



Report on The Lord Mayor's Conference on Trust and Values

November 2011



Cass Business School
CITY UNIVERSITY LONDON



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Our badge of quality



The Rt Hon The Lord Mayor,
Alderman Michael Bear

As Lord Mayor I have seen for myself the importance of the City of London to every one of the 22 countries I have visited to promote UK financial and business services. The reputation of the City as the world's leading financial centre remains strong.

But these are challenging times. We face global economic uncertainty and greater competition in an ever-changing world. The gap with our competitors is narrowing.

An important part of our competitive edge is our badge of quality. Probity and integrity are the key elements of this. However, the perception remains that the City does not serve the wider society. Demonstrating that we are worthy of trust and helping the public understand the role we play in supporting growth are crucial to our success.

That is why, back in February, I established an initiative that focused on restoring trust in the City. Our aim was to look at practical ways to embed the right values and behaviours in the DNA of every City business and worker.

Although there remains much to do, the initiative has proved to be a catalyst for some important work. We conducted a comparative study of Codes of Practice to determine best practice and the first ever survey of City Business Voters. Experts from around the City became involved, including Cass Business School, Tomorrow's Company and representatives from the City's livery companies. We formed a City HR Advisory Group and a Professional Institutions Advisory Group and our sponsor, law firm Berwin Leighton Paisner, has also contributed to our thinking.

On 27 October, leading figures from across the City came together to review progress and identify the way forward at our Trust and Values Conference. I believe this conference was one of the most important events of my Mayoralty.

In this document, we have provided a summary of what was discussed. I hope you will be as excited as I am about the potential of the work outlined. I am confident it will have a long term impact and, by helping to maintain and improve the City's reputation for integrity, will contribute to the creation of jobs and growth.

Principles, professionalism and pride



Richard Sermon
Chairman of the Advisory Board of the Lord Mayor's Initiative 'Restoring Trust in the City'

Our role has been to use the Mayoralty's unparalleled ability to convene, coordinate and inspire - to help companies in the City embed the highest standards of ethics and values into their businesses. This is more about attitudinal change than behavioural compliance or more 'rule-making'.

Following our research, we have established the City Values Forum to take this work forward. This will include developing a new City Obligation, a personal development programme in ethics, HR best practice policy guidelines and training tools and a new approach to governance and values as well as enhancement of our 'integrity resources' website as set out on the pages that follow.

Encouragingly, we also found excellent work already going on to develop a 'virtuous triangle' between individuals, professional bodies and employers all of which will help to reaffirm the principles on which the City was founded, to encourage professionalism and restore pride in the contribution the City makes as an integral and inseparable part of the society in which we all live.

More than law



Neville Eisenberg
Managing Partner, Berwin Leighton Paisner

Earlier this year, the Financial Services Research Forum suggested that the public's trust in the UK's financial institutions is struggling to recover in the wake of the financial crisis.

One approach to rebuilding trust is to put in place more regulation of the financial services industry. However, the feedback we get from our clients at Berwin Leighton Paisner is that more regulation risks inhibiting growth and may drive the wrong behaviours by encouraging individuals to ask only 'is it legal?', rather than 'is it right?'

And in a straw poll conducted at the Trust and Values conference, more regulation was regarded by delegates as the least important factor in ensuring London remains a leading global financial centre.

It is also clear that many organisations in the City are responding to public demands for action by enhancing self-regulation, providing ethical training and committing to clear ethical standards. The Lord Mayor's Initiative to restore trust in the City is to be welcomed and we are pleased to lend our support.

The importance of the City

TheCityUK's latest report (Sept 2011) shows:

£53bn



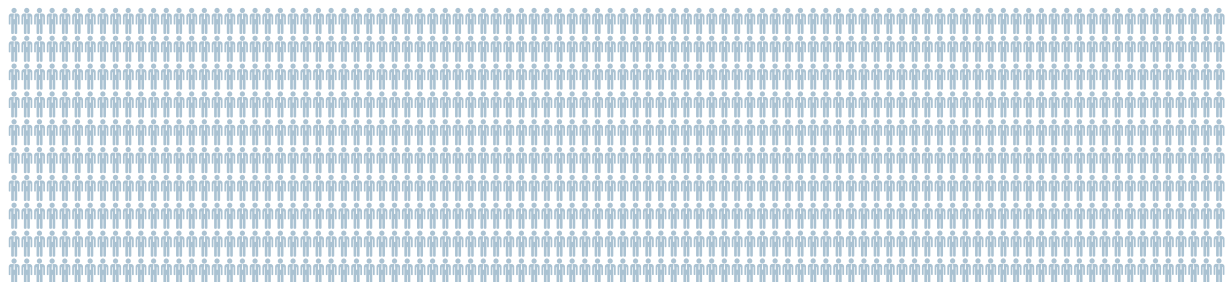
tax contributed by UK financial services,
higher than the budget of the
Department for Education, or just
over 11% of Government receipts

