

# BRIEFING: MANAGING CORRUPTION RISKS IN THE PLANNING PROCESS AT THE CITY OF LONDON

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## OVERVIEW

This document provides an initial assessment of how the City of London compares against good practice standards for managing corruption risks in the planning process. Below we provide a summary of where the City of London:

- meets good practice
- is close to meeting good practice
- is close to meeting good practice, but where legislative change is needed
- has more room for improvement

This assessment covers three key areas:

- i. **Councillors engaging external stakeholders** during the planning process.
- ii. **Managing private interests** held by councillors that may present a perceived or real conflict of interest.
- iii. **Regulating councillors' conduct**, preferably through advice and guidance, but also through sanctioning misconduct if necessary.

## BACKGROUND

In July 2020, Transparency International UK (TI-UK) published a research report on corruption risks in local government planning decisions.<sup>1</sup> The research for this report included a standardised assessment of corruption risks across 50 different local authorities in England with a responsibility for housing planning decisions. This assessment looked at how local authorities compared against good practice standards for managing corruption risks in the planning process. These good practice standards are based on

- The 7 principles of public life (the 'Nolan Principles')
- Transparency International research
- The Local Government Association/Planning Advisory Service Guide to Probity in Planning for Councillors and Officers
- The Committee on Standards in Public Life's Report on Local Government Ethical Standards
- Expert Peer review

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<sup>1</sup> Transparency International UK, *Permission accomplished: Assessing corruption risks in local government planning* (July 2019)  
<https://www.transparency.org.uk/sites/default/files/pdf/publications/Permission%20Accomplished%20-%20TIUK.pdf>

## Where the City of London meets good practice

<b>Risk area: Regulating conduct</b>	
<b>Good practice</b>	<b>Comments</b>
<p><i>Regularity of standards committees</i> Councils ensure standard committee meetings are held on a quarterly basis</p>	<p>Apart from 2020, where the standards committee met 3 times, it usually meets 5 times a year.<sup>2</sup></p>
<p><i>Activities of standards committees</i> Standards committee meetings include the following items on the agenda, which is published online in detailed notes:</p> <ol style="list-style-type: none"> <li>1. Reviewing the code of conduct (at least once every 3 years)</li> <li>2. Agreeing an annual report on their activities and conducting investigations into breaches</li> </ol>	<p>An annual report is agreed on the committee's activities, including information on conducting investigations into breaches of the code. It is worth noting that the reports are not kept in a central location on the website, but actually in a link under appendix under an agenda item in the standards committee meetings<sup>3</sup>. This makes it difficult to find each annual report, but it is publicly available. The code of conduct was updated in July 2020<sup>4</sup>.</p>

## Where the City of London is close to meeting good practice

<b>Risk area: Regulating conduct</b>	
<b>Good practice</b>	
<p>It is mandatory for planning committee members to attend training sessions on probity and planning in their induction, and they are recommended to attend ongoing training.</p>	<p>Part 2.b of the planning protocol states that training is required, in addition to attending ongoing training<sup>5</sup>. However, members are only advised not to accept nomination to the planning committee if they have not received this training. Also, familiarisation with the code of conduct and planning code is encouraged, but not mandatory.</p>

<b>Risk area: External engagement</b>	
<p><i>Controls on gifts and hospitality</i> Councillors are prohibited from accepting any gifts and hospitality that could give rise to: 1. Real substantive personal gain; 2. a reasonable suspicion of favour or disadvantage being sought. For example, a councillor on a planning committee is given gifts from a developer that raises suspicions that the developer is attempting to gain his/her favour on a future planning application.</p>	<p>The planning protocol states that 'Members should be very cautious about accepting gifts and hospitality' from those with an interest in a planning decision – for example, planning applicants or objectors –presumes that, without special reason, they should be refused. This discourages members accepting gifts and hospitality, but it could be strengthened to make it an explicit prohibition.</p>

<sup>2</sup> City of London, Standards Committee meetings: <http://democracy.cityoflondon.gov.uk/ieListMeetings.aspx?Committeeld=408>

<sup>3</sup> City of London, Standards Committee meeting on 3<sup>rd</sup> May 2019, agenda item 9: <http://democracy.cityoflondon.gov.uk/ieListDocuments.aspx?CId=408&MIId=19624&Ver=4>

<sup>4</sup> City of London, *Members' Code of Conduct* <https://www.cityoflondon.gov.uk/assets/About-us/members-code-of-conduct.pdf>

<sup>5</sup> City of London, *Planning Protocol*, part 2.b: <https://www.cityoflondon.gov.uk/assets/About-us/planning-protocol-2020.pdf>

Where the City of London is close to meeting good practice, but where legislative change is needed

<b>Risk area: Regulating conduct</b>	
<b>Good practice</b>	
The local authority includes suspension and disqualification as sanctions.	The council lists a range of sanctions for those breaching the code, including censure, removal of Corporation hospitality, and removal from committee posts. Currently, there are no statutory powers for councils in England to suspend or disqualify members for egregious breaches of conduct rules.

