 as follows and be inclusive of a £16.50 contribution towards administrative costs:

- a) Redemption through a Company - £42 (from £25)
- b) Redemption without a Company - £50 (from £30)
- c) Patrimony through or without a Company - £42 (from £25)
- d) Servitude through or without a Company - £42 (from £25)

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