2,000,000



jobs generated from financial
and professional services

 = 1,000 people



960,000

total membership of UK
professional bodies in financial and
professional services



the UK is the
world's leading
exporter of
financial services



£40bn

trade surplus in financial and
professional services representing
3% of UK GDP

The City Business Voters Survey, conducted by Cass Business School

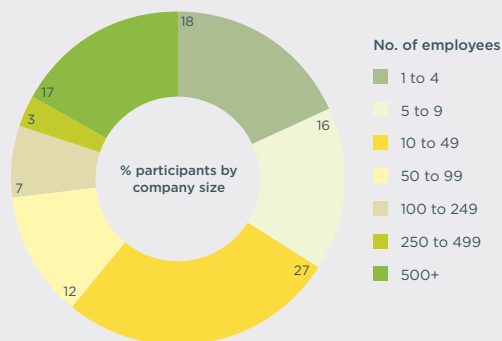
Sample: emails sent by the Corporation 2,499
 Response rate **100%** answered (254) 10%
 Response rate $\leq 100\%$ (289) 12%

Survey Questions in Four Sections: Quantitative and Qualitative approach

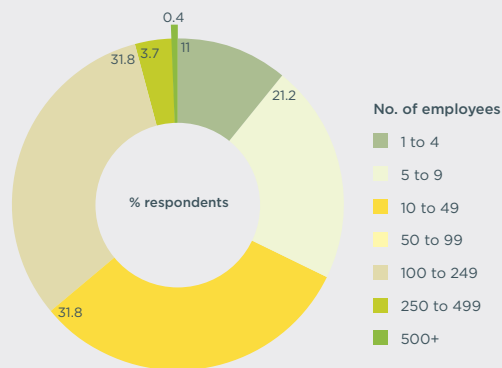
	No. of Qs
1. Trust in your organisation	11
2. Company codes of practice	12
3. Ethical challenges	8
4. Proposed actions to address unethical behaviour	16

Responses Sample

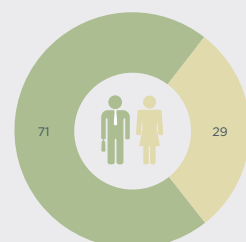
Participants by company size



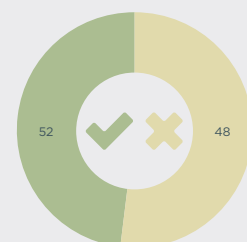
Respondent age



Gender



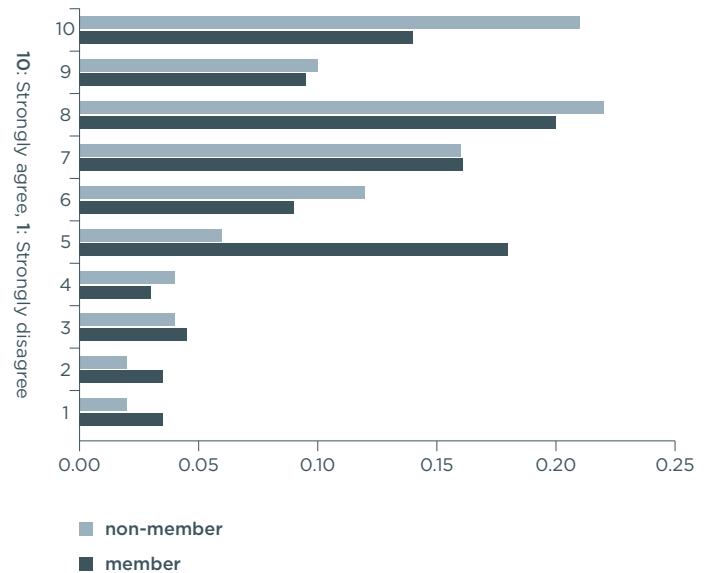
Member of Professional Body?



