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City of London Corporation forced to confront winds of change

The body that governs the Square Mile is reviewing its governance arrangements following a series of controversies

By Rachel Millard

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Tim Hailes was partway through his interview for Lord Mayor of the City of London when the grandees on the panel started to ask questions about his personal life.

The prestigious ambassadorial role involves flying around the world to meet business leaders and politicians, entertaining visiting dignitaries over dinner and being the public face of the 950-year-old City of London Corporation that runs and represents London's financial district.

How would he, as the first openly gay man to potentially hold the role, prevent the post from being "hijacked" by lobby groups representing those communities, panellists wanted to know? And who would be his official "consort" at events?

Hailes succeeded in the interview and chose to defer his candidacy to take up another role – yet the questions from the interview in 2018 sparked concern among equalities campaigners when they emerged in the Financial Times last month.

The reports have triggered a review into the mayoral selection process and shine a light on tensions at the heart of the Corporation, the governing body of the Square Mile, as it tries to modernise.

Attitudes towards minorities are not the only challenge that lies ahead, with the Corporation's role, structure and transparency subject to growing debate as the world gets less deferential to tradition and more critical of authorities.



In a sign of how seriously concerns are being taken, Lord Lisvane, the former clerk of the House of Commons, has also been [asked to conduct a sweeping governance review](#).

"There's only so long an anachronism can last," said Graham Harrower, who was elected to the Corporation in 2015 and is one of the more radical of growing band of reformist councillors challenging their more traditional peers.

"Increasingly the winds of change are blowing around Guildhall. It's just that some of those inside haven't heard it. I think meaningful reform will have to come from the outside," he says.

The Corporation stretches back to the rights, independence and privileges granted by William the Conqueror to the burgeoning trading centre in London in the 11th century.

Successive monarchs relied on the wealthy centre for loans and strengthened its rights, helping what became the Corporation survive threats of reform or abolition under the Stuarts, the Victorians and, more recently, Labour's shadow chancellor John McDonnell.

It has emerged with exceptional powers, wealth and arcane traditions that help it be effective but also fuel criticisms of an "old boy's network" that has too much power – as well as conspiracy theories. "You don't have to scratch very deep on the internet to find people who think the corporation is one step away from Bildeburg and run by lizards," says one former councillor.

Unlike other local authorities, the Corporation oversees the City's own police force, Lord Mayor – a ceremonial yet powerful figure outranked only by the Queen – and an office in parliament to represent the City's views to MPs.

Funded by taxpayers as well as its own property and investments, the Corporation is run by 100 councillors and 25 alderman. Unlike in other local authorities, they are unpaid, typically stand as independents rather than for a political party, and are voted for by workers as well as by residents. They are supported by more than 100 historic, wealthy livery companies representing trades from haberdashers to fishmongers.

Its activities range from the routine work of local authorities – sprucing up parks and sponsoring schools – to vast charitable giving and representing the powerhouse of the UK's economy on the world stage.



Those roles don't always sit easily together. The Corporation was accused of bowing to China when Taiwan, which is at odds with China over independence, was prevented from taking part in the annual parade to mark the election of a new Lord Mayor in 2019.

How well residents and ordinary workers are represented; the vast number of councillors; whether councillors should be paid; the lengthy and expensive Lord Mayoral selection process are all simmering sources of disagreement and areas ripe for reform, according to councillors.

"In the absence of party politics all politics is personal, it all gets a bit more tribal, a bit more catty," says one former councillor.

"The vast number of councillors meant that in reality the discussions took place not in the committee but between informal groups of members," says another.

The furore around the questioning of Hailes is not the only sign of tension within the

council on the issue of diversity. A voluntary charter asking members to actively promote diversity had been signed by about 70 members of the 100-strong court of common council, as of January. Among the signatories is leading councillor Edward Lord (who asks in work correspondence to be referred to by the pronouns "they/them" rather than "he/him").

"It's not because we are riven with bigots but because they [the charter] have gone too far," says one councillor. "The City actually bends over backwards to be inclusive and diverse," insists another former councillor.

The Corporation – led by Catherine McGuinness [as chair of the powerful policy and resources committee](#) – aims to get women into 45pc of senior positions by 2023, a target many feel is not ambitious enough. It also wants at least 30pc of candidates standing for the 2021 election to be women and 15pc to be black and ethnic minority, stressing that it aims to "reflect the communities we serve".

As it stares down the next decade, the City is also facing financial challenges, with plans to raise debt for the first time to fund new infrastructure projects. A moratorium on recruitment was in place as recently as January.

The review being run by Lord Lisvane, a member of one of the trade guilds connected to the Corporation, and will report its initial findings in May. The City says it aims to ensure governance arrangements are "efficient, fair, transparent and accountable". Some critics want a root and branch overhaul.

Harrower says: "The fundamental problem with the City Corporation is that it combines the disparate and conflicting functions of a local authority, a representative of the financial city, a regulator of the livery companies, a major charity, a subsidised private club for its elected members and a freemasons' meeting place. The solution is the disaggregation/abolition of those functions."



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In whatever form, reform is likely to be slow and painful. The City is "incredibly resistant" to change, says one councillor, with changes such as relaxing dress codes for private functions long in the making.

Sir Mark Boleat, who chaired the policy and resources committee between 2012 to 2017, says he steered clear of the big structural or constitutional changes as they would have consumed his time in office, instead focusing on boosting the City's presence around the world and other more pressing matters.

"I think the Corporation works very effectively but if I had a clean sheet of paper, you would not have 125 members and 25 alderman. But did it get in the way of what I wanted to do? No," he says.

"You would not invent the City of London, absolutely not, but then you would not invent a lot of things. To people who say it should not exist, I would always say, what is the practical problem you are trying to solve?"

A Corporation spokesman said Hailes had voluntarily deferred his candidacy for Lord Mayor, stressing that the body fully supports the LGBT community, taking part in Pride celebrations and flying the rainbow flag. It has also signed up to several initiatives to promote diversity, and has amended recruitment and staffing procedures, such as better maternity pay and diversity training.

The spokesman adds: "The City of London Corporation is determined to improve the diversity of its elected membership and is committed to becoming more inclusive and representative of the communities that it serves in the Square Mile and beyond.

"We recognise that there is much more to do and will be taking further steps to encourage a diverse range of candidates for City elections. This is a major focus for the

City Corporation and will build on initiatives in recent years to engage more people in the City’s democratic processes.

“We are determined to ensure there are no barriers to any member of our community standing for elected office to the City of London Corporation.”

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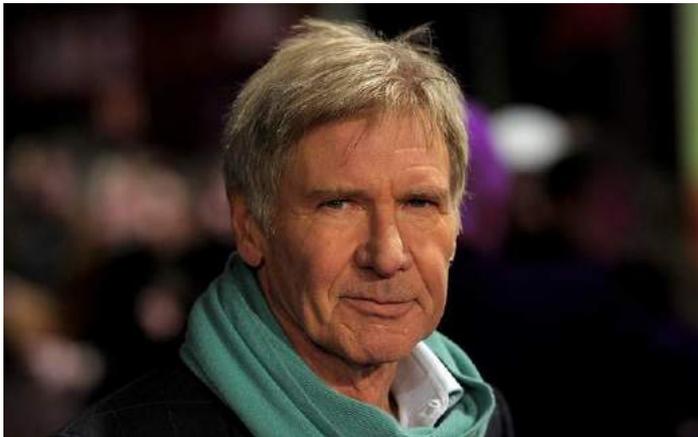
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