Where the City of London has more room for improvement

<b>Risk area: External engagement</b>	
<b>Good practice</b>	<b>TI-UK comments</b>
<p><i>Lobbying transparency</i> The council's code of conduct or planning protocol requires all meetings between councillors and developers/their representatives for major development to be recorded in detailed notes for public inspection. It also requires each meeting to be attended by at least one council official (such as a planning officer).</p>	<p>The planning code states that 'Where a meeting is arranged between a Member and an applicant or objector the Member should ask for an Officer to attend and make a record of the meeting. (Meeting records are disclosable under Freedom of Information Act/Environmental Information Regulations requirements unless statutory exemptions apply). If there is a contentious telephone discussion, it is recommended that the Member should make a note afterwards of what was said.'<sup>6</sup></p> <p>There is no clear requirement that these meetings be recorded. It is only advised that officers attend, and it also makes clear that such notes, if recorded at all, will only be disclosed if requested under the FOI Act. Our expectation is that they should be published along with the rest of the planning file.</p>
<p><i>Reporting threshold for gifts and hospitality</i> All councillors are required to record gifts and hospitality received over a value of £50, or totalling £100 over a year from a single source.</p>	<p>The threshold is £100 for gifts and hospitality to members from a single source, or £200 from multiple gifts. While TI-UK recommends a £50 threshold, many councils go further and require councillors to report gifts and hospitality over £25. The LGA's recent consultation on its model code of conduct suggested a £25 threshold.<sup>7</sup></p>

<sup>6</sup> City of London, *Planning Protocol*, part 3, section 4b

<sup>7</sup> LGA, *Local Government Association Model Member Code of Conduct Consultation*: <https://www.local.gov.uk/local-government-association-model-member-code-conduct-consultation>

<p><i>Reporting scope for gifts and hospitality</i> This applies to all gifts and hospitality received by the councillor, their family members or associates that could reasonably be regarded as received in relation to their role as an elected official.</p>	<p>The reporting requirements only cover gifts and hospitality received by the members themselves.</p>
<p><i>Accessibility of information on gifts and hospitality</i> Councils publish registers of gifts and hospitality as structured open data in CSV format, and they are maintained in a central location on their websites.</p>	<p>The interests register is decentralised and in HTML format.<sup>8</sup></p>

<b>Risk area: Managing private interests</b>	
<b>Good practice</b>	<b>TI-UK comments</b>
<p><i>Reporting scope for financial interests</i> The scope of reporting interests extends to family members and associates</p>	<p>It extends to family members, but not associates. And to be specific, it only applies to the member's partner/spouse/somebody acting as their partner.</p>
<p><i>Accessibility of information on financial interests</i> Councils publish registers of pecuniary interests as structured open data in CSV format, and they are maintained in a central location on their websites.</p>	<p>The interests register is decentralised and in HTML format.</p>
<p><i>Controls on lobbying and related advisory work</i> All council members are prohibited from: 1. undertaking lobbying on behalf of paying clients; 2. providing paid advice to influence councils.</p>	<p>The code of conduct and the planning protocol both fail to recognise councillors undertaking lobbying or advisory work relating to their duties on behalf of clients. Therefore, members are not prohibited, nor are they discouraged, from lobbying or providing paid advice to influence councils. There is also no prohibition or discouragement for councillors to act as agents.</p>
<p><i>Controls on the revolving door between public and private office</i> The revolving door (or the issues surrounding the revolving door) is recognised in the council's policies. It provides advice and guidance on how to manage the risk. The local authority also prohibits the membership of planning committees (or executive positions in housing and planning) from advising or advocating planning permission two years before taking that position.</p>	<p>There is no recognition or attempt to address the revolving door.</p>

<sup>8</sup> City of London, example of the interests register: <http://democracy.cityoflondon.gov.uk/mgDeclarationSubmission.aspx?UID=1227&HID=3335&FID=0&HPID=513774796>

Risk area: Regulating conduct	
Good practice	TI-UK comments
<p><i>Transparency over enforcement action</i></p> <p>The local authority requires the regular publication of the following items:</p> <ol style="list-style-type: none"> <li>1. anonymised details about allegations made regarding councillors' alleged misconduct</li> <li>2. Summary statistics on the number of investigations underway, including their status</li> <li>3. Full details of substantiated breaches, including the councillor concerned, and any sanction imposed.</li> </ol>	<p>Section 69 of the Complaints Procedure does require full details of substantiated breaches, including the councillor concerned, and any sanction imposed. However, sections 31 and 32 are ambiguous about whether the public are able to access anonymised details about allegations made. There is a focus on information being excluded, and outcomes and background documents 'not being published on the website'.</p> <p>There is no clear reference to summary statistics on the number of investigations underway being made public.</p> <p>In practice, details of alleged breaches of the code of conduct are completely redacted from the public.<sup>9</sup> Also, annual reports do provide summary statistics.<sup>10</sup></p>
<p><i>Scope of enforcement</i></p> <p>A breach of the planning protocol is treated as a breach of the code of conduct.</p>	<p>Section 1.a of the planning protocol clearly states that it should be treated as guidance<sup>11</sup>. It does not state that breaching the protocol will be interpreted as a breach of the code of conduct.</p>

## CONTACT

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<sup>9</sup> City of London, *Complaints Procedure*, see page 51: <http://democracy.cityoflondon.gov.uk/documents/g21573/Public%20reports%20pack%2014th-Feb-2020%2010.30%20Assessment%20Sub%20Standards%20Committee.pdf?T=10>

<sup>10</sup> City of London, annual report example: annual report: <http://democracy.cityoflondon.gov.uk/documents/s114365/Appendix%20with%20Court%20report.pdf>

<sup>11</sup> City of London, *Planning Protocol*, section 1a