The Results

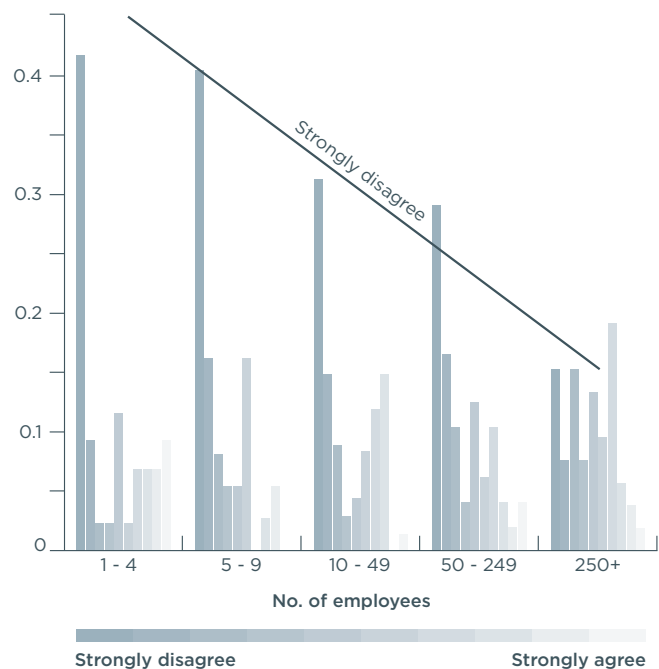
Members and non-members of Professional Bodies

The company code of ethics is the responsibility of senior management, and an Ethics Committee and/or Ethics Directors is/are put in place to ensure effective implementation



Company Size

Competition in the sector I work in could lead those around me to compromise their ethical standards



Conclusions and recommendations

Key findings

Regulation

Respondents do not believe there is a need for more regulation of the main business activities in the City.

What does this mean?

There is a need for effective implementation and follow-through of existing regulation.

Professional Codes

Those in professional bodies tend to feel more personally engaged in handling ethical issues, but most professional codes have a mix of safeguards, threats and principles and many confuse legal obligations with ethical expectations.

Within the setting of codes of conduct across the City, there is a need for greater brevity, clarity and for identifying and sharing best practice.

Leadership

Leaders set the tone for ethical standards.

Senior management should take more responsibility for addressing unethical behaviour, following through with action against those who are in breach.

Communication

Those in the City do not feel those outside understand the contribution it makes.

There is a need for more public communication to highlight the value created by the City and the punishment of wrongdoers.

“

In many ways, the City reflects wider society, where a large majority of people are confident in the ethics of their working lives, and a small number who sometimes feel pressured to compromise on their standards. There is a clear desire for senior managers to exercise leadership by taking action against unethical behaviour and for professional bodies to sanction their members if they stray off the right path.”

Professor Paul Palmer, Associate Dean for Ethics, Sustainability and Engagement, Cass Business School

Establishing the City Values Forum



Richard Sermon
who will chair the City Values Forum

We are forming the City Values Forum to provide continuity.

With on-going support from Alderman David Wootton, in-coming Lord Mayor of the City of London, and working with partnership organisations, it will be a convening body and clearing house for ideas and will promote the exchange of views and information. One role of the Forum will be to consider developing the City Values Trust as a brand for products and other outputs.

Developing the City Obligation



A working party will evaluate and develop a City Obligation to update and refresh the spirit of the phrase 'My word is my bond'.

This will supplement existing codes of practice and be a City-wide benchmark for individuals to measure themselves against. It will reinforce core values by enabling individuals to commit to a common standard, regardless of their profession.

“

Those of us who work within the financial system are capable of reforming it in the way needed. And we will only be able to do that if we reconnect the robust search for profit and financial incentives that is core to a free market economy with the moral values that are at its foundation.”

Ken Costa, Gresham Professor of Commerce, who spoke at the Trust and Values Conference

Developing a City Values Personal Development Programme



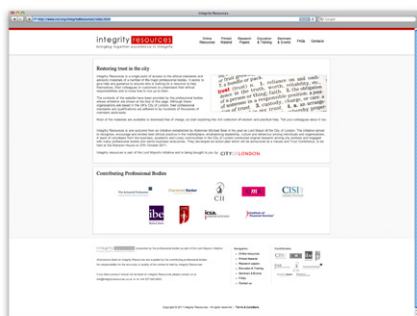
As part of wider work on best practice approaches, Cass Business School will develop a personal development programme in ethics.

This will be accredited and delivered as part of its own management development courses and made available to other institutions across the City.



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Providing the Integrity Resources website



We have launched the ‘Integrity Resources’ website, which provides a single point of access to ethical standards and advisory materials submitted by numerous professional bodies, enabling individuals, employers and organisations to learn about and adopt best practice. It also includes a synopsis of the Trust and Values Conference.

www.integrityresources.org.uk

“

We want the public to see the work of the Chartered Banker: Professional Standards Board as an unequivocal demonstration of the banking industry's commitment to ethical professionalism. Its work will touch a very significant proportion of bankers and a very substantial number of customers.”

Lady Susan Rice, Lloyds Banking Group and chair of the recently launched Chartered Banker: Professional Standards Board, who spoke at the Trust and Values Conference

Setting guidelines for performance management against values



The HR Advisory Group will work with others to develop new approaches to managing performance against values.

This will form the basis for best practice across the City, enabling businesses to ensure that ethical behaviours, as well as financial results, are part of the way in which individuals are evaluated.

Integrating values in the governance process



Working with Tomorrow's Company and other leaders in the field, the City Values Forum will help to develop new thinking on how to link values into the governance process and the Board effectiveness agenda.

This will include work on audit and appraisal techniques to provide a clear 'line of sight' between values which Boards espouse and behaviours across the businesses they lead.

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Our ambition is to harness the UK financial services industry, and the talent within it, to society's interest, so that every business and the nation as a whole can prosper. The big steps required are a moral code, delivering sustainable value, partnership with society, transparency, education and global competitiveness. ”

TheCityUK Next Generation Vision, developed by 21 young professionals from asset management companies, banks, insurers, business schools, consultants, and accountancy and legal firms, some of whom joined the Trust and Values Conference

Creating City Values HR Best Practice 'Gold Standard'



The aim is to create a wide-ranging package of HR policy, practices and training to set a 'Gold Standard' in shared best practice that will link values and behaviour to the way in which City businesses operate.

Across the City, professional bodies, business leaders and individuals are helping to build trust and pride in the financial services industry.

Other major initiatives include:

The Next Generation Vision

TheCityUK brought together 21 young professional from asset management companies, banks, insurers, business schools, consultants, and accountancy and legal firms. They worked with leading experts and connected with a range of different stakeholders around the country before developing a new vision for the financial services industry. www.nextgenerationvision.co.uk



The Chartered Banker: Professional Standards Board

Under the leadership of Lady Susan Rice, who spoke to the Trust and Values Conference, nine of the UK's leading banks have published a commitment to professionalism in banking. This is an industry-led initiative, supported by the Chartered Banker Institute, setting out their vision for customer focused professionalism in banking. www.cbpsb.org



Investing in Integrity

The Institute of Business Ethics and the Chartered Institute for Securities and Investments have launched a new 'kitemark' for those businesses that are investing in the training, systems and processes that support ethical behaviour across their businesses. www.ibe.org.uk



“If the financial services sector is to become part of society, not apart from society, it needs the support of everyone.”

Stuart Popham, Chairman, TheCityUK

Our thanks



Our thanks go to our sponsor, law firm Berwin Leighton Paisner, and all the participants in the Lord Mayor's Restoring Trust in the City Initiative:

Advisory Board

- Richard Sermon – Chairman
- Sir Win Bischoff – Chairman, Lloyds Banking Group
- Simon Culhane – Chief Executive, Chartered Institute for Securities and Investment
- Sir Stuart Etherington – Chief Executive, National Council for Voluntary Organisations
- Michael Izza – Chief Executive, Institute of Chartered Accountants in England and Wales
- Bill Mills – Co-Chief Executive EMEA, Citi
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- Patrick McHugh – Worshipful Company of Management Consultants
- Professor Paul Palmer – Cass Business School
- Edward Sankey – Worshipful Company of Management Consultants
- Charles Wookey – Catholic Bishops' Conference of England and Wales

Secretariat

- Professor Paul Palmer - Chairman
- Professor Cliff Oswick - Chairman of the Initiative Research Group
- Mariana Bogdanova – Research Assistant
- Claire Llewellyn - PA to Professor Paul Palmer and Assistant Project Manager

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